Agenda Date: 6/27/24
Agenda Item: 8F

STATE OF NEW JERSEY
Board of Public Utilities
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CLEAN ENERGY

IN THE MATTER OF THE COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCE ANALYSIS FOR FISCAL YEAR 2025 CLEAN ENERGY PROGRAM	))))	ORDER DOCKET NO. QO24040223

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
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Dominick DiRocco, Esq., Elizabethtown Gas Company and South Jersey Gas Company
Tori Giesler, Esq., Jersey Central Power & Light Company
Andrew K. Dembia, Esq., New Jersey Natural Gas Company
Matthew M. Weissman, Esq., Public Service Electric and Gas Company
Margaret Comes, Esq., Rockland Electric Company
Michael Ambrosio, TRC Energy Services

BY THE BOARD:

This Order memorializes action taken by the New Jersey Board of Public Utilities ("Board" or "BPU") at its June 27, 2024 public meeting at which the Board considered and determined the funding for the New Jersey's Clean Energy Program ("NJCEP") for Fiscal Year ("FY") 2025 ("FY25").[1]

BACKGROUND & PROCEDURAL HISTORY

On February 9, 1999, the Electric Discount and Energy Competition Act ("EDECA" or "Act"), N.J.S.A. 48:3-49 et seq., was signed into law, creating the Societal Benefits Charge ("SBC") to, among other things, fund programs for the advancement of energy efficiency ("EE") and renewable energy ("RE") in New Jersey. The Act also provided for the Board to initiate proceedings and undertake a Comprehensive Resource Analysis ("CRA") of EE and RE programs in New Jersey every four (4) years. The CRA would then be used to determine the appropriate level of funding over the next four (4) years for the EE and Class I RE programs, which are part of what is now known as the NJCEP. Accordingly, in 1999, the Board initiated its first CRA

[1] The funding levels approved in this Order are subject to State appropriations law.

proceeding, and in 2001, it issued an order setting funding levels, the programs to be funded, and the budgets for those programs, for the years 2001 through 2003. Since then, the Board has issued numerous Orders setting the funding levels, related programs, and program budgets for the years 2004 – FY 2024 ("FY24").[2]

On May 13, 2024 via the BPU listserv and the NJCEP website, the Board provided notice of a May 31, 2024 public hearing. On May 24, 2024, the Board released the draft CRA Straw Proposal and related programs and budget for FY25. The covering emails and website postings requested comments on these documents by June 12, 2024. In addition, by email dated June 17, 2024, the New Jersey Department of Environmental Protection ("NJDEP") confirmed that: a) the Board had consulted with the NJDEP regarding the CRA Straw Proposal, including, without limit, the Proposed FY25 Funding Level set forth therein, as defined below; and b) the NJDEP agreed with the Proposed FY25 Funding Level.

CRA STRAW PROPOSAL

The following summarizes the key components of the CRA Straw Proposal.

Funding Levels

The CRA Straw Proposal's funding levels include the funding estimated to meet the needs of the NJCEP and the efforts of Board Staff ("Staff") to advance the initiatives required by L. 2018, c. 17, codified at N.J.S.A. 48:3-87.8 et al. ("Clean Energy Act" or "CEA"). For FY25, Staff recommends that the Board set an SBC funding level of $344,665,000, which is the same funding level approved by the Board since FY 2015. When combined with other sources of funds, it results in total FY25 funding of $786,161,592 (collectively, "Proposed FY25 Funding Level").[3] Staff estimates that the Proposed FY25 Funding Level will be sufficient to maintain a full portfolio of programs. The table below provides more details regarding the FY25 Funding Level.

Proposed FY25 Funding Levels*		
CEP Budget Category	**FY25 New SBC Funding**	**Total FY25 Funding**
Total NJCEP + State Initiatives	**344,665,000**	**786,161,592**
State Energy Initiatives	**71,200,000**	**71,200,000**
Total NJCEP	**273,465,000**	**714,961,592**
Energy Efficiency Programs	**55,248,963**	**195,471,296**
C&I EE Programs	**19,375,745**	**55,811,570**
New Construction Programs	**35,873,218**	**60,404,447**
State Facilities Initiative	**0**	**59,991,206**
Acoustical Testing Pilot	**0**	**3,277,175**
LED Streetlights Replacement	**0**	**15,986,898**
Distributed Energy Resources	**44,039,929**	**93,188,194**

[2] In the early years, the budgets and programs were based on calendar years, but in 2012, the Board determined to begin basing the budgets and programs on fiscal years to align with the overall State budget cycle. In 2012, the Board ceased issuing the CRA on a four (4)-year cycle and began to issue a CRA annually.

[3] Other sources of funding can include interest earnings, carryforward funds, and revenue from application fees.

CHP - FC	**14,539,929**	**31,500,694**
Microgrids	**0**	**1,687,500**
Energy Storage	**29,500,000**	**60,000,000**
RE Programs	**5,126,349**	**23,770,070**
Offshore Wind	**1,000,000**	**19,643,721**
Solar Registration	**4,126,349**	**4,126,349**
EDA Programs	**29,000,000**	**29,000,000**
NJ Wind	**22,000,000**	**22,000,000**
R&D Energy Tech Hub	**7,000,000**	**7,000,000**
Planning and Administration	**15,949,548**	**65,748,942**
BPU Program Administration	**10,000,000**	**10,000,000**
Marketing	**0**	**7,096,055**
CEP Website	**0**	**1,500,000**
Program Evaluation/Analysis	**22,638**	**40,399,757**
Outreach and Education	**5,882,117**	**6,602,540**
Memberships	**44,793**	**150,590**
BPU Initiatives	**124,100,211**	**307,783,090**
Clean Energy Equity	**16,600,211**	**119,524,165**
Federal Grid Modernization Program State Match	**25,000,000**	**25,000,000**
Electric Vehicle Programs	**82,500,000**	**162,258,925**
Workforce Development	**0**	**1,000,000**

SBC Collection Schedule

Staff utilized the utilities' revenue and sales projections to develop the proposed monthly utility payments, resulting in the table below. Staff recommends that the Board use these assumptions for allocating the funding to utilities in FY25. The table below sets out the proposed monthly payments to the Clean Energy Trust Fund due from each utility. This fund accounts for revenues collected from the SBC on monthly utility bills. Funds generated from this charge are used to support clean energy initiatives.

FY25 Utility Payments:

Monthly Utility Funding Levels

FY25	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
PS-Electric	$12,469,197.93	$12,436,040.70	$11,199,660.83	$9,600,667.25	$9,270,230.17	$10,571,460.20	$10,817,043.62	$10,127,222.24	$9,971,703.88	$9,075,595.52	$8,698,552.16	$10,111,683.27	$124,349,057.78
JCP&L	$6,403,121.34	$6,843,173.17	$6,253,714.67	$4,922,212.55	$4,378,987.10	$4,851,673.34	$5,454,631.11	$5,281,230.96	$5,075,409.99	$4,490,431.11	$4,203,738.43	$4,970,514.00	$63,128,837.76
ACE	$2,861,202.96	$3,127,671.75	$2,935,606.13	$2,030,612.06	$1,977,134.90	$2,059,192.13	$2,387,553.88	$2,244,292.65	$2,072,286.74	$1,945,811.67	$1,770,640.36	$2,241,676.91	$27,653,682.14
RECO	$502,975.24	$504,384.81	$466,377.90	$372,754.11	$330,605.38	$367,456.96	$411,633.15	$358,700.24	$349,499.42	$334,557.33	$317,964.31	$395,046.56	$4,711,955.41
NJN	$555,672.24	$538,398.17	$541,539.89	$994,954.56	$1,959,457.68	$3,082,575.12	$3,736,799.04	$3,233,368.29	$2,587,831.70	$1,447,270.61	$812,538.04	$563,173.91	$20,053,579.25
SJG	$581,188.13	$518,175.14	$575,423.84	$594,686.67	$931,068.15	$1,764,987.19	$2,542,366.71	$2,508,733.32	$2,191,970.55	$1,475,493.53	$857,614.02	$636,379.60	$15,178,086.86
PS-Gas	$2,074,916.03	$1,816,376.17	$1,960,722.50	$2,835,256.55	$6,016,028.94	$10,315,996.00	$12,608,360.48	$12,900,117.01	$10,845,430.43	$7,218,121.35	$4,111,414.21	$2,573,882.49	$75,276,622.14
ETG	$554,580.06	$557,075.73	$542,590.02	$570,639.12	$1,043,459.04	$1,778,269.49	$2,233,267.11	$2,267,067.09	$1,894,914.68	$1,458,526.03	$857,342.15	$555,448.12	$14,313,178.65
Total	$26,002,853.93	$26,341,295.62	$24,475,635.80	$21,921,782.88	$25,906,971.37	$34,791,610.43	$40,191,655.11	$38,920,731.80	$34,989,047.39	$27,445,807.14	$21,629,803.66	$22,047,804.87	$344,665,000.00

Rate Impacts

The Proposed FY25 Funding Level represents a continuation of the current funding level, and its approval will therefore have no incremental impact on rates.

SUMMARY OF COMMENTS FROM PUBLIC STAKEHOLDERS

Written and oral comments regarding the Proposed FY25 Compliance Filings and Proposed FY25 Budget were submitted by Ari Messenger, ChargEVC, Eco Edge Solutions, Environment New Jersey, Jersey Renews, New Jersey Coalition of Automotive Retailers ("NJCAR"), New Jersey Division of Rate Counsel ("Rate Counsel"), New Jersey Electric Vehicle Association ("NJEVA"), New Jersey League of Conservation Voters ("NJLCV"), New Jersey Work Environment Council, Norma Sessa of Essex County New Jersey Department of Community Affairs Weatherization Assistance Program, Northeast Chapter of the Combined Heat and Power Alliance ("The NE Chapter"), Public Service Electric and Gas Company ("PSE&G"), Energy Efficiency Alliance of New Jersey ("EEA-NJ"), Victoria Foundation, and Tesla.

Below is a summary of the testimony and comments, as well as Staff's responses to them. Staff reiterates that it is conducting a series of meetings and other outreach for soliciting input on the broad features of the programs that will enable the State to meet the clean energy goals set forth in the CEA and the 2019 Energy Master Plan ("EMP")[3]. In other words, the current proceeding is not the most appropriate vehicle for considering input on certain program features, and Staff will continue to seek such input in other forums.

Staff notes that the process and schedule for commenting on the CRA Straw Proposal and on the associated draft FY25 Compliance Filings and Budgets were very similar and that both proposals are being presented to the Board on the same Agenda. Because some comments do not readily lend themselves to being classified as being about one (1) proposal versus the other, Staff strongly encourages readers interested in either proceeding to read the comments and responses regarding both proposals.

General Comments

Comment: Rate Counsel criticized the lack of analysis in the proposed FY25 budget regarding how expenditures will support the State's clean energy goals or ensure cost-efficiency. Rate Counsel highlighted the Board's historical reliance on single-year funding plans without a comprehensive multi-year strategy since 2012, hindering stakeholder input and efficiency. Furthermore, Rate Counsel noted that DCE had not explained how it is using funds no longer required for energy efficiency programs now managed by utilities.

Response: The details of the commenter's requests regarding expenditures and available resources are provided each fiscal year during the true-up budget process, providing transparency and supporting the analysis in the budget. Although Staff have considered a longer-term budget, Staff disagree with the commenter regarding the advantages of a multi-year budget or CRA. The Board determined that the CRA and NJCEP budget should be adjusted in 2012 to better align with the State's annual budget. Also, this annual approach to developing the CRA and NJCEP budget allows for greater stakeholder input and enables Staff to better assess changes that impact program needs. The budgets that the Board approves at the beginning of

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[3] New Jersey Board of Public Utilities, 2019 New Jersey Energy Master Plan: Pathway to 2050, available at https://nj.gov/bpu/pdf/publicnotice/NJBPU_EMP.pdf.

each fiscal year do not contain actual numbers because they are based on estimated expenditures and commitments.

Comment: Rate Counsel commented that DCE has not considered using funds from the Infrastructure Investment and Jobs Act and Inflation Reduction Act ("IRA") to ease the burden on ratepayers in the FY25 budget. These federal acts provide significant funding opportunities for energy efficiency, clean energy, and electric vehicle infrastructure in New Jersey, totaling hundreds of millions of dollars. Given this substantial federal funding, Rate Counsel questioned why some of it couldn't be used to reduce the reliance on ratepayer funds in the FY25 budget. Rate Counsel suggested that utilizing these funds could reduce the need for ratepayer funding in the State's budget.

