



STATE OF NEW JERSEY
Board of Public Utilities
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CLEAN ENERGY

IN THE MATTER OF THE CLEAN ENERGY)
PROGRAMS AND BUDGET FOR FISCAL YEAR 2018 -)
2ND AND 3RD BUDGET REVISIONS)

DOCKET NO. QO17050465

Parties of Record:

- Janja Lupse**, CLEAResult Consulting Inc.
- Michael Ambrosio**, TRC Energy Services
- Mark Mader**, Jersey Central Power & Light
- Timothy White**, Atlantic City Electric
- Sandra Easton-Perez**, Orange & Rockland Utilities
- Bruce Grossman**, South Jersey Gas Company
- Susan Ringhof**, Public Service Electric & Gas Company
- Tracey Thayer, Esq.**, New Jersey Natural Gas
- Mary Patricia Keefe, Esq.**, Elizabethtown Gas Company
- Stefanie A. Brand, Esq.**, Director, Division of Rate Counsel

BY THE BOARD:

This Order memorializes action taken by the Board of Public Utilities ("Board" or "BPU") at its February 28, 2018 public meeting, at which the Board (i) received a report regarding the below-described Board Staff-authorized revisions to the Fiscal Year 2018 ("FY18") budgets for New Jersey's Clean Energy Program ("NJCEP") and (ii) considered and determined the other below-described proposed revisions to the Fiscal Year 2018 ("FY18") budgets for NJCEP.¹

BACKGROUND & PROCEDURAL HISTORY

On February 9, 1999, the Electric Discount and Energy Competition Act ("EDECA" or "Act") was signed into law, creating the societal benefits charge ("SBC") to 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 years. The CRA would then

¹ The budgets approved in this Order are subject to State appropriations law.

be used to determine the appropriate level of funding over the next four years for the EE and Class I RE programs, which are part of what is now known as NJCEP. Accordingly, in 1999, the Board initiated its first CRA proceeding, and in 2001 it issued an order setting funding levels, the programs to be funded, and the budgets for those programs, all 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 – FY18.²

The Board originally established FY18 programs and program budgets through a Board Order entered in the present matter dated June 30, 2017,³ and it revised them through a Board Order entered in the present matter dated October 20, 2017.⁴

Further background and procedural history regarding certain revisions to FY18 budgets are set forth in the sections immediately following the present section.

STAFF REPORT ON STAFF-AUTHORIZED REVISIONS TO THE FY18 BUDGET

By Order dated February 4, 2014⁵ ("Delegation Order"), the Board delegated limited authority to its Staff to modify NJCEP budgets on the conditions set out in the Delegation Order. In relevant part, the Delegation Order authorized Board Staff to revise NJCEP budgets within a given Funding Category (such as EE or RE) so long as such revision would not reduce a program's budget by more than 10% and so long as the Commissioners and the public were provided with at least seven (7) days' notice and an opportunity to comment.

In accordance with the Delegation Order, Board Staff provided the requisite notice related to the revisions to the FY18 budget set forth in Table 1 below ("Staff-Authorized Budget Revisions"). Board Staff received only one comment prior to the close of the comment period on January 9, 2018, and that one comment was supportive of the proposed Staff-Authorized Budget Revisions. Thereafter, on January 17, 2018, the Assistant Director of the Division of Economic Development and Emerging Issues approved the Staff-Authorized Budget Revisions.

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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 in order to align with the overall State budget cycle.

³ In the Matter of the Clean Energy Programs and Budget for Fiscal Year 2018, BPU Docket No. QO17050465, (June 30, 2017).

⁴ In the Matter of the Clean Energy Programs and Budget for Fiscal Year 2018 – Trued Up and Revised Budget, BPU Docket No. QO17050465 (October 20, 2017).

⁵ In the Matter of the Clean Energy Programs and Budget for Fiscal Year 2014 – Revised Fiscal Year 2014 Budget and Delegation of Limited Budget Authority, BPU Docket No. EO13050376V (Feb. 4, 2014).

