New Jersey Board of Public Utilities

Energy Efficiency Transition

Application of Utility Targets

Proposed Target, Metric, and QPI Structure

Draft for Public Comment

January 30, 2020

Contents

Introduction

In order to support the energy use reduction goals outlined in the Clean Energy Act (P.L. 2018, c. 17, C.48:3-87.3-87.7), New Jersey Board of Public Utilities (NJBPU) staff (Staff) has outlined the potential elements and processes for applying utility targets related to energy efficiency and peak demand reduction programs and looks forward to receiving stakeholder input on these subjects.

The Clean Energy Act (CEA or Act) makes clear the importance of achieving reductions in energy use in each electric and gas public utility territory and emphasizes an overall goal of achieving full economic, cost-effective energy savings based on the potential for energy efficiency in each utility's service territory.

To that end, Staff are requesting stakeholder feedback on the following Staff draft regarding the processes for establishing utility targets and quantitative performance indicators (QPIs) and for reviewing utility performance in order to apply appropriate performance incentives or performance penalties. Stakeholder feedback received related to this draft will be utilized to modify these elements for inclusion in Staff's full straw proposal related to the New Jersey Energy Efficiency Transition.

Background

On May 23, 2018, Governor Phil Murphy signed the Clean Energy Act into law. N.J.S.A. 48:3-87.9 requires public utilities in the state to reduce the use of electricity and natural gas in their service territories. Specifically, the Act directed that the Board act by May 23, 2019 to require (a) each electric public utility to achieve, within its territory by its customers, annual reductions of two percent of the average annual electricity usage in the prior three years within five years of implementation of its electric energy efficiency program; and (b) each natural gas public utility to achieve, within its territory by its customers, annual reductions in the use of natural gas of 0.75 percent of the average annual natural gas usage in the prior three years within five years of implementation of its gas energy efficiency program. [N.J.S.A. 48:3- 87.9(a).]

The law requires that:

> . . . the board shall conduct and complete a study to determine the energy savings targets for full economic, cost-effective potential for electricity usage reduction and natural gas usage reduction as well as the potential for peak demand reduction by the customers of each electric public utility and gas public utility and the timeframe for achieving the reductions. The energy savings targets for each electric public utility and gas public utility shall be reviewed every three years to determine if the targets should be adjusted. The board, in conducting the study, shall accept comments and suggestions from interested parties.
>
> [N.J.S.A. 48:3-87.9(b).]

In addition, the CEA mandates that:

> . . . the board shall adopt quantitative performance indicators pursuant to the "Administrative Procedure Act," P.L. 1968, c. 401 (C.52:14B-1 et seq.) for each electric

> public utility and gas public utility, which shall establish reasonably achievable targets for energy usage reductions and peak demand reductions and take into account the public utility's energy efficiency measures and other non-utility energy efficiency measures including measures to support the development and implementation of building code changes, appliance efficiency standards, the Clean Energy program, any other State-sponsored energy efficiency or peak demand reduction programs, and public utility energy efficiency programs that exist on the date of enactment of P.L. 2018, c. 17 (C.48:3-87.8 et al.). In establishing quantitative performance indicators, the board shall use a methodology that incorporates weather, economic factors, customer growth, outage-adjusted efficiency factors, and any other appropriate factors to ensure that the public utility's incentives or penalties determined pursuant to subsection e. of this section and section 13 of P.L. 2007, c. 340 (C.48:3-98.1) are based upon performance and take into account the growth in the use of electric vehicles, microgrids, and distributed energy resources. In establishing quantitative performance indicators, the board shall also consider each public utility's customer class mix and potential for adoption by each of those customer classes of energy efficiency programs offered by the public utility or that are otherwise available. The board shall review each quantitative performance indicator every three years. A public utility may apply all energy savings attributable to programs available to its customers, including demand side management programs, other measures implemented by the public utility, non-utility programs, including those available under energy efficiency programs in existence on the date of enactment of P.L. 2018, c. 17 (C.48:3-87.8 et al.), building codes, and other efficiency standards in effect, to achieve the targets established in this section.
>
> [N.J.S.A. 48:3-87.9(c).]

Other applicable sections of the Act include Section 87.9(e)(1) through (3), which call for each utility to file an annual petition with the Board to demonstrate compliance with the targets established pursuant to the QPIs and for incentives and penalties to be applied when a utility achieves or fails to achieve the targets.

