

**New Jersey's Clean Energy Program
FY 2019 Program Descriptions and Budgets**

Utility Residential Low Income

Comfort Partners Program and Clean Power Choice Program

**Program Description and Budget
June 29, 2018**

Residential Low-Income Program “New Jersey Comfort Partners”

The Residential Low-Income Program known as Comfort Partners, managed by Atlantic City Electric, JCP&L, New Jersey Natural Gas, Elizabethtown Gas, PSE&G and South Jersey Gas is primarily designed to reduce the high cost of energy and lower energy bills by maximizing lifetime energy savings (kWh and therms) per dollar spent. With that, this program is also designed to improve energy affordability for low-income households through energy education, efficiency, and conservation. To achieve this objective, several market barriers must be overcome. Key among these are: (1) lack of information on either how to improve efficiency or the benefits of efficiency; (2) low income customers do not have the capital necessary to upgrade efficiency or even, in many cases, keep up with regular bills; (3) low income customers are the least likely target of market-based residential service providers due to perceptions of less capital, credit risk and/or high transaction costs; and (4) split incentives between renters and landlords. The Program addresses these barriers through:

- Direct installation of cost-effective energy efficiency measures
- Comprehensive, personalized customer energy education and counseling
- Installation of health and safety measures as appropriate

Target Market and Eligibility

The Program is targeted at participants in the Universal Service Fund who have high energy usage. By definition this target population is characterized by high-energy burdens based on their income. Program participation will be prioritized by energy use with the highest energy users being served first.

The Program is available to households with income at or below 225% of the federal poverty guidelines. Customers who receive Federal Supplemental Security Income (“SSI”), Home Energy Assistance (“HEAP”), Universal Service Fund (“USF”), Lifeline, Pharmaceutical Assistance to the Aged and Disabled (“PAAD”), Temporary Assistance to Needy Families (“TANF”), or Section 8 Housing also may be eligible. The program is also requesting that customers who receive USF rate payer funded subsidies automatically be enrolled into the Comfort Partners Program or a WAP program for an audit. Having customers receive this information, and ultimately engage with an energy saving implementation services program, will not only directly benefit the customer, the energy savings will help to reduce costs to our rate payers as well.

A participant must be a customer of record with a separately metered electric or natural

gas account and live in a single-family or multi-family residential building with 1-14 units; the residence must be their primary home. Customers who heat with fuel oil will be referred to the Department of Community Affairs' Weatherization Assistance Program ("WAP") for services in conjunction with a verbal agreement between Comfort Partners and WAP. Customers, who heat with fuel oil where WAP cannot reasonably provide critical services, such as repairing or replacing oil fired heating systems, will be considered for conversion to natural gas by Comfort Partners. In addition, customers who receive natural gas service from an investor- owned New Jersey natural gas utility, and who receive electric service from a municipal electric company will also be eligible for Comfort Partners services. Ineligible customers will be referred to WAP or Home Performance with Energy Star ("HPWES") for services. Referrals will be made between Comfort Partners and WAP for measures not performed by either entity, i.e. WAP may refer customers to Comfort Partners for evaluation of central air conditioning and freezer replacements.

Offerings and Customer Incentives

Among the measures to be considered for each home are efficient lighting products; hot water conservation measures (water heater replacement and tank temperature turn-down); replacement of inefficient refrigerators and freezers; installation of programmable thermostats; insulation up-grades (attic, wall, basement, etc.); blower-door guided air sealing; duct sealing and repair; heating/cooling equipment maintenance, repair and/or replacement; and other measures as may be needed, such as repair or replacement of a broken window, repair of a hole in the wall and/or roof, and other barriers to installing energy efficiency measures. Specifically, mold or the installation of rain gutters, as an example.