Response: The commenter is mistaken. Staff, with assistance from TRC, continue to look for ways to maximize the use of all sources of funding, including money made available under the Infrastructure Investment and Jobs Act and the IRA. Specifically, Staff have leveraged funding through the State Energy Program to expand the reach of NJCEP programs to benefit Non-Investor Owned Utility Customers. Additionally, the Board entered into a Memorandum of Understanding ("MOU") with the New Jersey Economic Development Authority ("NJEDA") for contractor assistance on federal clean energy grant opportunities. The NJEDA contracted with McKinsey & Company, Inc. to assist the State of New Jersey to explore and apply for federal grants in connection with IRA and also in connection with Creating Helpful Incentives to Produce Semiconductors grant applications. The NJBPU is the lead agency on a variety of federal clean energy grant applications. As a result, the State has been awarded hundreds of millions of dollars in federal funding, including the $156 million competitive Solar For All grant. Staff agree with Rate Counsel's comments that is in the best interest of the residents of the State of New Jersey for BPU to develop and submit applications for as many qualifying federal grant opportunities as possible and has done so, including applications for funds available under the Greenhouse Gas Reduction Fund, Grid Resilience and Innovation Partnerships, and Home Efficiency Rebates grant programs.

Comment: Rate Counsel criticized the FY25 budget proposal for "State Energy Initiatives," which represents funds diverted to the State General Fund without clarification in the compliance filings. Rate Counsel contended that using ratepayer funds for State priorities unrelated to clean energy goals is unjustifiable, especially for struggling ratepayers. Amidst ongoing economic challenges from COVID-19, many low- and moderate-income families face difficulties in paying energy bills, with significant arrearages reported. Rate Counsel requested evidence that proposed programs within "State Energy Initiatives" will directly benefit customers and represent the prudent use of ratepayer funds. Rate Counsel asserted that the Board's failure to provide essential information for budget justification violates due process rights and jeopardizes the validity of any decision. Rate Counsel urged Staff to ensure programs effectively reach and benefit low-income customers, advocating for higher incentives to support their participation and alleviate energy burdens.

Response: Staff appreciate the comments submitted by Rate Counsel regarding the State Energy Initiatives budget line. However, as noted by the commenter, this amount is set through the State budget, outside of the Board's control. In addition, there has been an overall reduction in the need for this nonrecurring revenue over the past five (5) fiscal years. It is Staff's understanding that the $71.2 million for this budget item in FY25 will continue to be used primarily to support NJ Transit energy-related initiatives, including bus electrification and other clean energy projects, and the costs of State departments' purchases of products in compliance with L. 2020, c. 117 (N.J.S.A. 13:1E-99.126 et seq.), which prohibited the provision or sale of certain single-use carryout bags, plastic straws, and polystyrene foam food service products. Staff disagree that the record lacks a factual basis for this budget in violation of due process rights. The fact that Rate Counsel does not receive all of the information it seeks on the timeline it would prefer does not constitute a due process violation. The initial budgets for each fiscal year are necessarily based on estimated expenditures; as noted previously, the details the commenter requests regarding actual expenditures and available resources are provided each fiscal year during the true-up budget process, providing transparency and supporting the analysis in the budget. Nor does Staff agree that the NJCEP programs do not effectively reach and benefit low-income customers. Clean energy equity is an essential component of the NJCEP and funding in FY25 will continue to support programs such as Comfort Partners and Whole House, which directly benefit low-income customers, and the Residential Energy Assistance Payment, which has allocated over $51 million to provide customers who have bill arrearages.

Comment: Rate Counsel indicated the FY25 budget proposal for NJCEP considered historic results and forecasts but lacked comparison with prior years' budgets or performance. The commenter alleged that despite historically spending only 40 percent of budgets on average, Staff proposed an increase from FY24 to FY25 without explaining past underspending. The FY25 budget assumed a carryforward of $441.5 million from FY24. Rate Counsel commented that Staff plans to maintain current ratepayer funding levels despite returning programs to utilities and underspending FY24 funds, with minimal analysis of alternative resources or program efficiency in meeting clean energy goals. Rate Counsel also indicated that the budget lacks transparency on how new funding is allocated to specific programs and is focused on meeting spending targets rather than strategic resource allocation based on energy goals.

Response: Staff disagree that the FY25 budget proposal fails to consider prior year budgets and performance in allocating funds. The NJCEP is a dynamic program, with changes made to existing programs and new components introduced from year to year. The budgets that the Board approves at the beginning of each fiscal year are based on estimated expenditures and commitments. Staff review expenditures and update forecasts throughout the fiscal year to determine the allocation of funding across programs; the true-up budget process updates the allocation of resources for each fiscal year. Staff continue to look for ways to improve the allocation of funding and minimize the amount of carryforward commitments that are needed but note that to ensure funding is available when needed, commitments must be made before the funds are spent. This need conflicts with a reduction in the ratepayer funding levels. Moreover, future NJCEP programs are currently in development, and Staff anticipate that as these programs are implemented, they will increase the demand on available SBC funding.

Comment: Rate Counsel commented that multiple programs have been consolidated into single budget lines without specifying allocations to each program. For example, under Outreach and Education, "outreach, website and other" are grouped together without detail. Rate Counsel also indicated that program descriptions lack information on offered measures, incentives, projected participation, energy savings, or emissions reductions.

Rate Counsel also raised concerns regarding the proposed allocation of $29 million for grants administered by the NJEDA and whether these expenditures fall within the proper scope of the Clean Energy Fund.

Rate Counsel provided suggestions on how to improve the layout of the documents to assist stakeholders in their review, including making the budget table align better with the narrative descriptions of the programs in the compliance filings. The commenter stated that future filings should include a comprehensive plan that outlines the proposed programs in detail. Furthermore, Rate Counsel commented that they would like to see more time given for review of the budget proposal due to the number of documents involved.

Response: Programs are grouped in the budget table based on core areas that the NJCEP supports. Staff disagree that the level of detail provided in the budget table is insufficient and refer Rate Counsel to the compliance filings that describe in greater detail how the funding will be utilized in FY25. In addition to the compliance filings that provide much of the information Rate Counsel seeks, DCE publishes quarterly reports that offer detailed metrics into energy savings, emissions, and incentives.

As indicated in the DCE Compliance Filing, the NJEDA programs funded through the NJCEP directly relate to the work being undertaken by BPU as it relates to the State's clean energy goals. The funding that supports these programs is based on MOU agreements between the BPU and NJEDA, which establish detailed reporting requirements.

Staff note that additional time for comment review was provided in the last two fiscal years based on previous feedback from stakeholders. Staff will continue to look for ways to provide as much time as possible for stakeholders to review. However, the budget must be approved by the Board before the new fiscal year begins on July 1st, so providing as much time as Rate Counsel would like is rarely possible.

Comment: NJLCV recommended consolidating overlapping BPU documents to reduce public confusion. NJLCV raised concerns that the nearly $800 million budget, heavily funded by carryforward dollars, lacks clear explanations for fund allocations and program needs. NJLCV requested detailed rationale for underutilized programs and advocated for better oversight and enforcement of utility-led programs to ensure success and facilitate stakeholder feedback. The commenter stated that clear program goals should be established to improve program evaluation efficiency.

Response: Staff thank the commenter for their suggestions. However, Staff believe that the existing budget and compliance filings provide the appropriate level of detail on how the funding will be utilized for each program. Nor, given the multiple program administrators, is it possible to consolidate the budget documents as proposed by the commenter. Staff continue to look for ways to continue to spend the carryforward funding as efficiently as possible. Also, the Program Evaluation budget line supports the ability of Staff to review the effectiveness of the NJCEP programs and the utility-led programs and how these programs can better align with meeting the strategies established in the 2019 Energy Master Plan and the State's climate goals.

<u>Budgets</u>

Comment: Rate Counsel commented that TRC's Cost-Benefit Analysis ("CBA") fails to provide sufficient supporting details for its analysis, such as the methodology and assumptions it used.

Response: As previously stated in the response to a similar comment regarding the FY24 TRC CBA, Staff disagrees. The CBA includes a discussion and the results of the application of all six tests of cost-effectiveness generally recognized in New Jersey (including the New Jersey Cost Test). The level of detail and support is consistent with N.J.S.A. 48:3-60, with the Board's Orders implementing that statute and identifying the requirements for Compliance Filings (e.g., <u>In re Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for the 2009-2012 Clean Energy Program</u>, Docket No. EO07030203, Order dated September 30, 2008, at p.58), and the level of detail and support historically contained in Board-approved Compliance Filings.

Comment: Rate Counsel commented that it is concerned about what it considers the TRC Compliance Filing's failure to describe the budgetary allocation between the C&I Buildings / Large Energy Users Program ("LEUP") and that Program's Decarbonization Pilot.

Response: Staff submit that establishing a single budget covering both the LEUP and the Decarbonization Pilot contained within it is reasonable and consistent with Staff's and the Board's historic practice regarding pilots created within existing programs. Especially for pilots, it is useful and important for Staff and TRC to have the discretion to readily direct funds towards the pilot if it is attracting more than expected participation and to direct funds away from the pilot and towards the "base" program if the pilot is attracting less than anticipated participation. In addition, as Staff has previously responded to a similar comment, Staff have allocated $15,000,000 of the LEUP incentive budget to the Decarbonization Pilot; however, this allocation is for only internal planning purposes and may be higher or lower depending on participation rates in the pilot versus in the "base" LEUP.

<u>Energy Efficiency Programs</u>

<u>CEA Savings Targets</u>

Comment: PSE&G commented that the NJCEP Compliance Filings are unclear as to whether and how the various NJCEP programs will meet the FY25 Program Year energy savings goals for which the Division of Clean Energy and the State are responsible per the June 2023 Framework Order. Among other issues, TRC's compliance filing is the only NJCEP document that discusses targets, performance metrics, and a cost benefit analysis test.

Response: The NJCEP Compliance Filings are not the repository of all information regarding the energy savings goals. As one example, for the first triennial program, where the EE transition to the utilities was established, the below excerpt from the FY22 State Compilation Report provides the information PSE&G seeks and shows how the State (i.e., "BPU Programs") is performing versus its annual goals:

New Jersey Statewide EE Savings vs Goals
Energy Savings vs. Annual Goals

	Annual Electric Savings & Generation								
	Statewide			Utility Programs			BPU Programs in each Utility Service Territory		
Utility	Goal	Ex Ante Energy Savings	Ex Ante Energy Savings as % of Goal	Goal	Ex Ante Energy Savings	Ex Ante Energy Savings as % of Goal	Goal	Ex Ante Energy Savings	Ex Ante Energy Savings as % of Goal
PSE&G	445,928	821,247	184.17%	299,988	711,663	237.23%	145,940	109,583	75.09%
JCP&L	223,437	174,421	78.06%	150,312	93,651	62.30%	73,125	80,770	110.45%
ACE	108,176	66,189	61.19%	72,773	38,154	52.43%	35,403	28,036	79.19%
RECO	17,127	8,534	49.83%	11,522	4,644	40.31%	145,940	3,889	2.67%
TOTAL	**794,668**	**1,070,391**	**134.70%**	**534,595**	**848,113**	**158.65%**	**400,408**	**222,278**	**55.51%**

	Annual Natural Gas Savings								
	Statewide			Utility Programs			BPU Programs in each Utility Service Territory		
Utility	Goal	Ex Ante Energy Savings	Ex Ante Energy Savings as % of Goal	Goal	Ex Ante Energy Savings	Ex Ante Energy Savings as % of Goal	Goal	Ex Ante Energy Savings	Ex Ante Energy Savings as % of Goal
PSE&G	1,796,335	1,860,675	103.58%	1,221,508	1,559,220	127.65%	574,827	301,455	52.44%
NJNG	343,550	424,012	123.42%	233,614	360,110	154.15%	109,936	63,901	58.13%
SJG	254,925	460,394	180.60%	173,349	257,540	148.57%	81,576	202,854	248.67%
ETG	251,097	149,563	59.56%	170,746	119,145	69.78%	80,351	30,417	37.86%
TOTAL	**2,645,907**	**2,894,643**	**109.40%**	**1,799,217**	**2,296,016**	**127.61%**	**846,690**	**598,627**	**70.70%**

Further, as part of the process for the second triennial program, Staff plan to provide more robust and complete information as to how the combined NJCEP programs will meet their energy savings goals.

Decarbonization / Electrification

Comment: NJLCV commented that the Board "can and should reasonably remove incentives for conversion to natural gas in new construction and existing buildings, and [the Board should instead] use that money to more deeply incentivize clean energy technologies like heat pumps." NJLCV commented that doing so would, among other things, help to achieve EMP Goal 4.1, "starting the transition to net-zero carbon new construction."

Response: As an initial matter, Staff note that NJCEP does not currently offer incentives for conversions as such and that the vast bulk of existing building EE programs have been transitioned from NJCEP to the utilities. Staff submit that the commenter provides any input it would like to offer regarding existing building incentives in the relevant utility proceedings. In addition, as Staff stated in its response to comments regarding its proposed New Construction Program ("NCP"), Staff generally agree with the philosophy embedded in this comment but remains concerned that the market for all-electric homes has not yet fully evolved and that eliminating incentives for efficient natural gas equipment too quickly could result in new homes being built with less efficient natural gas equipment. Accordingly, the now Board-approved NCP incorporates features designed to start the subject transition, such as incentives for greenhouse gases ("GHG") reduction electric measures such as cold-climate heat pumps; limiting incentives for natural gas equipment to only the most efficient such equipment; and providing incentives for workforce development in areas such as Passive House. In addition, the NCP will include aggressive outreach and marketing regarding the benefits of all-electric homes. Finally, Staff intend to revisit the issue of offering incentives for natural gas equipment as part of the process of preparing and reviewing EE plans for the Second Triennium.