Table 1

Staff-Authorized FY18 Budget Revisions							
Previous Board-Approved FY18 Detailed Budgets							
<i>Program/Budget Line</i>	<i>Total</i>	<i>Administration</i>	<i>Sales, Marketing, Website</i>	<i>Training</i>	<i>Rebates, Grants and Other Direct Incentives</i>	<i>Rebate Processing, and QA</i>	<i>Evaluation</i>
HVAC	\$10,700,000.00	\$1,530,406.12	\$40,112.26	\$345,000.00	\$8,145,919.02	\$638,562.60	\$0.00
RNC	\$20,667,472.41	\$1,555,263.42	\$40,112.14	\$84,000.00	\$18,341,549.26	\$646,547.59	\$0.00
EE Products	\$12,000,000.00	\$996,621.77	\$40,112.14	\$34,000.00	\$7,469,157.66	\$3,460,108.43	\$0.00
P4P NC	\$21,012,655.81	\$972,340.47	\$40,112.14	\$70,000.00	\$19,753,932.71	\$176,270.49	\$0.00
Revisions							
<i>Program/Budget Line</i>	<i>Total</i>	<i>Administration</i>	<i>Sales, Marketing, Website</i>	<i>Training</i>	<i>Rebates, Grants and Other Direct Incentives</i>	<i>Rebate Processing, and QA</i>	<i>Evaluation</i>
HVAC	(\$1,000,000.00)				(\$1,000,000.00)		
RNC	\$3,400,000.00				\$3,400,000.00		
EE Products	(\$1,200,000.00)				(\$1,200,000.00)		
P4P NC	(\$1,200,000.00)				(\$1,200,000.00)		
Total	\$0.00				\$0.00		
Resultant Revised FY18 Detailed Budgets							
<i>Program/Budget Line</i>	<i>Total</i>	<i>Administration</i>	<i>Sales, Marketing, Website</i>	<i>Training</i>	<i>Rebates, Grants and Other Direct Incentives</i>	<i>Rebate Processing, and QA</i>	<i>Evaluation</i>
HVAC	\$9,700,000.00	\$1,530,406.12	\$40,112.26	\$345,000.00	\$7,145,919.02	\$638,562.60	\$0.00
RNC	\$24,067,472.41	\$1,555,263.42	\$40,112.14	\$84,000.00	\$21,741,549.26	\$646,547.59	\$0.00
EE Products	\$10,800,000.00	\$996,621.77	\$40,112.14	\$34,000.00	\$6,269,157.66	\$3,460,108.43	\$0.00
P4P NC	\$19,812,655.81	\$972,340.47	\$40,112.14	\$70,000.00	\$18,553,932.71	\$176,270.49	\$0.00

PROPOSED FY18 BUDGET REVISIONS

On January 29, 2018, Board Staff posted on the NJCEP website a Request for Comments regarding the proposed FY18 budget revisions described below ("3rd FY18 Budget Revisions").

Proposed 3rd FY18 Budget Revisions

Residential EE, Commercial and Industrial ("C&I") EE, and Distributed Energy Resources

In FY17, \$5,200,000.00 was accrued against the EEP budget to cover the estimated cost of incentives to be paid to manufacturers and retailers of EEP lighting, but, following discussions among the various parties, the Program was required to pay only \$3,403,974.25, leaving \$1,796,025.75 to be allocated to other programs during FY18.

Further, based on recent trends identified through, among other things, the Program Administrator's monthly and yearly reporting and forecasting of actual commitments and expenditures for the first half of FY18, Board Staff recommends the amounts reflected in Table 2 below be, as appropriate in each case, deducted or added to the budgets for the respective associated programs to either (a) provide the programs with the additional funding necessary to

maintain essentially normal program operations through the end of FY18 or (b) reduce the programs' funding to avoid the programs being left with an unnecessary surplus at the end of FY18. Among the Programs to which Board Staff proposes to provide additional or reduced funding are:

Comfort Partners

The Comfort Partners program helps to provide low income households with energy education, efficiency, and conservation. The \$6,000,000.00 in proposed additional funding would restore the \$6,000,000.00 originally cut from the program's FY18 budget (as compared to FY17).