Failed or failing heating or cooling systems can be replaced for efficiency and/or health and safety reasons, on a case-by-case basis. In the event of insufficient funding, or if Comfort Partner customer's homes require more treatment than the Comfort Partners program is designed to deliver, the Utilities' Working Group will attempt to maximize and leverage available resources by entering into discussions with WAP. The goal of such discussions will be to determine their interest in accepting Comfort Partners program referrals to install heating systems, and perform other needed work for energy efficiency and/or health and safety reasons.

Measure Selection

Energy efficiency measures, and other reasonable repairs required to install those measures, may be installed in each home. The program will review, on a case-by-case basis, the repair and installation of items that, in and of themselves, may not be considered energy saving technologies, but would be required in order to effectively install energy conservation measures, such as the repair of a roof prior to the installation of attic insulation. Cost-effectiveness will be assessed on a measure and site-specific basis. All measures, their installation, and energy education services will be provided free of charge. The selection of measures designed to reduce heating and cooling will be guided by a spending calculation based on past energy consumption, and is a guide for contractors, not an absolute or prescriptive target or cap. If the site needs are greater than the calculated spending guideline, the contractor will confer with the appropriate utility after documenting reasons for requesting to exceed the spending guideline. The utility will decide to what extent additional work can be performed.

Refrigerator or freezer replacement will be based upon on-site monitoring of the energy use of the existing unit. Consumption thresholds for cost-effective replacement vary according to size. Any refrigerator or freezer with measured consumption above the threshold values is eligible for free replacement with a new energy-efficient model. These values and procedures will be updated periodically to reflect changes in refrigerator costs and/or efficiency.

The cost-effective installation of energy-efficient lighting products will be based upon the wattage and the estimated average daily burn time for the existing lamp.

Domestic hot water and other custom measures will be installed according to program guidelines.

The costs associated with home repairs, such as the repair of a roof, will be excluded from the cost effectiveness test used to determine measure eligibility.

Delivery Methods

Electric and natural gas utilities with overlapping service territories will jointly deliver efficiency, health and safety and education services so that customers receive both natural gas and electric efficiency measures simultaneously. Selection of program delivery contractors and program delivery costs is shared between the participating natural gas and electric utilities. Currently, there are a total of six (6) contractors that are under contract with the utilities to perform the work in customer homes.

The Program will continue its efforts to address neighborhood canvassing, mold/moisture remediation, roof repairs, electrical repairs, lead, and asbestos. Remediation will be considered on a case-by-case basis with the implementation contractors who will contract directly with the appropriate organizations, or approved subcontractors following utility approval.

The utilities will continue to use the JCP&L web-based CP System as the statewide platform to track all program participants, measures and energy savings. The system is used by all utilities, The Board of Public Utilities (“BPU”) Clean Energy staff, multiple program delivery vendors, inspection vendors and State WAP agencies. Maintenance and enhancements to the system will be paid by JCP&L and are incorporated in the administrative budget in Appendix A.

Quality Assurance Provisions

A minimum of 15 percent of randomly selected treated homes will be subject to verification and inspection by an independent contractor(s) hired by the utilities. Quality assurance processes will be continually reviewed and enhanced as required.

Budgets

A detailed budget for this program is attached in Appendix A. Allocation of costs in different cost categories may appear to be inconsistent among utilities – as an example, PSE&G covers the cost of statewide printing of Comfort Partners materials and JCP&L covers the cost of administering and maintenance of the CP System administration, program evaluation, etc.

The program spending allowance guidelines continue to be evaluated for the Comfort Partners Program to be consistent with other low - income state weatherization programs.

Goals and Energy Savings

Goals

The goal for the number of electric service customers to be served and committed is

4,400 on a twelve - month basis from July 1, 2018 through June 30, 2019. The goal for the number of natural gas service customers to be served and committed is 4,090 on a twelve-month basis from July 1, 2018 through June 30, 2019.