Comment: PSE&G requested additional clarity regarding whether the participating universities or colleges can also participate in utility EE programs as a part of the scope of work; this would allow these projects to combine utility incentives based on energy savings with the GHG reduction incentives provided by the Pilot. Additionally, PSE&G requested clarity on ownership of energy savings if this Pilot would allow participation in Utility EE programs.

Response: Staff first direct the commenter to the proposed TRC Compliance Filing's discussion of this issue:

- "While eligible customers are allowed to participate in other NJCEP or utility programs, it is recommended that all Decarbonization solutions be included comprehensively through this pilot. Should a customer choose to participate in another NJCEP or utility program such customer cannot and will not receive incentives from this pilot for the same equipment. [Footnote omitted.] Should a customer nonetheless receive incentives or grants for GHG reductions from another NJCEP or utility program, the customer will be required to quantify and report those reductions to the Program Manager of this Decarbonization Pilot." See pages 18-19.

Accordingly, an applicant conceivably could implement a project that includes certain equipment that earns incentives pursuant to a utility program and other equipment that earns incentives pursuant to the subject Pilot. Savings associated with each piece of equipment would be allocated to the program that pays the incentives related to that equipment, with the applicant being the party that determines to which program it will apply for each measure. To be clear, an applicant cannot receive incentives from both programs for the same piece of equipment. If the commenter believes the issue is more complex than as described above, Staff are available to discuss any such complexities with the commenter.

State Facilities Initiative

Comment: Rate Counsel highlighted that the State Facilities Initiative ("SFI") provides "lead by example" opportunities to demonstrate energy efficiency. Rate Counsel commented that the FY25 SFI update provided no new information on whether any previous SFI funds have been awarded, or any efficacy or cost benefit analysis on those projects.

Response: Staff post updates on the SFI Projects on the Board's website www.nj.gov/bpu, through the Division of State Energy Services. Additionally, projects managed by Treasury Division of Property Management and Construction have Request for Proposals posted to NJSTART. Projects report energy savings as part of final construction requirements by contractors.

LED Streetlights

Comment: Rate Counsel commented that it was unclear whether the proposal to carryover $16.0 million from FY24 to FY25 is appropriate without first understanding how the program will be implemented, the number of streetlights that will be replaced or the savings and benefits expected to be achieved. In the past, Rate Counsel has voiced concerns about the potential for stranded costs associated with the replacement of existing streetlights that have not yet reached the end of their useful lives.

Response: Staff have engaged consultants to develop the proposal for light-emitting diode ("LED") streetlights conversion that will include an estimated streetlights inventory and a recommended approach to address stranded costs. Understanding that the conversion will be a long-term process, the proposed estimated budget for FY25 would provide funding for the first round of recipients. The budget for the following year would be adjusted to reflect the number of applications received for the program.

Comment: Environment New Jersey, Jersey Renews, and New Jersey Work Environment Council thanked the Board for partnering with the Rutgers Center for Green Building and appreciated the timeline for a straw proposal by Q4 2024 and final recommendations by early 2025. Commenters hoped for an expedited timeline to allocate nearly $16 million in funds for LED streetlight replacement, which offers significant cost savings and climate benefits for municipalities.

Response: Staff acknowledge Environment New Jersey, Jersey Renews, and New Jersey Work Environment Council's support of the Board's efforts on the LED streetlight conversion proposal and is working toward a program launch at the start of 2025. Staff expect the $16M to be committed given the significant interest expressed by the public and municipalities in converting to LED streetlights.

Comment: PSE&G expressed concern about delays in addressing the initiative, with action expected in 2025. PSE&G emphasized the urgency due to the discontinuation of High Intensity Discharge ("HID") fixtures by mid-year and sourcing issues for HID bulbs. PSE&G stated that municipalities have expressed a need for action and urged the Board to expedite this effort.

Response: Staff are actively engaged in the release of the straw proposal as planned, and it will go through the process of a public stakeholder meeting and Board approval. Staff recognize PSE&G's concern regarding replacing existing HID fixtures. Understanding that the process of converting all of the state's 800,000+ streetlights will have a long timeframe, Staff encourage PSE&G to have discussions with suppliers to secure spare HID fixtures and identify potential supply bottlenecks. Additionally, some utilities have already replaced HID fixtures that have failed with LEDs, and PSE&G can consider doing that as well.

Local Government Energy Audit

Comment: EEA-NJ highlighted that New Jersey can best achieve its clean energy goals if local governments can directly access federal funding and inform residents and businesses and that many local entities lack the awareness and expertise to utilize "direct pay" tax credits for renewable energy and assignable tax credits for energy efficiency. EEA-NJ encouraged the Board, potentially with the NJ Economic Development Authority, to create an outreach plan to help local governments access available funding. EEA-NJ highlighted that the partnerships mentioned in the CRA, along with community organizations, are crucial for promoting residential and commercial tax credits and rebates. EEA-NJ expressed appreciation for the Board's commitment to the Local Government Energy Audit program and urged integrating incentive and tax credit education into it to recommend and implement more cost-effective measures.

Response: Staff agree with EEA-NJ's suggestion and have revised its FY25 budget proposal to include collaboration with Sustainable Jersey to provide technical assistance to local governments to take advantage of direct pay credits for clean energy.

Acoustical Testing

Comment: The DCE Compliance Filing reports that the Board allocated $1.1 million in grants to four recipients in 2021 for leak mitigation projects. However, there is no data available on the effectiveness of these expenditures for any of the projects. Rate Counsel questioned the rationale behind extending this subprogram into FY25, especially in light of the absence of sufficient applicants, progress reports, or cost-benefit analyses. Rate Counsel emphasized that the primary objective of a pilot program is to gather insights and learn from it, which is currently hindered by the lack of feedback on these initiatives.

Response: Staff expect to receive most of the final reports in FY25 as part of the first iteration of the Acoustical Testing Pilot program. Due to some unexpected delays in the grantees' receipt of all the necessary local approvals to begin work, extensions were provided to enable collection of a full year's worth of data that will account for seasonal variations in monitoring. Per the terms of the grant agreement, the remaining carryforward funding is to be paid out following a thorough review of the efficacy of each project, as detailed in the final reports. Once the reports have been reviewed by Staff, the information they contain will be used to provide feedback and determination of whether a second iteration of the Pilot is warranted.

Distributed Energy Resources

Fuel Cells and CHP

Comment: The NE Chapter commented that it endorses the BPU Staff recommendation to the Board of an appropriate Total FY25 Funding Level for Distributed Energy Resources ("DERs") at $93,188,194, that includes Combined Heat and Power – Fuel Cell ("CHP-FC") funding of $31,500,694 and Microgrids funding of $1,687,500. It also noted the many potential benefits of

Combined Heat and Power ("CHP"), including energy savings and reduced emissions of criteria pollutants and CO2 emissions.

Response: Staff appreciate the commenter's support.

Comment: Rate Counsel submitted several comments regarding the CHP-FC Program. More specifically, it commented that the Board should re-evaluate the justification for continuing to use limited ratepayer funds to incentivize mature technologies that use fossil fuel, such as CHP-FC. Rate Counsel emphasized that CHP-FC projects can have adverse impacts on Overburdened Communities ("OBCs") and therefore, if the Board continues the CHP-FC Program, it should establish siting requirements to minimize the impact on OBCs. The comments suggested the Board should consider requiring Fuel Cells ("FCs") to meet the same 60% minimum efficiency standard as CHPs.

Response: As Staff have previously responded to a similar comment in this proceeding, Staff appreciate Rate Counsel's reservations about incentivizing a fossil fuel technology, but note that in general, projects in the CHP-FC program demonstrate overall efficiencies greater than those from current electric utility generation. The projects result in energy and GHG reductions at a customer's site and provide resiliency benefits. Staff are currently reevaluating this program and will take Rate Counsel's recommendations into consideration as part of that reevaluation.

As part of its overall reevaluation of CHP-FC, Staff will consider whether CHP-FC has or is likely to have a significant adverse impact on OBCs and, if so, potential ways to mitigate that impact, including the potential efficacy and appropriateness of adding siting criteria to the program rules. In that regard, Staff note that CHP-FC projects are often substantially cleaner and more energy and cost-efficient than traditional power projects and that therefore they can also have a significant positive impact on an OBC.

Several years ago, the Board determined that the environmental and grid resiliency benefits of FCs justified incentivizing them at 40% efficiency, subject to incentive caps that prevented 40% FCs from gaining an unduly high amount of the CHP-FC budget and a manufacturer diversity cap that prevents any one manufacturer from earning an unduly high amount of same. Staff continue to believe the Board's determination in this regard is correct, but Staff will consider this issue as part of the overall CHP-FC reevaluation.

Microgrids

Comment: Rate Counsel noted that DCE's FY25 budget allocates $1.7 million for microgrids under Phase II of the Town Center Distributed Energy Resources ("TCDER") program, aimed at enhancing resilience post-Superstorm Sandy. Rate Counsel questioned the effectiveness of this allocation, given past studies' findings on legal and technical obstacles, including a report financed by a U.S. Department of Energy grant and released in July 2021. Noting that completion of Phase II is delayed, Rate Counsel questions the usefulness of another study on the same barriers previously studied.

Rate Counsel also raised concerns about potential emissions and environmental impacts such as visual and noise pollution from microgrids, particularly in already burdened communities, which are not addressed in DCE's filing. Rate Counsel urged the Board to scrutinize the budget allocation, ensuring it aligns with clean energy goals and avoids adverse impacts on vulnerable communities.

Response: Staff note that each entity participating in the TCDER Microgrid Program sets their own schedule. The DOE study identified legal and technical obstacles, but that study pertains to financing, and was not designed to address said legal and technical challenges. A further study may yield solutions to such challenges.

With respect to potential impacts on vulnerable communities, Staff point out that there are two key paths to addressing climate change: reducing carbon emissions and creating energy resilience. The primary focus of the TCDER program is to create energy resilience for critical facilities. In addition, all the TCDER projects reduce GHG emissions over BAU. While the addition of solar panels may add a visual impact, that is the price of carbon reduction. Finally, the program has always had been designed to serve overburdened communities, by 1) keeping critical facilities in operation during power outages and 2) serving as a public shelter.

Comment: Environment New Jersey, Jersey Renews, and New Jersey Work Environment Council raised concerns about the nearly three-year delay from the July 2021 micro-grid study release to the current progress on design work. Despite the $1.68 million allocation and the Board's approval of a new MOU for the design phase, commenters are worried about the continued delays by Board staff in completing the design work.

Response: Staff acknowledge the commenters' concerns and note that the design work is proceeding according to individual schedules established by the program participants.

<u>**Energy Storage**</u>

Comment: Rate Counsel noted that DCE proposed a $60 million budget for the NJ Storage Incentive Program ("NJSIP") in FY25, with $30.5 million carried over and $29.5 million in new funding, aiming to meet state energy storage goals. Rate Counsel raised concerns about past unspent budgets for energy storage and questioned the necessity of such incentives given other available funding sources. Rate Counsel criticized the lack of detailed plans, including metrics for effectiveness and DOE funding specifics. Rate Counsel urged DCE to provide clear timelines and justification or consider reducing the budget if concrete plans are not clarified.

Response: Staff appreciate Rate Counsel's recognition of "serious technical issues such as the lack of readily available metrics to use in developing performance-based incentives and monitoring the effectiveness of the program in reducing GHG emissions". To this end, the Board's consultant has done and will continue to do extensive modelling and will release the proposed solution in the upcoming straw proposal.

Incentives are designed to be adjustable and decline over time, such that the rate of deployment matches the State's storage goals while minimizing incentives and maximizing private investments.

Any DOE funds applied towards energy storage will necessarily trigger an obligation to comply with DOE terms and conditions; such funds would be used exclusively to support OBCs. Staff anticipate releasing a straw proposal soon which will identify the details of the incentives.

Comment: Eco Edge Solutions advocated for the use of thermal storage.

Response: Staff recognize the value of thermal storage. Staff's soon-to-be-released straw proposal is technology neutral, such that no one storage technology is either favored or disallowed as compared to other storage technologies.

Comment: Despite delays in the Energy Storage straw proposal, Environment New Jersey, Jersey Renews, and New Jersey Work Environment Council expressed excitement for its revised release this month and Board action by year-end. The commenters emphasized that success in states like California and Texas highlights the critical nature of energy storage, especially with offshore wind ("OSW") expansion and grid resilience improvements. Commenters strongly supported the $30.5 million FY25 funding supplement to the $29.5 million from FY24 and endorsed using the full $60 million allocation to launch the program in early 2025.

Response: Staff thank the commenters for their support and look forward to the program launch.