State Facilities Initiative

The State Facilities Initiative identifies and implements energy efficiency projects in State-owned facilities or State-sponsored projects with the objective of producing energy and cost savings. Board Staff proposes to provide an additional \$3,000,000.00 to this program for new capital projects and energy audits of state facilities.

EDA Programs

Since the FY18 Budget was adopted, certain Green Growth Fund commitments were cancelled, resulting in \$1,944,416.48 becoming available to be allocated to other programs.

Planning and Administration – NREL Work

As contemplated in the FY18 Office of Clean Energy Compliance Filing, NJBPU's agreement with Rutgers University's Center for Energy, Economic and Environmental Policy terminated in mid-FY18. Accordingly, NJBPU's \$150,000.00 contract with the National Renewable Energy Laboratory (NREL) for certain program evaluation work, the cost of which had been included in the CEEEP budget line, would be reallocated from the "CEEEP" budget line to the "Program Evaluation" budget line.

Budget Tables

3rd FY18 Budget Revisions

The following Table 2 shows the current FY18 Budget, the proposed 3rd FY18 Budget Revisions, and the resulting proposed 3rd Revised FY18 Budget:

Table 2
3rd FY18 Budget Revision

<i>Program/Budget Line</i>	<i>Current Budget*</i>	<i>Revisions **</i>	<i>3rd Revised FY18 Budget</i>
Total NJCEP	\$320,922,470.22	\$1,796,025.75	\$322,718,495.97
EE Programs	\$267,903,481.70	\$7,996,025.75	\$275,899,507.45
Res EE Programs	\$69,642,472.41	(\$3,800,000.00)	\$65,842,472.41
HVAC	\$9,700,000.00	(\$1,200,000.00)	\$8,500,000.00
RNC	\$24,067,472.41	\$200,000.00	\$24,267,472.41
EE Products	\$10,800,000.00	(\$1,800,000.00)	\$9,000,000.00
HPWES	\$25,075,000.00	(\$1,000,000.00)	\$24,075,000.00
Res Low Income	\$24,000,000.00	\$6,000,000.00	\$30,000,000.00
Comfort Partners	\$24,000,000.00	\$6,000,000.00	\$30,000,000.00
C&I EE Programs	\$166,661,009.29	\$2,796,025.75	\$169,457,035.04
C&I NC	\$3,461,932.04	(\$500,000.00)	\$2,961,932.04
C&I EB	\$48,044,237.38	\$1,796,025.75	\$49,840,263.13
P4P NC	\$19,812,655.81	(\$700,000.00)	\$19,112,655.81
P4P EB	\$34,566,790.48	(\$600,000.00)	\$33,966,790.48
LGEA	\$4,683,000.00	\$800,000.00	\$5,483,000.00
DI	\$40,145,462.36	\$3,500,000.00	\$43,645,462.36
LEUP	\$14,800,931.22	(\$1,500,000.00)	\$13,300,931.22
Customer Tailored EE Pilot	\$1,146,000.00		\$1,146,000.00
State Facilities Initiative	\$7,600,000.00	\$3,000,000.00	\$10,600,000.00
State Facilities Initiative	\$7,600,000.00	\$3,000,000.00	\$10,600,000.00
Distributed Energy Resources	\$38,053,844.00	(\$4,000,000.00)	\$34,053,844.00
CHP/Fuel Cell	\$33,872,721.32	(\$4,000,000.00)	\$29,872,721.32
RE Storage	\$2,128,642.68		\$2,128,642.68
Microgrids	\$2,052,480.00		\$2,052,480.00
RE Programs	\$2,600,000.00	(\$300,000.00)	\$2,300,000.00
Offshore Wind	\$100,000.00		\$100,000.00
SREC Registration	\$2,500,000.00	(\$300,000.00)	\$2,200,000.00
EDA Programs	\$3,095,166.34	(\$1,900,000.00)	\$1,195,166.34
CEMF	\$1,068,625.36	\$30,000.00	\$1,098,625.36
GGF	\$2,026,540.98	(\$1,930,000.00)	\$96,540.98
LSCHP Solicitation	\$0.00		\$0.00
Planning and Administration	\$9,269,978.18	\$0.00	\$9,269,978.18
BPU Program Administration	\$3,239,499.37	\$0.00	\$3,239,499.37
BPU Program Administration	\$2,566,652.15		\$2,566,652.15
Program Transition	\$672,847.22		\$672,847.22
Marketing (w/CEP website)	\$900,000.00	\$0.00	\$900,000.00
Interim Marketing	\$900,000.00		\$900,000.00
Program Evaluation/Analysis	\$2,042,921.81	\$0.00	\$2,042,921.81
Program Evaluation	\$1,000,000.00	\$150,000.00	\$1,150,000.00
CEEP	\$804,027.77	(\$150,000.00)	\$654,027.77
Rutgers LESS	\$238,894.04		\$238,894.04
Outreach and Education	\$3,077,557.00	\$0.00	\$3,077,557.00
Sustainable Jersey	\$675,225.00		\$675,225.00
NJIT Learning Center	\$364,288.00		\$364,288.00
NJCERN	\$38,044.00		\$38,044.00
PA Outreach - Memberships	\$2,000,000.00		\$2,000,000.00
Sponsorships	\$10,000.00	\$0.00	\$10,000.00
Sponsorships	\$10,000.00		\$10,000.00