The Comfort Partners Utilities’ Working Group adopted the 2006 APPRISE Inc. recommendation from the evaluation of the Universal Service Fund and the December 2014 Comfort Partners evaluation that the Working Group will engage stakeholders to develop an initiative to encourage a greater number of USF customers to participate in a Comfort Partners Program audit. Apprise further recommended that "The BPU should work with the utilities to standardize their system for referring USF clients to the Comfort Partners program and establish official guidelines for coordinating these two benefits” (Executive Summary page xxii). Due to a finite pool of applicants and the high cost of marketing, the Comfort Partners Utilities’ Working Group continues to fully support this initiative and would like to move forward with the support of the BPU. As per the December 2014 APPRISE evaluation recommendations, the Program is transitioning from serving as many homes as the budget would allow, to striving to install deeper cost-effective energy savings measures, per project.

Energy Savings

Energy saving estimates are calculated using the latest protocols approved by the BPU on June 29, 2016, in Docket No. QO16040353. Based on that standard, it is estimated that the Program will save approximately 4,512 MWH of electric and 39,785 MMBTU of natural gas during FY 2019, with lifetime savings of approximately 34,815 MWH of electric and 595,589 MMBTU of gas.

Appendix A: Fiscal Year 2019 Comfort Partners Budget Revised June 29, 2018.

July 1st 2018 - June 30th 2019 CP Budget (Proposed 6/29/2018)								
		Admin and Program Development	Sales, Marketing, Call Centers, Web Site	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other QC	Evaluation & Research	Contractor Perf. Incentives
ACE	\$1,568,205.79	\$148,366.47	\$26,310.52	\$26,359.63	\$1,295,065.46	\$72,103.71	\$0.00	\$0.00
JCP&L	\$4,057,475.40	\$311,523.94	\$101,804.88	\$66,804.88	\$3,297,936.82	\$179,404.88	\$100,000.00	\$0.00
PSE&G- Elec	\$8,062,549.48	\$401,942.38	\$208,729.25	\$140,990.82	\$7,033,818.07	\$277,068.96	\$0.00	\$0.00
RECO	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NJNG	\$4,846,398.13	\$233,659.06	\$176,524.31	\$89,111.32	\$4,197,528.04	\$149,575.40	\$0.00	\$0.00
Elizabethtown	\$2,856,569.73	\$133,469.17	\$54,003.12	\$54,234.81	\$2,514,571.20	\$100,291.43	\$0.00	\$0.00
PSE&G-Gas	\$12,093,824.19	\$602,913.57	\$313,093.86	\$211,486.21	\$10,550,727.11	\$415,603.44	\$0.00	\$0.00
SJG	\$2,514,977.28	\$181,030.45	\$48,748.90	\$48,011.71	\$2,151,523.29	\$85,662.93	\$0.00	\$0.00
TOTAL	\$36,000,000.00	\$2,012,905.04	\$929,214.84	\$636,999.38	\$31,041,169.99	\$1,279,710.75	\$100,000.00	\$0.00
PSE&G - Combined	\$20,156,373.67	\$1,004,855.95	\$521,823.11	\$352,477.03	\$17,584,545.18	\$692,672.40	\$0.00	\$0.00

PSE&G - Combined	\$20,156,373.71	\$1,004,855.99	\$521,823.11	\$352,477.03	\$17,584,545.19	\$692,672.40	\$0.00	\$0.00
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New Jersey Clean Energy Campaign: Clean Power Choice Program (“CPC”) Description

The Clean Power Choice Program ceased being delivered under the New Jersey Clean Energy Program and ceased being financially supported in the New Jersey Clean Energy Budget as of January 1, 2013. Since that time, decisions regarding assessment of costs to the Clean Power Marketers and continued support of the program have rested entirely with the business judgment of the electric distribution companies (“EDC’s”) pursuant to the June 21, 2013 Order in Docket Nos. EO07030203 and EO11100631V. Recently, Staff of the New Jersey Board of Public Utilities (“BPU Staff”), proposed phasing out of this program in FY2019. The EDC’s will continue to work cooperatively with BPU Staff, to accomplish that effort should it order the program to phase out in a manner that is transparent to customers and minimizes, incremental costs being borne by the EDC’s.