Comment: NJLCV was pleased with the increase in the energy storage budget from $24 million in FY24 to $60 million in FY25, signaling the launch of the NJSIP. NJLCV supports the goal of implementing the program this year and revising the proposal to aim for 2,000 MW by 2030. NJLCV emphasized prioritizing overburdened communities and equitable distribution, as well as addressing concerns of households with older grid infrastructure and those lacking backup power.

Response: Staff thank the commenter for its support and look forward to implementing NJSIP.

<u>Renewable Energy Programs</u>

Comment: NJLCV stated that it appreciates the Board's investments in solar programs, aligned with the Governor's clean energy vision. The commenter emphasized the importance of responsible siting based on real data for solar projects, but specifically cautioned against using prime farmland for solar projects to preserve agricultural potential. NJLCV supports the BPU's efforts to create an environmentally sound and equitable clean energy economy.

Response: Staff have long supported solar development in New Jersey, designing policies and programs that support the continued growth of the solar industry while carefully balancing the costs and benefits to ratepayers. Staff also recognize the significant benefits associated with the expansion of local, distributed, renewable, non-polluting sources of energy and appreciate the commenter's acknowledgment and support of these facts.

With respect to prime farmland, the Solar Act of 2021 directed the Board to establish programs incentivizing the development of 3,750 MW of solar by 2026 while not compromising the preservation and protection of open space and farmland. The Solar Act has a limited scope for solar projects allowed on "farmland," referring only to unpreserved farmland with strict prohibitions to protect "prime agricultural soils and soils of Statewide importance, as identified by the United States Department of Agriculture's Natural Resources Conservation Service, which are located in Agricultural Development Areas certified by the State Agricultural Development Committee…." N.J.S.A. 48:3-119(c)(7). As mandated by the Solar Act, the Board launched the Competitive Solar Incentive ("CSI") Program to incentivize large-scale grid supply solar development in the State, which experience in other states has demonstrated provides clean energy at competitive prices. This type of solar development may come at a risk of unintended impacts to vulnerable farmland and open space, which is already under significant development pressure from other economic and social trends. Thus, the Board has sought to "minimize, as much as is practicable, potential adverse environmental impacts," N.J.S.A. 48:3-119(b)(2) through stringent siting criteria, established in consultation with the NJDEP and the Secretary of the New Jersey Department of Agriculture ("NJDA"). These criteria are applied to all grid supply solar facilities and net metered solar facilities greater than five megawatts in size, collectively referred to as "CSI-eligible facilities". The evaluation of preferential siting relies extensively on data analyzed in coordination with the Board's sister agencies, with specific requirements to minimize potential negative environmental impacts. Moreover, the Board's siting rules require soil protection and preservation during the construction of CSI-eligible facilities inclusive of restoring the site to prior agricultural conditions after these projects have closed and been removed.

In addition, the Dual-Use Solar Energy Act enacted in 2021 offers the opportunity for the creation of a new segment of the solar industry in New Jersey that is compatible with the State's rich agricultural heritage. The pilot program under development for dual-use projects is anticipated to encourage the development of dual-use solar facilities that permit agricultural and horticultural lands stay in active production while simultaneously benefiting from solar electric generation. Dual-use solar can provide farmers with an additional stream of revenue, contributing to farm financial viability while increasing the production of clean energy. Importantly, a pilot program also emphasizes the scientific evaluation of the feasibility of agrivoltaics, seeking to optimize solar systems that are compatible with crop yields, soil preservation, and other key agricultural metrics. With the technical assistance of the Rutgers Agrivoltaics Program at Rutgers University, the NJDA, the State Agriculture Development Committee, and NJDEP, the Board is ensuring that the necessary steps are being taken to implement the statutory mandate to minimize any potential negative impacts to the farmland while addressing other environmental issues.

Several additional points exemplify the Board's commitment to protecting and preserving farmland, including the following:

- CSI Projects may be eligible to participate in dual-use; thus, that land would not be removed from agricultural use.
- Solar development on farmland is not allowed in the Community Solar Energy Program, pursuant to the Clean Energy Act of 2018.
- The Board used its discretion provided under the Solar Act of 2012 at subsection (s) to protect farmland.

The Board will continue its efforts to protect farmland as described above while supporting the clean energy goals of the State.

Solar Registration Program

Comment: The renewable energy budget includes $4.1 million for the Board's solar registration programs, administered by TRC. This team processes and certifies projects for the Solar Renewable Energy Credits, Transition Incentive Program, and Successor Solar Incentive Programs, and will continue handling registrations for these programs. The registration programs will be updated as needed to comply with Board changes, including those related to the Community Solar Energy Program. The proposed budget for the Solar Registration Program has increased by about $467,000 from the FY24 true-up budget of $3.74 million. DCE and TRC should provide documentation explaining the reasons for this increase.

Response: Increases in the budget for solar program administration reflect the expansion of solar programs and accompanying requirements for contracted administrators. Staff note that in addition to TRC, the Board works with several administrators for solar programs, including Daymark Energy Advisors, Inc., Brattle Group, and the Rutgers Agrivoltaics Program at Rutgers University. The expansion of solar administration costs in FY25 include:

- The Community Solar Energy Program ("CSEP"), which the Board launched by Order in August 2023. This permanent incentive program, which replaces the Pilot Program from 2021, requires TRC to handle program registrations for new applicants; in FY24, more than 200 projects were registered. An additional capacity block of 250 MW will be opened for new registrations in FY25. Additionally, in FY25, the Board will integrate ESCROW requirements into the CSEP registration process and has initiated a procurement process to contract with an ESCROW agent.
- The Board has initiated a $385,000 contract with The Brattle Group towards determining policy recommendations on net metering of solar generation.
- During FY25, the Board anticipates initiating an evaluation of the incentive levels in the Administratively Determined Incentive Program and has requested funds for such within the FY25 budget.

Offshore Wind

Comment: NJLCV stated that it appreciates the Board's investments in OSW, aligned with the Governor's clean energy vision. The commenter emphasized the importance of responsible siting of OSW based on real data.

Response: Staff appreciate the commenter's support for the OSW program and agree that the responsible siting of OSW lease areas is critical to the successful development of projects for New Jersey.

Comment: Environment New Jersey, Jersey Renews, and New Jersey Work Environment Council supported the inclusion of OSW funding in the Clean Energy Fund, specifically $19.64 million for the Board's OSW program and $22 million for NJEDA OSW programs. Commenters emphasized the importance of OSW in providing New Jersey with clean energy and meeting the NJ Global Warming Response Act's goal of reducing pollutants by 80% by 2050. Commenters appreciate NJBPU's efforts to maximize the effectiveness of the Clean Energy Fund and review all submitted comments.

Response: Staff thank the commenters for their appreciation and support for the OSW programs administered by both NJBPU and NJEDA.

Comment: Rate Counsel noted the Draft Budget's proposal of adding $22 million in new funding for the WIND Institute, with $15 million for evaluation, and $3.3 million and $3.7 million for administration and training, respectively. Rate Counsel emphasized that this represents a significant increase from FY24's allocations of $127,005 for administration and $5.1 million for evaluation. The comment states that while DCE outlines that the funds will support various training initiatives, no details are provided for the administrative and evaluation activities. Rate Counsel recommends that DCE should be required to detail the proposed spending for these activities. Rate Counsel raised concerns about the lack of transparency regarding documentation referenced in the DCE's compliance filings. Specifically, MOUs between the BPU and NJEDA for supporting the WIND Institute since FY21 were not provided to stakeholders, hindering a thorough review of OSW funding allocation and spending.

Response: Staff appreciate Rate Counsel's comments. Staff note that the DCE Compliance Filing has been corrected to reflect a shift of $3 million from the Administration category to the Training category, resulting in a final total of $300,000 allocated to Administration and $6.7 million allocated to Training. The budgeted amounts are intended to promote specific activities and initiatives based on Staff's experience and understanding of the effort required for each initiative. Further information regarding the administrative, training and evaluation activities will be provided to the Board, Rate Counsel, and the public when Board approval to expend the funds is sought. At that time, the relevant MOUs will also be made available. Additionally, Staff note the FY24 Wind Institute MOU is publicly accessible online.

Comment: Rate Counsel noted the Draft Budget includes $7.0 million for the R&D Energy Tech Hub, aimed at supporting various clean tech programs. However, Rate Counsel raised concerns that DCE's Compliance Filing lacks clarity on the number of Clean Tech Pilot Demonstration Programs and their continuity from last year. Rate Counsel opposes using ratepayer funds for research and development, especially given substantial federal funding available. Rate Counsel noted that the compliance filing provides only a high-level program description, and key MOUs with NJEDA were not shared with stakeholders. Rate Counsel suggested that the Board should consider if the proposed spending will directly contribute to clean energy goals and if funding sources other than ratepayers are available.

Response: The publicly available FY24 Clean Tech MOU between the Board and NJEDA included funds to support Round 3 of the Clean Tech Seed Grant Program, Round 3 of the Clean Tech R&D Voucher Program, and Round 2 of the Pilot Demonstration Project. The budgeted amounts for the upcoming fiscal year directly relate to the work being undertaken by BPU in alignment with the State's clean energy goals; namely, the support of early-stage New Jersey-based clean technology companies. Further details on future initiatives will be provided to the Board, Rate Counsel and the public when Board approval to expend the funds is sought. At that time, additional applicable MOUs will also be provided. Staff recognize the existence and utility of other funding sources, and is pursuing multiple federal grants, but notes the programs highlighted above provide greater flexibility and are thus better suited to support State goals than federal funding sources.

Comment: Rate Counsel noted that the renewable energy budget allocates $23.8 million to the OSW program, including $18.6 million in carryover funds from FY24 and $1.0 million in new funding. The funds are divided into administration ($1.5 million), rebates and incentives ($10.0 million), and evaluation ($8.2 million). These funds support activities like consultant hiring for the fifth OSW solicitation guidance document and updating the OSW Strategic Plan, Rutgers Center for Ocean Observation Leadership, and the WIND Institute. Rate Counsel raised concerns that the DCE's compliance filing lacks detailed breakdowns of committed projects, plans for new funding, and historical context, making it difficult for Rate Counsel and stakeholders to assess cost increases or program continuation. Therefore, Rate Counsel suggests that DCE should provide detailed budget justifications, descriptions of funded activities, and related MOUs for greater transparency, especially for projects in later development stages.

Response: Staff appreciate Rate Counsel's comments and considerations. However, detailed breakdowns and justifications for each funding category would be premature at this time. They will be provided when Board approval is sought. This will include project descriptions, costs, and any related MOUs. Staff are committed to providing comprehensive information to facilitate informed review and input from Rate Counsel and stakeholders, ensuring transparency and engagement. To this end, Staff will endeavor to provide relevant historical context with increased consistency in future compliance filings. Staff also note that Board MOUs are made publicly available online.

Planning and Administration

Comment: Rate Counsel questioned the appropriateness of the conference and the allocation of $405,257 for the FY25 Clean Energy Program Conference, given past sponsorship and expenditures of approximately $300,000 in FY23. Rate Counsel argued for efficiency and budget reductions and requested a detailed breakdown of expenses to justify ratepayer funding.

Response: Staff note that the funding to which Rate Counsel refers to is carryforward from the previous year and no new funding has been added. The Clean Energy Conference serves as an instrumental opportunity to bring residents, industry and sector leaders together to discuss barriers, challenges, successes and trends in the clean energy sector, and to amplify the nation-leading work the State does – much of which is driven by ratepayer investment. While Staff look for efficiencies to reduce expenses and the Conference does receive funding from sponsors and some attendees, it still requires upfront expenses for conference venue and other conference administration services.

Comment: Rate Counsel acknowledged the extensive efforts by the Board, the Statewide Evaluator ("SWE"), consultants, and academic partners to improve evaluation studies for State and utility energy efficiency programs. Rate Counsel highlighted that efforts are crucial for enhancing the credibility of program assessments and cost-benefit analyses, especially as New Jersey pursues ambitious energy savings goals and recognized that utilities will eventually face financial incentives or penalties based on program performance. However, Rate Counsel also highlighted that each utility maintains its own evaluation budget, separate from resources directly benefiting customers. Rate Counsel pledged to collaborate closely with the Board, Staff, SWE, and other stakeholders to ensure efficient use of resources and avoid duplication of efforts in these evaluations.

Response: Staff recognize Rate Counsel's active participation in the Evaluation Measurement and Verification ("EM&V") working group, which means that Rate Counsel is well-aware of the EM&V initiatives planned, ongoing activities, and the resulting findings. Staff welcome Rate Counsel's participation in the EM&V working group and appreciate the need to ensure sponsored evaluations are not duplicative. Rate Counsel's continued participation in the EM&V Working Group ensures that evaluations add credibility to the claims of NJ and their partners toward the achievement of statewide climate commitments.

Rate Counsel's feedback is considered in the annual update of the EM&V Guidelines. One example of this was the response to the EE stakeholder statement that the annual updates to the Technical Reference Manual ("TRM") were much too involved to digest in just two weeks. In response to this feedback, the Board has requested the EM&V Working Group provide a quarterly TRM update to the EE Stakeholder meeting starting July 2024, thereby offering stakeholders sufficient time to review and comment on all incremental changes proposed to the state's TRM. Staff will continue to look for opportunities to broaden the number and content of the briefings from the EM&V Working Group.