* Budget as revised through January 17, 2018 Staff-Authorized Budget Revisions.

** Includes \$1,796,025.75 related to release of funds that had been accrued for EEP.

SUMMARY OF COMMENTS FROM PUBLIC STAKEHOLDERS

As previously mentioned, Board Staff on January 29, 2018 posted on the NJCEP website a Request for Comments regarding the proposed 3rd FY18 Budget Revisions. Board Staff also distributed the proposed revisions on the EE Committee and RE Committee listservs. Comments were accepted through February 12, 2018. The New Jersey Division of Rate Counsel (Rate Counsel) and the New Jersey Utilities Association (NJUA) submitted written comments. Below is a summary of the comments, as well as Board Staff's responses to them.

Comment: Rate Counsel commented:

1. The proposed \$1,796,025.75 reallocation of excess funds from the Lighting Component of the EEP Program is reasonable, but it would like more information about the Program's cost-effectiveness and reasons for the reduced uptake for program incentives.
2. It supports the proposed \$6,000,000 increase to the Comfort Partners Program.
3. It does not object to the proposed \$3,000,000 increase to the State Facilities Initiative but would like more information about the underlying projects.
4. It does not object to the proposed \$1,944,416.48 reduction in the EDA Programs.
5. The proposed \$150,000 reallocation of the National Renewable Energy Laboratory (NREL) work from "CEEEP" to "Program Evaluation" seems reasonable, but it would like more information about "the sources and uses of funds needed to perform the work which was performed in prior years by the [Rutgers University Center for Energy, Economic and Environmental] CEEEP."
6. Board Staff should provide more information about its other proposed reallocations.

Response:

1. The Program's cost-effectiveness is discussed in some detail in Appendix H of the TRC Compliance Filing. There was no reduction in energy savings or the volume of energy efficient lighting; instead, the reduction in the program's expenses was a result of agreements reached among the parties.
2. Board Staff appreciates the support.
3. The projects for which the funding will be utilized will be energy efficiency projects in State-owned facilities or State-sponsored projects with the objective of producing energy and cost-savings. The process for selecting specific projects is not yet complete.
4. Board Staff appreciates the support.
5. Board Staff appreciates the support and notes that the subject work was always performed by NREL, not CEEEP.
6. The other proposed reallocations are based on recent trends identified through, among other things, the Program Administrator's monthly and yearly reporting and forecasting of actual commitments and expenditures for the first half of FY18 and are for the purposes of either (a) providing the receiving programs with the additional funding necessary to maintain essentially normal program operations through the end of FY18 or (b) reduce the sending programs' funding to avoid the programs being left with an unnecessary surplus at the end of FY18.