Staff consider the feedback and findings from the cumulative EM&V efforts to be a necessary and invaluable resource for the evolution of our Triennial portfolio towards the achievement of New Jersey's climate commitments.

BPU Initiatives

Grid Modernization

Comment: Environment New Jersey, Jersey Renews, and New Jersey Work Environment Council are pleased with the inclusion of $25 million in the Clean Energy Fund FY25 budget and $15 million in Governor Murphy's FY25 budget applied toward Grid Modernization. Commenters highlighted the Board's understanding of the urgency for grid modernization shown by the Board's approval of the grid modernization rule proposal, convening of stakeholder meetings, and action taken on the resulting report recommendations. Commenters strongly supported this budget allocation and the related current filings and proposed legislation on grid modernization. Commenters suggested this funding should be seen as a down payment on future actions by the Board, Legislature, and Governor to fully fund necessary electric grid improvements.

Response: Staff agree that the Grid Modernization program can benefit from these incremental funding additions and have organized the next phase planning activities into a structured Forum, where expert working groups are collaborating in driving recommendations for optimal investment of these funds.

Staff envision that the current N.J.A.C. 14:8-5 Interconnection Rules update lays the foundation for evolution to a modernized NJ distribution grid possessing higher capacity for DER attachment, as well as more flexible and dynamic operation. Staff view Grid Modernization as a continuous long-term evolution, able to accommodate, integrate, and compensate nascent emerging technologies that can offer cleaner and more cost effective energy services, and as such agree that this initial funding can be seen as a down payment on that future state.

Comment: NJLCV expressed support for the Board's Grid Resilience and Innovation Partnerships ("GRIP") initiative for grid-enhancing and non-wire alternatives to modernize the grid in support of the state's climate, environmental, and equity goals. However, NJLCV highlighted barriers such as delays, inefficient rates, and inequitable infrastructure distribution. NJLCV urged accelerated investment in electric distribution infrastructure and a higher investment level for beneficial electrification technology such as Electric Vehicle ("EV") charging, battery storage and building systems Decarbonization. Additionally, NJLCV called for a robust stakeholder process in natural gas planning to avoid creating stranded assets and excessive renewable natural gas infrastructure while this is underway.

Response: Staff appreciate the commenter's support and agree that the emerging technologies classified as Grid-Enhancing Technologies have the potential to reduce or defer more expensive traditional infrastructure upgrades. Staff are thus pursuing investigation and demonstration of these approaches under the DOE's GRIP program. Broader development of these Non-wires Alternatives and other innovative measures are being pursued through adjacent expert working groups that are convened under the BPU-funded Grid Modernization Forum. Collaborative efforts such as these are attempting the requested acceleration in a cost effective and optimized manner, through both a grid hosting capacity increase for interconnected DER as well as market driven innovations that can better utilize and compensate the value of services provided by interoperable DER.

Staff envision that the current N.J.A.C. 14:8-5 Interconnection Rules update lays the foundation for evolution to a modernized NJ distribution grid possessing higher capacity for DER attachment, as well as more flexible and dynamic operation. This in turn can take some of the "pressure" off both electric grid and gas pipeline expansion by better serving growing electric load with local generation. Staff view Grid Modernization as a continuous long-term evolution, able to accommodate, integrate, and compensate nascent emerging technologies that can offer cleaner and more cost-effective energy services. Current planned state funding can get this long-term evolution started and headed on the right path for accelerated transformation envisioned by the NJLCV.

Staff agree with the commenter regarding the need for a robust stakeholder process as part of the natural gas proceeding and look forward to continuing to engage with all stakeholders to address the concerns the commenter raised.

Whole House Pilot Program

Comment: EEA-NJ highlighted the need to expand the Whole House Pilot Program ("WHPP") statewide, noting that low-income households face barriers due to issues like mold and roof leaks that are not covered by energy efficiency programs. EEA-NJ recommended allocating additional funding for FY25 to scale up the program based on lessons learned from the ongoing pilot in Trenton. Expressing concerns over the lack of new funding for the WHPP, EEA-NJ urged the Board to review and share findings from the WHPP with stakeholders.

Response: Staff appreciate EEA-NJ's advocacy regarding the expansion of the WHHP statewide. Staff agree that this Pilot is instrumental to informing the creation of a permanent statewide program focused on addressing health and safety barriers that prevent implementation of energy efficiency measures in New Jersey's disadvantaged communities. Planning for scalability based on lessons learned from the pilot is essential for maximizing impact and ensuring the sustainability of our efforts. As part of ongoing monitoring and program enhancement efforts, Staff have obtained federal funding to support the existing program scope, including the addition of building electrification as an option for Trenton customers. These funds are provided through the federal State Energy Program, thus removing the need for increased State funding. Staff are now coordinating regular updates on this Pilot for stakeholders through monthly EE stakeholder meetings.

Comment: Norma Sessa, managing director of the Essex County NJDCA Weatherization Assistance Program, supported collaborating with the Comfort Partners Program and expanding WHPP to weatherize more homes in Essex County. She emphasized that by implementing these programs through weatherization agencies, they can reach more customers and especially those identified through the Universal Service Fund ("USF") program.

Response: Staff appreciate the commenter's advocacy regarding the collaboration between New Jersey Department of Community Affairs ("NJDCA")'s Weatherization Assistance Program and BPU's Comfort Partners Program and the expansion of the existing WHPP. Staff agree that the WHPP is instrumental in informing the creation of a permanent program and will continue to monitor progress and document lessons learned from the Pilot towards that end. In addition, an effort is underway to execute a MOU between DCA and BPU that aims to facilitate effective coordination between Comfort Partners and the Weatherization Assistance Program.

Comment: Victoria Foundation, a Newark-based funder supporting marginalized communities, urged BPU to expand the WHPP from Trenton to Newark and statewide. The commenter proposed amending Comfort Partners Program requirements to prioritize state weatherization and "lead grantees" as vendors, stating that such prioritization would enhance housing services, reduce energy use for low-income consumers, and streamline program access. Victoria Foundation recommended emphasizing trust and community responsiveness in vendor selection to improve program uptake and avoid contractor issues. The commenter also advocated for BPU support in helping local agencies qualify as Comfort Partners vendors.

Response: Staff agree that the WHPP is instrumental to informing the expansion and creation of a permanent statewide program focused on addressing health and safety barriers that prevent implementation of energy efficiency measures in New Jersey's disadvantaged communities. Planning for scalability based on lessons learned from the pilot is essential for maximizing impact and ensuring the sustainability of our efforts. In addition, Staff are working on ways to improve the collaboration between Comfort Partners and Weatherization Assistance Program agencies so that both programs can deliver combined services in an effective manner. Staff understand it is imperative that residents trust that Comfort Partners and its vendors will successfully provide services in accordance with program goals and will keep the suggestions regarding vendor selection in mind moving forward.

Comment: Environment New Jersey, Jersey Renews, and New Jersey Work Environment Council praised the WHPP and its partnership with Isles Inc. Despite delays in this pilot program, they urged continued FY25 funding to accelerate progress. Commenters emphasized that many low-income households face barriers like mold and roof leaks that hinder energy efficiency program participation. Addressing these issues early can prevent worsening conditions and high energy bills. Commenters recommended scaling up the program, sharing results with stakeholders, particularly in Trenton and Newark, and matching FY24 funding to expand the initiative in FY25.

Response: Staff appreciate the commenter's advocacy regarding the expansion of the WHPP and agrees that this Pilot is instrumental to informing the creation of a permanent statewide program focused on addressing health and safety barriers that prevent implementation of energy efficiency measures in New Jersey's disadvantaged communities. Planning for scalability based on lessons learned from the pilot is essential for maximizing impact and ensuring the sustainability of our efforts. As part of ongoing monitoring and program enhancement efforts, Staff has obtained additional funding through federal sources to support and expand the existing program scope, including the addition of building electrification as an option for Trenton customers. The additional federal funding has made it unnecessary to increase State funding. In addition, Staff are now coordinating regular updates on this Pilot for stakeholders through monthly EE stakeholder meetings.

Comment: NJLCV recognized the success of the WHPP, which integrates health and safety hazard remediation with energy efficiency improvements, currently serving Trenton residents. Commenters noted that if successful, the pilot could benefit the entire state by improving housing quality, affordability, and efficiency. NJLCV supported expanding WHPP to include electrification and urged the BPU to extend it beyond Trenton, incorporating lessons learned and input from community organizations. The commenter recommended effective outreach and requiring utilities to contract with local weatherization providers to ensure program uptake and inclusion.

Response: Staff appreciate the commenter's advocacy on behalf of the NJLCV regarding the expansion of the WHPP statewide. Staff agree that this Pilot is instrumental to informing the creation of a permanent program focused on addressing health and safety barriers that prevent implementation of energy efficiency measures in New Jersey's disadvantaged communities. Planning for scalability based on lessons learned from the pilot is essential for maximizing impact and ensuring the sustainability of our efforts, and as done in the Pilot, an element of the statewide program would be engagement with community-based organizations and local governments. As part of ongoing monitoring and program enhancement efforts, Staff have expanded the original program scope to include the addition of building electrification and electrification readiness measures as options for Trenton customers.

Heat Island

Comment: Environment New Jersey, Jersey Renews and the New Jersey Work Environment Council expressed strong support for the Heat Island pilot program and hope it can be paired with other Office of Clean Energy Equity ("OCEE") programs and implemented in FY25.

Response: Staff appreciate the support for the Heat Island pilot program. The framework for the pilot is currently under development, and Staff anticipate that details will be announced in FY25. Staff will take into consideration the recommendation to pair the pilot with other OCEE programs as the framework is being developed.

Comment: NJLCV suggested that the Board use the $2.5 million allocated to the Heat Island Pilot to complement the DEP's extreme heat resilience action plan. Commenters emphasize that this effort requires a holistic, long-term approach to address extreme heat and meet immediate community needs. The commenter noted that an early suggestion in the draft action plan recommended heat pumps as a technology to reduce energy costs for low- and moderate-income ("LMI") customers while providing access to cooling.

Response: Staff appreciate the suggestions from the NJLCV to structure the Urban Heat Island Pilot so that it complements the NJDEP's heat resilience action plan. The framework for the pilot is under development, and Staff has met with NJDEP to discuss potential areas of need. Staff intend that the pilot will be complementary to ongoing efforts designed to address the causes and effects of urban heat islands and urban excessive heat.

Comfort Partners

Comment: NJLCV supported Executive Order 316's goal integration into the Comfort Partners program for building electrification. NJLCV emphasized the need for correction in the program's description to include all clean energy technologies, not just natural gas conversions. The commenter expressed concern about the program's management by utilities and its utilization rates as evidenced by significant carryforward in the FY25 budget. NJLCV urged greater transparency in program outcomes and advocated expanding eligibility to include more low and middle-income families, aligning with broader clean energy goals and economic equity.

Response: Staff appreciate the comments from the NJLCV and the suggestion to incorporate all clean energy technologies in Comfort Partners program evaluations. Regarding the carryforward in the FY25 budget, it is important to note that the figures provided were estimates based on available data during the public release period. As Staff close out projects and draw down funds within fiscal year 2024, the budget for Comfort Partners will be adjusted accordingly. With respect to income eligibility, Staff note that the Program is available to households with income at or below 250% of the federal poverty guidelines. Households located within a Low-Income designated census tract or NJ designated OBC census block may also qualify via the income self-certification process detailed in the Comfort Partners compliance filing. Customers who receive aid from Supplemental Security Income, Home Energy Assistance, Universal Service Fund, Lifeline, Pharmaceutical Assistance to the Aged and Disabled, Temporary Assistance to Needy Families, Section 8 Housing, Medicaid, Supplemental Nutrition Assistance Program, or General Assistance may also be categorically eligible.

Comment: PSE&G raised concerns about discrepancies in the proposed FY25 Comfort Partners budget, noting a significant amount of uncommitted carryforward dollars ($17M versus previously reported $3.8M) and higher committed carryforward funds ($22.7M versus $11M). PSE&G highlighted that past budgets had no uncommitted funds, urging an investigation and potential adjustment to ensure accurate allocation in the final funding plan.

Response: Staff thank PSE&G for their comments regarding the FY25 program budget; however, Staff are uncertain of the data source for the budget figures PSE&G provided as they do not accurately reflect budget figures in any internal records or public reports. That being said, the budget figures for FY25 were estimated based on available data at the time of the public comment period. Staff would like to note that as the fiscal year comes to an end and projects are closed out, the budget for Comfort Partners will be adjusted to accurately reflect the true level of new funding that the program will receive.

Comment: Rate Counsel raised concerns about the Comfort Partners program's declining customer targets amid rising costs. Rate Counsel highlighted that the proposed FY25 budget remains at $57.0 million, with $16.6 million in new funding and $40.4 million carried over from FY24, including some utility-specific reallocations. Despite the unchanged budget, the number of served customers is decreasing—from 5,739 electric and 5,462 natural gas customers in FY24 to 4,303 electric and 3,978 natural gas customers in FY25. Rate Counsel urged the Board to increase the budget allocation for Comfort Partners in order to maintain the number of customers being served in the face of increasing costs per customer

Response: Staff acknowledge Rate Counsel's concern about declining program participants and note that increased costs for contractors, materials, and equipment have impacted capacity to serve more customers. The FY25 compliance filing reflects these higher costs. Although the Comfort Partners FY25 budget remains unchanged from FY24, Staff aim to maintain service levels and explore ways to enhance participation.

<u>Residential Energy Assistance Payment</u>

Comment: Rate Counsel recommended the funds for the Residential Energy Assistance Payment ("REAP") program be transferred to the USF as the USF is a well-established program that has a long track record of providing timely assistance to customers in need. Rate Counsel also recommended that this program provides leads to the Comfort Partners program for follow-up as these customers could most certainly benefit from energy savings and bill reductions.

Response: Staff value Rate Counsel's input regarding REAP and the proposal to allocate funds to the USF. In docket number QO24020120, it was explained that the REAP eligibility process could extend relief to more customers beyond those benefiting from the USF and without necessitating enrollment or application procedures. In addition, Staff concur that maximizing referrals to Comfort Partners for eligible customers is essential and will take this into consideration as the REAP is implemented.

<u>Workforce Development</u>

Comment: EEA-NJ highlighted that it is necessary to continue funding for energy efficiency and clean energy workforce development initiatives. EEA-NJ noted that it was unclear why the FY25 budget has no new funding for workforce development and urged the Board to enhance transparency, providing quarterly reports on workforce development metrics, especially if these initiatives are within individual programs. EEA-NJ stated that effective workforce development must include wraparound services like childcare, elder care, and foundational education, that this is often best provided by community groups, and that funding these groups supports employment and service provision, creating a positive community ripple effect as trainees gain well-paying jobs.

Response: Staff recognize the need for a skilled, local, diverse workforce in the energy efficiency industry. This sector offers high-quality, rewarding career paths, often without requiring a college degree.

While the FY25 budget does not allocate new funds specifically for energy efficiency workforce development, the Board remains committed to collaborating with other State agencies in this crucial area to identify complementary resources and funding for workforce development. For example, the Board is actively pursuing various program-specific sources of energy efficiency workforce development funding. In addition, through Utility Settlements, the Board is reviewing proposals from the investor-owned electric and gas utility companies for energy efficiency programs that include around $50 million to offer no- or low-cost EE technical training programs during the 2.5-year period of Triennium 2 (January 1, 2025 – June 30, 2027).

The Board is collaborating with the New Jersey Department of Labor and Workforce Development ("NJDOL"), New Jersey Institute of Technology, and Rutgers University to apply for the IRA's Training for Residential Energy Contractors ("TREC") formula grant funding. If the DOE approves New Jersey's application, federal funding could support technical training programs as part of a comprehensive approach to advancing effective and equitable energy efficiency workforce development in New Jersey. For example, TREC funding could enable training centers across New Jersey to collaborate with community organizations to offer wraparound services like those recommended by the commenter to training program participants, including through grants from the NJDOL, as well as establish working relationships with employers.

BPU actively invites collaboration with utilities, workforce development boards, industry groups, community groups, labor unions, and other stakeholders. As part of the TREC initiative, the Board is sponsoring Business & Industry Leadership Team ("BILT") meetings to further engage energy efficiency workforce development stakeholders.

Staff are committed to transparent communication with stakeholders and acknowledge the need for reporting on workforce development initiatives and impacts. For example, the monthly energy efficiency stakeholder meeting on June 20, 2024, provided workforce infrastructure research updates. Staff plan to report on key workforce development metrics regularly in the future, especially as TREC data becomes available.

Comment: NJLCV expressed appreciation for the update on the workforce study by the Heldrich Center for Workforce Development at Rutgers University and stated that they look forward to Staff presenting the results. NJLCV commented that coordination with the NJDOL is crucial for ensuring equitable opportunities across race, gender, and geography as clean energy job opportunities grow. The commenter noted that job training and career pathways will be essential for moving diverse and qualified individuals into fields related to OSW, solar, battery storage, electric vehicles, and clean electricity goals.

Response: Staff thank the commenter for its support and are pleased that the recently finalized New Jersey's Energy-Efficiency Workforce Needs, Infrastructure, and Equity Assessment report

("EE WF status report") is now available online for public review.[4] (Heldrich Center staff presented the findings of the EE WF status report during the monthly energy efficiency stakeholder meeting on June 20, 2024.[5] The EE WF status report serves as a foundation for discussions regarding strategies and potential barriers to fostering high-quality job opportunities within the state's EE sector and creating pathways towards a more diverse, equitable, and skilled workforce in this critical field.

Electric Vehicles

Comment: Tesla recommended providing incentives only if funding is available at the time of delivery, stating that the option of reserving funding at the time of ordering is administratively burdensome and unnecessarily forces dealers to take the blame if the program runs out of funding; in addition, Tesla stated that this option is no longer necessary as supply chain issues are no longer slowing delivery. Tesla also suggested extending the reimbursement claim submission deadline from 14 days to at least 45 days, similar to neighboring states. Tesla claimed that there is no need for a 14-day deadline and that dealers often have to cover the incentive when a rebate claim is rejected. Lastly, Tesla encouraged BPU to improve the submission process and dealer portal, advocating for the use of automation and application programming interface integration to streamline submissions and support the program "at scale."

Response: The Program Administrator provides the option for Dealerships to reserve funding at the time of order to enhance consumer confidence in the program; funding can only be reserved at the time of order if it is still available and within the fourteen (14) calendar day window. The dealership must provide updates to the Program Administrator regarding the number of pending orders. If this option were removed as the commenter requested, the customer would have no way to guarantee that the incentive would still be available when its vehicle was delivered. Staff note that with the updated FY24 process more incentives were applied at the time of delivery, but the order option provides certainty to customers who need it due to the long delivery times that continue to exist for certain models.

Longer submission windows such as the 45 days suggested by the commenter create delays. The average timeline for payment has been under 30 days throughout the FY24 program. BPU is committed to ensuring efficient program management and consumer trust by ensuring timely processing of applications and disbursement of funds. Slower processing can restrict the ability to allocate resources efficiently and potentially reduce the number of consumers who can benefit from the incentives offered by the program.

The Board notes that Staff and the Program Administrator are continually updating the website and working with stakeholders to address concerns. At the moment, automated data entry as requested by Tesla presents security concerns.

Comment: NJEVA proposed changing the criteria for an increased incentive for LMI applicants,

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[4] https://www.njcleanenergy.com/main/public-reports-and-library/market-analysis-protocols/market-analysis-baseline-studies/market-an (under the Market Research section) and at https://njcepfiles.s3.amazonaws.com/New_Jerseys_Energy_Efficiency_Workforce_Needs_Infrastructure_+and_Equity_Assessment.pdf

[5] A recording of the presentation, as well as the meeting slides, are available at https://www.njcleanenergy.com/committees/energy-efficiency/archive.

claiming that only a fraction of the targeted population can access the existing incentive due to the high upfront cost of EVs and the rising rates to finance new vehicles. According to NJEVA, income eligibility definitions for LMI programs across New Jersey are more expansive than the proposed criteria in the FY2025 Charge Up New Jersey ("CUNJ") Program. The commenter argued that the modified adjusted gross income ("MAGI") utilized for the LMI incentive in the FY2025 CUNJ Program was taken directly from the Used Clean Vehicle Credit by the Internal Revenue Service ("IRS"), but that this credit had not been devised to target the LMI population. NJEVA proposed the following revisions:

a. Ensure the total combined incentive (Base Amount + LMI) is set to the maximum allowable amount of $5,000.
b. Amend the modified adjusted gross income to align with other state programs.

NJEVA commented that that if New Jersey seeks to reach its stated goal of 330,000 EVs on New Jersey roads by 2025, further reductions of the incentive will not support the market. Noting that the proposed flat incentive amount of $2,000 is a 60% reduction from the launch of the CUNJ program, although less than half of the program's ten-year life has passed, NJEVA urged a base incentive of at least $4,000. The commenter criticized the proposed FY25 CUNJ structure as merely stretching available dollars in order to keep the program open for a longer period. Pointing to California's EV program, NJEVA recommended that the CUNJ Program include tiers for income and an additional increased rebate level for LMI consumers

NJEVA also urged the Board to work with the Governor's Office and the Legislature to infuse additional funds into the CUNJ Program. In the commenter's opinion, the BPU should make "a strong push toward the finish line" rather than reducing the amount of the incentive to keep the program open longer each year.

Response: BPU recognizes the importance of equity in the transition to EV and strives to ensure our programs improve quality of life for people across all New Jerseyans. Staff acknowledge that the median Manufacturer's Suggested Retail Price ("MSRP") of an EV remains more expensive than the median price of an internal combustion engine ("ICE") vehicle; however, Staff also note that the MSRP of several EV models are nearing parity with comparable ICE vehicles. Additionally, though the upfront MSRP on some models remains a barrier toward EV adoption, the total lifetime cost of an EV remains lower than for a comparable ICE vehicle, making them more affordable over the life of the EV.

The proposed income caps for the income-based incentive were designed to mirror the Federal Clean Used Vehicle Tax Credit income requirements, optimize LMI accessibility, and maximize the number of EVs on the road. To further improve convenience and accessibility for income-eligible residents, Staff are working to establish categorical eligibility to qualify for the income-based incentive. This means that people enrolled in specific assistance programs like SNAP would automatically qualify for the additional incentive without additional paperwork like tax documentation. In addition, utilizing the Federal Used EV credit income thresholds will provide consistency for dealerships and showroom staff who need to market these programs.

Although NJEVA points to the higher income limits in other NJ income-eligible programs, Staff note that the CUNJ incentive is not the only one available to EV customers, including LMI customers. The federal tax credit continues to evolve and consumers considering a new EV or plug-in hybrid can now obtain point of sale incentives of up to $7,500 on select models. The previous requirement that a buyer would need a tax liability of at least $7,500 in a given year to get the full benefit of the credit functioned like an income minimum, since many low- and middle-income families owe less than that in taxes. Now, however, buyers may be eligible to get the full federal credit, regardless of their tax liability. Moreover, the maximum combined federal and CUNJ incentives total $11,500- compensating for the average $10,000 price delta between an ICE vehicle and an EV that NJEVA mentioned. For EV models that are at near parity with comparable ICE models, the combination of federal and state incentives results in considerable savings over ICE vehicles and puts some new EVs at the same price point as many used ICE vehicles. Taken together, these numbers mean that everyone will receive an incentive at least $500 dollars larger than last year's incentive. Additionally, even without the income-based incentive, the combination of the federal and state incentive provides up to $9500 in point-of-sale incentives.

During program design, Staff weighed a wide variety of program considerations, including but not limited to equity, program cost, total number of EVs adopted, and program longevity. The proposed structure balances these factors; the $2,000 income-based incentive will improve EV equity and make EVs more affordable. While NJEVA criticizes the incentive reductions as an attempt to increase program longevity, there is value in keeping the CUNJ Program open for consistent periods of time each year. It increases awareness of the CUNJ program, and prospective buyers have longer periods to purchase or lease a vehicle. LMI buyers are less likely to plan to buy or lease and may do so only when necessary; thus, having the program open longer gives these buyers and lessees more opportunity to access an EV. Based on Staff projections and with an anticipated additional $20 million from the State General Fund to support the CUNJ Program, the proposed CUNJ incentives will add a significant number of EVs to overall adoption and keeps the State on track to meet its 2025 EV goal.

Although the commenter appears to favor the tiered rebates in the California Clean Vehicle Rebate Project, the CUNJ incentive structure has changed to encourage income-qualified residents to receive a larger incentive, tying the increased incentive to the driver rather than the vehicle. Staff also notes that the California Clean Vehicle Rebate Project is a rebate and not a point-of-sale ("POS") incentive such as the CUNJ incentive. A POS incentive enables immediate financial assistance at the point of purchase and is generally more effective as an incentive versus a post-purchase/ lease rebate.

Staff agree with the commenter that additional funds for the CUNJ Program are desirable. Per the FY2025 Compliance Filing, in addition to the $30 million allocated from the Clean Energy Fund, an additional $20 million is anticipated to be appropriated from the State General Fund to support.

Comment: NJCAR commented that CUNJ funding remains inadequate to the State's EV goals, as each year the program has run out of money before the end of the fiscal year. NJCAR encouraged BPU to add $30 million from the General Fund to supplement this program. Noting that CUNJ has used up its funding well before the end of each year it has been open, NJCAR stated that the exhaustion of funds causes months-long gaps between funding rounds and asserted that program closures have been announced with little warning, causing confusion for consumers, dealers, and manufacturers. NJCAR suggested this pattern underscores the need for more substantial funding to meet EV mandates effectively.