Comment: NJUA commented that it appreciates the proposed \$6,000,000 increase to the Comfort Partners Program.

Response: Board Staff appreciates the support.

BOARD STAFF RECOMMENDATIONS

Having reviewed and considered the comments, Board Staff recommends the Board adopt and approve the proposed 3rd FY18 Budget Revisions and authorize it to approve the Revised Compliance Filings, all as originally proposed and summarized above.

DISCUSSION AND FINDINGS

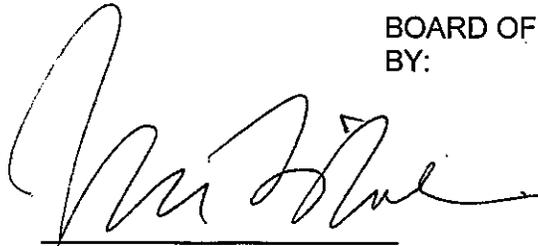
Consistent with the contract with NJCEP's Program Administrator (TRC), Board Staff coordinated with TRC regarding the Staff-Authorized Budget Revisions and the proposed 3rd FY18 Budget Revisions. Board Staff also distributed the Staff-Authorized Budget Revisions and the proposed 3rd FY18 Budget Revisions to the EE and RE listservs, posted them on the NJCEP web site, solicited written comments about them from stakeholders and the public, and provided the proposed Staff-Authorized Budget Revisions to the Board before approving them. The comments were considered by Board Staff and, regarding the 3rd FY18 Budget Revisions, by the Board. Accordingly, the Board **HEREBY FINDS** the processes utilized in developing the Staff-Authorized Budget Revisions and the proposed 3rd FY18 Budget Revisions were appropriate and provided stakeholders and interested members of the public adequate notice and opportunity to comment on them.

The Board **HEREBY FINDS** that the subject budget revisions and the Revised Compliance Filings will benefit customers and are consistent with the EMP goal of reducing energy usage and associated emissions. Further, the Board **HEREBY FINDS** that Board Staff made the Staff-Authorized Budget Revisions consistent with the authority and limitations set forth in the Delegation Order. Therefore the Board **HEREBY RATIFIES** the Staff-Authorized Budget Revisions and **HEREBY APPROVES** the 3rd FY18 Budget Revisions. The Board **HEREBY DIRECTS** Staff, in coordination with the Program Administrator, to update the Detailed Budgets in the FY18 Compliance Filings to account for the approved budget revisions and update Appendix F: NJCEP FY18 Energy Savings Goals in TRC's FY18 Compliance filing, to account for the changes the EEP Program, as a result of the approved reallocations.

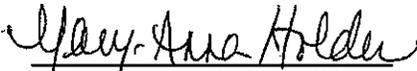
This Order shall be effective on March 10, 2018.

DATED: 2/28/18

BOARD OF PUBLIC UTILITIES
BY:



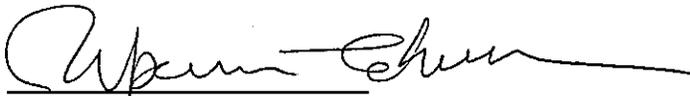
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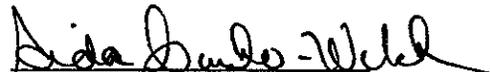


UPENDRA J. CHIVUKULA
COMMISSIONER



RICHARD S. MROZ
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
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 CLEAN ENERGY PROGRAMS AND BUDGET FOR FISCAL
YEAR 2018 2nd and 3rd BUDGET REVISIONS**

DOCKET NO. QO17050465

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