NJCAR raised concerns about the proposed change to a flat $2000 incentive for vehicles under $55,000 and the addition of a $2000 additional incentive for LMI customers. The commenter stated that no explanation had been offered for the change, NJCAR asserted that fewer consumers would buy EVs at this incentive level. NJCAR asked what percentage of rebates would include the LMI incentive and how many vehicles eligible for the rebates would also receive the full federal $7500 tax credit. Comments raised concerns about the $2,000 LMI incentive regarding its effectiveness and requested additional details. NJCAR comments suggested changes may not persuade hesitant shoppers and could reduce EV purchases, as the proposal doesn't match previous incentive levels. Comments noted that in 2023, 63% of new EVs sold were above $55,000, suggesting that fewer consumers might benefit from the new rebate structure.

NJCAR also expressed concern that the proposed flat $2,000 rebate will be offset by increased costs like a $1,060 registration fee and potential sales tax of up to $3,312. The commenter suggested reviewing Colorado's experience, where reducing incentives led to a drop in EV sales. Asserting that BPU has not provided data to support the rebate reduction, NJCAR proposed that instead of reducing rebates, New Jersey should maintain or increase them to encourage new EV purchases.

NJCAR commented that efforts to improve the Charge Up New Jersey Program's website are helpful but need further enhancement. The commenter recommended that the website post interval dates for updates; that the dealer portal provide real-time reimbursement status and payment dates, which NJCAR stated were often delayed beyond the 30-day goal; that BPU develop a better communication plan to prevent what is described as the disruptive on-again, off-again nature of the program; that the BPU use more media sources to keep the public informed; and that detailed, transaction-level data (excluding personal information) should be published for meaningful analysis.

NJCAR suggested implementing an EV Subscription Program as a way to attract curious consumers who would like to try out EVs without an initial long-term commitment, stating that such a program would increase EV adoption statewide.

Finally, NJCAR noted that the draft Compliance Filing incorrectly mentions "showrooms," although only licensed new car dealers can legally sell vehicles in New Jersey. NJCAR suggested revising the Compliance Filing to replace "showrooms" with "NJ licensed dealers" for accuracy.

Response: Staff appreciate NJCAR's concerns and note that Staff expect to receive an additional $20 million dollars from the General Fund, which with the rollover from FY24 would raise our program budget to $53 million.

Staff acknowledge that program closures can impact both dealers and consumers, so program longevity is one of Staff's most important considerations. To ensure transparency and minimize confusion, the amount of CUNJ funding Staff have spent and have remaining can be found on our Charge Up website. In addition, the Charge Up statistics page is updated monthly with information regarding incentives.

Staff recognize the importance of adopting policies that get the greatest number of EVs on the road and believe that the proposed incentive structure will accomplish this goal. Staff note that the maximum incentive of $4,000 has not changed from FY24 to FY25. The structure has changed to encourage income-qualified residents to receive a larger incentive, tying the increased incentive to the driver rather than the vehicle. As NJCAR notes, vehicles under $55,000 are a minority of eligible vehicles, making this structure more effective at encouraging LMI residents to consider EV adoption. As indicated in the Compliance Filing, the income-qualified adder would be for residents with a maximum income of $75,000 for single filers and $150,000 for household filers. In addition, Staff are working to determine categorical eligibility to qualify for the income-based incentive to make the application process simpler. In addition, residents can stack BPU's incentive on top of federal incentives to save even more money; Staff note that the federal government has recently modified their tax credit so that eligible residents, regardless of tax liability, can save up to $7,500 at the point-of-sale. Combining these incentives provides significant savings to customers, up to $11,500, making EVs within reach for many New Jersey residents. With respect to NJCAR's criticism of the $55,000 MSRP cap, Staff note that this cap is legislatively mandated.

Staff cannot comment on fees and taxes outside of the Clean Energy budget, including the EV registration fee and the proposed future lifting of the EV sales tax exemption. However, Staff did take the changes in fees into consideration in determining the structure of the program. The minimum incentive in FY24 was $1,500 and the proposed structure raises that incentive minimum to $2,000. In addition, Staff note that while fees may be increasing, the availability to receive point-of-sale incentives is also increasing. Current residents may be eligible for additional federal incentives as well, with the stacked incentives resulting in a price reduction of between $5,750 and $11,500.

Staff and the Program Administrator are continually updating the website and working with stakeholders to address concerns; Staff will take NJCAR's suggestions under consideration as it works to improve the website. With respect to incentive reimbursement, Staff also note that the average invoice payment timeframe for FY24 is less than 25 days.

Staff agree that it is important for consumers to have choices that meet their unique lifestyles and needs. However, Subscription Programs do not currently provide customers with a Battery Electrical Vehicles under $55,000 at all times. Until that legislatively mandated threshold has been met, incentives may not be utilized. Staff look forward to continued discussions on this issue.

With respect to the use of the term "showrooms" in the compliance filing, Staff notes that N.J.S.A. 39:10-19 et al. (L.2015, c.24), as amended in 2015, permits up to 4 showrooms per manufacturer of a zero-emissions vehicle in the State.

Comment: NJLCV supported the increased CUNJ funding of $50 million but questioned why more isn't drawn from the Clean Energy Fund and FY24 carryforward of over $76 million. The commenter suggested reallocating some of these funds to ChargeUp to prevent early depletion, advocating for robust funding, ideally $65 million, to meet EV goals amid new "punitive" EV registration fees. NJLCV supported simplifying incentives but suggested revising income-based rebate levels to align better with potential EV buyers, proposing either federal IRS income thresholds or a uniform $4,000 incentive for all customers.

NJLCV acknowledged the significant funding increase for electric vehicle programs, particularly through carryforward funds. However, the commenter asked for an explanation of the $32.9 million increase in the Multi-Unit Dwelling Charger ("MUD") Program, given peak past spending levels of $5.25 million. NJLCV thanked the Board for explaining the delay in utilization of e-mobility funding.

Response: During program design, Staff weighed a wide variety of program considerations including but not limited to equity, program cost, total number of EVs adopted, and program longevity. The Board has determined that the annual funding mandated by legislation is sufficient to incentivize the purchase of EVs and eventually to transform the market, especially in light of additional incentives discussed below. The proposed income caps for the income-based incentive were designed to mirror the Federal Clean Used Vehicle Tax Credit income requirements and designed to optimize LMI accessibility and maximize the number of EVs on the road. With respect to the EV registration fee, Staff cannot comment on fees and taxes outside of the Clean Energy budget. However, Staff did take the changes in fees into consideration in determining the structure of the program. The minimum incentive in FY24 was $1,500 and the proposed structure raises that incentive minimum to $2,000. In addition, while fees may be increasing, the availability of point-of-sale incentives is also increasing. Current residents may be eligible for additional federal incentives as well, which will result in a price reduction of between $5,750 and $11,500 with stacked incentives.

As regards the increased funding for MUD, Staff emphasize that this is a critical program that allows for increased EV adoption and bridges equity concerns, as many people in MUDs would otherwise be unable to charge at home. It is also the most popular BPU EV charger program. Staff also note that the funding illustrated at the stakeholder meeting for FY24 was for the first six months of the program; the carry over funding for the MUD program is to cover the grants encumbered in FY23 and FY24, as well as those projected to be awarded in the last six months of FY24. With these allocations considered, the funding increase over last year is modest and warranted, given the new simplified process rolled out at the start of 2024 and anticipated increased outreach.

Comment: Environment New Jersey, Jersey Renews, and New Jersey Work Environment Council comment that the CRA Straw Proposal has used the State Energy Initiative to transfer SBC dollars to other sections of the New Jersey budget. The commenters state that in recent years, these transfers have been exclusively for NJ Transit and in the last two fiscal years have been explicitly for electric bus infrastructure investments. Stating that such a use aligns with the Clean Energy Fund's goals, as reflected in the FY25 CRA Straw Proposal allocation for electric school buses and Medium Heavy Duty ("MHD") depots, the commenters state that in reality those dollars have continually been siphoned off for NJ Transit's operating budget.

Environment New Jersey also made comments during the EV stakeholder session, expressing concern over the new CUNJ incentive structure, particularly given the changes in the state to EV registration fees and sales tax exemptions that will affect EV drivers. Environment New Jersey recommended consistency for the program and supported an LMI adder. It also expressed concern regarding the delays in implementing MHD proposals.

The commenter noted that electric mobility is an important way to bridge transportation inequities while simultaneously transitioning to clean transportation and pointed to Go Trenton as an example of a successful micro-mobility program.

Environment New Jersey also expressed concerns over the gradual reintroduction of sales tax and registration fees, stating that these fees, together with CUNJ proposed policy changes, would stunt EV adoption. Specifically, Environment New Jersey objected to reducing the CUNJ incentive to $2,000 and questioned whether an incentive of $4,000 after the proposed income-based adder would be sufficient for LMI people to purchase an EV. The commenter recommended maintaining the base incentive at $4,000 and then implementing an LMI adder on top of the $4,000 base incentive.

Response: Staff recognize the importance of electrifying medium and heavy-duty vehicles to achieving New Jersey's clean energy goals. It is Staff's understanding that the $71.2 million for this budget item in FY25 will continue to be used primarily to support NJ Transit energy-related initiatives, including bus electrification and other clean energy projects, and the costs of State departments' purchases of products in compliance with L. 2020, c. 117 (N.J.S.A. 13:1E-99.126 et seq.), which prohibited the provision or sale of certain single-use carryout bags, plastic straws, and polystyrene foam food service products. To support the buildout of the medium and heavy-duty EV ecosystem in New Jersey, Staff have been diligent in seeking stakeholder input on the subject of medium and heavy-duty vehicle EV charging and has proposed to add funding for an MHD Depot Charging Program and funding for a Vehicle to Grid School Bus Pilot in consultation with NJDEP's School Bus Program.

Staff support E-mobility programs and note the continued funding of the line item for work in this area.

Staff cannot comment on fees and taxes outside of the Clean Energy budget such as the EV registration fee or sales taxes. During program design, Staff weighed a wide variety of program considerations including but not limited to equity, program cost, total number of EV adopted, and program longevity. The proposed structure balances these factors to create a program that best serves the public good, while the proposed income caps for the income-based incentive were designed to mirror the Federal Clean Used Vehicle Tax Credit income requirements; to optimize LMI accessibility; and to maximize the number of EVs on the road. Staff also note that while fees may be increasing, the availability of receiving point-of-sale incentives is also increasing. Current residents may be eligible for additional federal incentives as well, which when stacking incentives, will result in a price reduction of between $5,750 and $11,500.

Comment: Noting that the popularity of the CUNJ Program may indicate that incentives can be reduced, Rate Counsel emphasized it does not support the use of electric utility ratepayer funds to incentivize EVs, on the basis that EVs are part of the transportation industry and not a utility service. Rate Counsel also noted that the Compliance Filing does not include the cost to ratepayers of the utilities funding programs to Make-Ready for public, residential, multi-unit and workplace charging, or the expansion of the electric system that will be needed to support EVs. Rate Counsel encouraged the Board to estimate and publish how much it plans to require ratepayers to pay for EV related subsidies, who is receiving those funds, and the public utility service that ratepayers will receive in exchange for their payments.

Given the magnitude of the federal and state incentives for new vehicles, at $9,500 for non-LMI and $11,500 for LMI customers, Rate Counsel was skeptical of whether the proposed incentives are set at the appropriate level to avoid “free riders,” or those that would have purchased the vehicles without the CUNJ incentives.

Rate Counsel recommended that BPU should phase out EV and charger incentives for non-LMI customers to prevent lapses in program funding and allow more LMI customers to access the incentives. Rate Counsel supported the proposed $4,000 EV incentives for LMI customers in FY25 as a good starting point and encouraged the BPU to track and report the results of this effort and adjust the incentives if participation by LMI customers does not materialize as anticipated. Over the long term, Rate Counsel recommended calculating the actual incentive amount using income level to differentiate LMI incentives from non-LMI incentives and provide greater support for those who need it most. Rate Counsel recommended goals be set for LMI participation in EV and charger programs, that Key Performance Indicators (“KPIs”) for the number of EVs and chargers incentivized for LMI and non-LMI customers be set, and that both goals and KPIs be available on the BPU website.

Noting that the CUNJ Program as proposed adds risk for dealers, Rate Counsel supported providing dealerships more time to file rebate requests without risk of being unable to recoup funds already provided to customers.

Rate Counsel questioned whose responsibility it would be to enforce the requirements that (1) purchasers must live in New Jersey for two years after their EV purchase, and (2) the EV must remain registered in New Jersey for at least 36 consecutive months. If a low-cost reporting program to monitor these two requirements were developed, Rate Counsel would like the opportunity to provide feedback on that program.

Rate Counsel requested that the BPU provide actual spending for subcomponents within BPU Initiatives, such that stakeholders can evaluate the spending relative to the initial and true-up budgets for CUNJ, EV programs as a whole, and other, non-EV, program efforts. Rate Counsel noted that such information is essential to evaluate whether the resulting utility rates are just and reasonable charges for public utility services for CUNJ and other EV program efforts.

Rate Counsel supported electrifying school buses or fleets, especially those that provide transportation options for low- and moderate-income residents and recommended focusing on buses/fleets that are located in or travel through overburdened municipalities.

Rate Counsel recommended the elimination of incentives for e-bikes and e-scooters because they do not contribute to the goals of the Energy Master Plan of reducing harmful emissions. Rate Counsel highlighted that the Charge Up Compliance Filing does not mention safety issues related to e-bikes and e-scooters and offers no basis for utility ratepayers to subsidize their sale.

Rate Counsel also provided verbal comments and suggested that the impact of the incentives should be studied.

Response: Staff note that the Charge Up program is legislatively mandated to be funded with $30 million in Clean Energy funds for ten years. FY25 is the fifth year of the program. In regard to the utility programs, those are not included in the Clean Energy budget as they are not funded through the Societal Benefit Fund. Staff does note that BPU charger programs are designed to work in conjunction with the utility programs and that they are coordinated to ensure there is not duplication. Awardees of BPU funding are released on a regular basis and the lists can be found in the announcement press releases.

With respect to the incentives available when federal funding is considered, believes that the proposed FY25 incentive is focused on incentive-essential residents by linking the larger incentives to the income of the resident, rather than the cost of the vehicle. Since the new federal point-of-sale incentives significantly reduce the cost of the vehicle, this restructuring makes sense at this time. The Board has a legislative mandate to monitor the disbursement of incentives under the incentive program and to annually reassess the design and implementation of the incentive program; the Board is also authorized to develop additional incentives consistent with the goals of L. 2019, c. 362 (N.J.S.A. 48:25-1 et al.) in order to ensure efficient and equitable electrification of transportation in the State. N.J.S.A. 48:25-4.

Staff agree with Rate Counsel that ultimately it will be low-income residents who will need the most assistance during this transition, but also recognize that while the market has moved beyond Early Adopters it is still important to provide robust incentives to a majority of the market. Staff continue to monitor the market and to propose adjustments to the program to reflect changes, Staff anticipate continuing to do this in the coming years. Staff will take Rate Counsel's recommendations regarding goals and KPIs under consideration in this effort.

Staff note that the 14-day requirement to reserve funding is in place to ensure that funds do not run out in the time between when the dealer funds the incentive and when it is reserved. Lengthening that time period to protect dealers may restrict the ability to allocate resources efficiently and potentially reduce the number of consumers who can benefit from the incentives offered by the program.

Administrative requirements, including auditing, are performed by the program administrator. Staff are continually looking to improve monitoring of compliance of all program requirements.

Actual expenditures are reported as part of the true-up process every year. For the FY25 budget, as for all initial budgets, the expenditures are only estimates. Staff closely review the expenditures throughout the fiscal year and provide recommendations for reallocation of NJCEP funds as part of the true-up process.

Staff note that currently the only School Bus funding available in the Clean Energy budget is a legislatively mandated program administered by the NJDEP.

In regard to the E-Mobility funding, Staff note that e-bike and e-scooter incentives are two of the proposals referenced in a July 2022 study[6]. Staff are also aware that the Energy Master Plan calls for a general reduction in Vehicle Miles Traveled as an important step to reducing emissions and that in other areas of the county e-bikes have proven to be an important equity area to ensure that lower-income residents can access clean transportation options. BPU strives to ensure our programs improve quality of life for all New Jerseyans. Staff also note that there are already laws on the books relating to the safety concerns of e-bikes.

Staff note that the impact of the programs are continually monitored and points to the significant increase in EV adoptions, tracked by NJDEP, since Charge Up was established.

Comment: At the public stakeholder meeting, Ari Messenger, the Operations Manager for Cherry Hill Township, suggested that ride-on mowers be added to the eligible vehicles for Clean Fleet.

Response: Staff thank the commenter. This is an evolving area, and Staff will continue to monitor.

Comment: ChargEVC and Environmental New Jersey expressed concern that the CUNJ program is insufficiently funded to meet New Jersey's EV goals. The commenters asserted that the Board has the statutory authority to adjust funding, which commenters believe should increase yearly. In addition, ChargEVC stated that the law stipulates funding from other sources than the clean energy funds and that the Board should spearhead coordination with other agencies and stakeholders to discuss strategic planning.

ChargEVC commented that throughout CUNJ's history, the Charge Up incentive funding does not last an entire year, which can deter prospective buyers and dealers. The commenters recommended continuous funding through a fiscal year with the funding spread over all twelve months with four clearly defined program windows of availability to allow all participants to plan better.

ChargEVC and Environmental New Jersey expressed concern that the proposed MAGI limits for the proposed program appear to track federal guidelines for used EVs and are significantly lower than federal guidelines for new EV tax credits. The commenters asserted that it is inappropriate to look for income guidelines for a used vehicle in a program that incentivizes new EVs and that the proposed guidelines could exclude a large portion of potential EV buyers. ChargEVC and Environment New Jersey recommended using the federal eligibility brackets for new EVs and maintaining the current $4,000 incentive level. In addition, the commenters stated that the statute contemplated that the Board would revise incentive levels incrementally, in response to dropping EV prices and that the Board has thus far reduced incentives too much and too quickly.

ChargEVC and Environmental New Jersey expressed concerns that the CUNJ Program suffers from a lack of reporting, transparency, and stakeholder engagement, with no analysis or data to support the significant changes in the FY25 proposal from previous years and little time to

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[6] New Jersey Overburdened Communities Electric Vehicle Affordability Program Study, July 2022, https://nj.gov/bpu/pdf/Draft%20Report%20-%20New%20Jersey%20Increasing%20Electric%20Vehicle%20Access%20in%20Overburdened%20Communities%20Study.pdf.

respond. The commenters encouraged BPU to enhance its reporting and transparency practices and to engage more comprehensively with stakeholders during the planning process.

Response: As stated in the FY25 Compliance Filing, in addition to the $30 million allocated from the Clean Energy Fund, an additional $20 million is anticipated to be appropriated from the State General Fund to support EVs. With the additional $20 million for the program provided by the State budget, Staff have estimated that the proposed incentive structure, will provide incentives to over 30,000 vehicles, adding a significant number of EVs to overall adoption and keeping the State on track to meet its 2025 EV goal.

As for funding beyond the proposed $20 million in General Fund allocation, Staff recognize the impact that additional funding would have on the program but also acknowledges that the Clean Energy Program has numerous impactful programs and must balance funding requests from each of these programs. In order to meet the obligations of the EV Law and to grow the other EV programs, as well as the other Clean Energy Programs outlined in the FY24 budget, the current allocation is appropriate for this program. To the extent the commenter references the Board's ability to pursue grants, Staff continue to explore all other sources of funding.

Staff utilized the federal MAGI limits for the used EV program to more closely align with the goal of providing funding to incentive-essential residents. Staff believe that the proposed incentive structure, which includes utilizing the federal income threshold for the used EV program, will result in a significant number of EVs on the road, will effectively improve equity, and will result in a long running, stable program. BPU weighs a wide variety of program considerations in developing incentive levels, including but not limited to equity, program cost, total number of EVs adopted, and program longevity. Staff review the incentive levels continually, both the impact within New Jersey and the impacts of other state programs. Market conditions also influence the setting of incentive levels. As the EV market matures, EV prices continue to drop, and federal policy evolves, it is anticipated that incentive levels will reflect these changes.

Staff understand that a continuously funded program provides more consistency to consumers, which is why Staff consider the longevity of the program when determining the structure of the program. Additionally, dealers and potential buyers can see in real time how much funding is left on the Charge Up website. The proposed structure maximizes these factors to create a program that best serves the public good and will improve EV equity. Staff note that Federal tax credits continue to evolve and eligible consumers considering a new EV can now obtain point-of-sale federal incentives of up to $7,500 on select models, which will result in a price reduction of between $5,750 and $11,500 with stacked incentives.

Staff reject ChargEVC's claim that there was insufficient engagement with stakeholders in developing the proposed FY25 CUNJ Program. Staff note that there is regular Board Staff engagement with stakeholders.

<u>Federal Funding</u>

Comment: EEA-NJ commended the Board for securing historic grant funding from the federal IRA and Infrastructure Investment and Jobs Act to expand Clean Energy Program initiatives. They urged the Board to coordinate federal funding with the FY25 Comprehensive Resource Analysis. They stated that it was unclear if the absence of new NJCEP workforce funding was due to a shift to program-specific approaches or if the anticipated TREC grant funds were replacing the workforce line item. EEA-NJ asserted that greater transparency is needed for stakeholders to provide informed comments on funding allocations.

Response: Staff note that the funding allocated for workforce training in previous fiscal years was determined not to be necessary for the coming fiscal year. Staff acknowledge EEA-NJ's support for maximizing the impact of clean energy workforce initiatives through federal grants. As noted above, while the FY25 budget maintains the previous year's workforce development allocation, it leverages federal grants and programmatic funds strategically. Two primary examples are the second program cycle of energy efficiency programs and the TREC grant, which will strengthen existing workforce infrastructure in New Jersey, making it adaptable and sustainable beyond the five-year grant period. This approach to leveraging funds and resources beyond the FY25 clean energy budget bolster bolsters the Board's commitment to building a long-term, resilient workforce that can keep pace with industry changes. Further details on funding and workforce development programs will be shared with stakeholders upon TREC finalization. However, the Board's commitment to a strategic, sustainable approach is evident in initiatives like BILT; collaboration with the NJDOL, academic institutions, and working groups; and the EE WF infrastructure and equity research report.

STAFF RECOMMENDATIONS

The CRA Straw Proposal sets out, in detail, the rationale utilized by Staff in developing the Proposed FY25 Funding Level. Having reviewed and considered the comments regarding this funding level, Staff recommends that the Board set, adopt, and approve the Proposed FY25 Funding Level and Proposed FY25 Utility Payments.

DISCUSSION AND FINDINGS

The CRA Straw Proposal recognizes the value of RE and EE as a foundational energy resource that, when delivered cost-effectively, reduces the cost of energy for all ratepayers while providing additional benefits. These benefits include the health and safety improvements associated with improved air quality, lower environmental compliance costs, increased grid reliability, and increased economic development opportunities in the form of jobs in the clean energy economy and the opportunity for New Jersey businesses to compete more effectively with out-of-state businesses. In addition, the programs and initiatives in the CRA Straw Proposal will help New Jersey to continue to establish itself as a national leader in clean energy programs.

Staff distributed the CRA Straw Proposal, including the FY25 Funding Level, to the BPU listserv and posted it on the NJCEP website. Staff accepted oral comments at a public hearing and solicited written comments from stakeholders and the public, which have been summarized and responded to in this Order. Accordingly, the Board **HEREBY FINDS** that the process utilized in developing the Proposed FY25 Funding Level was appropriate and provided stakeholders and interested members of the public with notice and opportunity to comment.

The Board has reviewed the CRA Straw Proposal, including, without limit, the Proposed FY25 Funding Level set forth therein, the oral and written comments submitted by stakeholders, and Staff's recommendations regarding the same. The Board agrees with the rationale supporting the Proposed FY25 Funding Level in the CRA Straw Proposal and agrees with and accepts Staff's recommendations. The Board **HEREBY FINDS** that the Proposed FY25 Funding Level will benefit customers by reducing energy usage and associated emissions, will provide environmental benefits, and is otherwise appropriate. Therefore, the Board **HEREBY APPROVES** the CRA Straw Proposal's Proposed FY25 Funding Level.

The Board has reviewed Staff's recommendation for allocating the funding to the State's electric and natural gas public utilities. The Board **HEREBY FINDS** that the recommended allocation of the FY25 funding to the electric and natural gas public utilities is reasonable and consistent with the methodology approved by the Board in its Order dated September 9, 2008 in Docket EO07030203.[7] Based on the above, the Board **HEREBY APPROVES** the Proposed FY25 Utility Payments (as approved, "FY25 Utility Payments").

The FY25 Utility Payments shall be made consistent with the Board's existing policies and procedures including, but not limited to, the utilities' deduction of monthly Comfort Partners Program costs from the stated FY25 Utility Payments amounts. In addition, the Board **HEREBY AUTHORIZES** the utilities to continue utilizing deferred accounting, through the SBC, for the NJCEP revenues and expenses, as set out in previous Orders of the Board. The Board will consider ratemaking issues, as appropriate, in the context of specific utility rate filings with the Board.

The Board notes that Staff circulated its proposed FY25 programs and budget on May 24, 2024, and those programs and budget are addressed in a separate Order.

[7] In re Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for the 2009 – 2012 Clean Energy Program, BPU Docket No. EO07030203, Order dated September 30, 2008.

This Order shall be effective on June 27, 2024.

DATED: June 27, 2024

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MICHAEL BANGE
COMMISSIONER

ATTEST:

SHERRI L. GOLDEN
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.

IN THE MATTER OF THE COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCE ANALYSIS FOR FISCAL YEAR 2025 CLEAN ENERGY PROGRAM

DOCKET NO. QO24040223

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