Furthermore, the Act states that:

> The board shall establish a stakeholder process to evaluate the economically achievable energy efficiency and peak demand reduction requirements, rate adjustments, quantitative performance indicators, and the process for evaluating, measuring, and verifying energy usage reductions and peak demand reductions by the public utilities.
>
> [N.J.S.A. 48:3-87.9(f)(1).]

The Board solicited input related to energy efficiency and peak demand program administration at a public meeting on September 25, 2019 and invited stakeholders to provide written comments on that topic by October 4, 2019. The Board solicited further input related to energy efficiency and peak demand programs at a public meeting on October 30, 2019 and invited stakeholders to provide written

comments on that topic by November 6, 2019. The Board solicited input related to evaluation, measurement, and verification of these programs, as well as about filing and reporting requirements, at two public meetings on December 18, 2019 and invited stakeholders to provide written comments by January 17, 2020. Additionally, the Board hosted two technical working group meetings on cost recovery on October 31, 2019 and December 13, 2019 and invited stakeholders to provide written comments on the topic by November 14, 2019 and January 3, 2020, respectively, and hosted a public meeting on the topic on January 23, 2020, with the comment period open through February 6, 2020. Staff also released the draft "Energy Efficiency and Peak Demand Program Administration Straw Proposal" (Program Administration Straw) on December 20, 2019 and accepted comments through January 17, 2020.

Structure for Applying Utility Targets

The following structure for applying utility targets has been developed in order to establish a clear process for applying the mandated energy use reduction targets to each electric public utility and gas public utility. This structure will allow continued evaluation of utility progress in order to support the State's overall goal of achieving all cost-effective potential for energy usage reductions and peak demand reductions. Staff envisions that the elements described below will be important aspects of establishing reasonable, transparent targets for each electric public utility and gas public utility and instituting and evaluating utility performance through QPIs.

Please note that further detail related to the timing of various elements will be established through conversations related to filing and reporting requirements and processes.

Overall Utility-Specific Energy Use Reduction Targets

In advance of each energy efficiency and peak demand reduction program filing cycle and following a stakeholder process, the Board will establish utility-specific annual energy reduction targets for each program year, based on the potential for electricity and natural gas usage reductions in each utility territory. This is in keeping with the CEA's requirement that "…the board establish reasonably achievable targets for energy usage reductions and peak demand reductions…" (N.J.S.A. 48:3-87.9(c).)

The overall annual energy reduction targets for each utility will be set at reasonable levels that reflect achievable net annual energy usage reductions in each utility territory. Per the CEA's requirements, they will include savings anticipated to come from programs administered by utilities, co-managed programs, and programs administered by New Jersey's Clean Energy Program.

Over the first four (4) years of program filings, the targets will ramp up to targets that fulfill, at a minimum, the year five (5) benchmarks of 2% annual electric savings and 0.75% natural gas savings mandated in Section 87.9(a) of the CEA. Thereafter, the targets will be adjusted on a utility-specific basis to promote the achievement of all cost-effective energy efficiency potential in each utility territory, as also specified in the CEA.

These overall net annual energy use reduction targets will be established as percentage goals and translated to annual megawatt hour (MWh) and annual therm (th) goals. This calculation will be based on the application of the percent savings targets to each utility's projected sales over the relevant period. For instance, the CEA states that the applicable load is the "…average annual electricity usage in the prior three years . . . ." In any given year in which a target is set, the percentage target reduction is based on the average load of the prior three years. If the required annual energy use reduction for a

utility is 2% in 2026, the applicable load to apply the percentage would be the average of years 2023–2025. In this way, the percentages are set ahead of time, and the load is applied when the MWh and therms are calculated. If the target setting timeframe predates the calculation of year end load, the formula will use the three most recent complete years of data.

The overall net savings targets will then be divided into two parts: annual savings targets from programs administered by public utilities (including co-managed programs) and annual savings targets from programs administered by New Jersey's Clean Energy Program (NJCEP). This calculation will be based on projections for energy use reductions by the planned programs, as outlined in the next section.

NJCEP Annual Energy Savings Target

As part of the process for establishing overall annual energy reduction targets at the utility level, Staff recommends that the Board determine the projected net annual and net lifetime savings from programs administered by NJCEP, by utility territory.

These targets will be referred to as "NJCEP Annual Energy Savings Target(s)" and subtracted from the utility-specific overall energy savings targets in order to derive the "Utility Program Annual Energy Savings Target(s)."

Utility Program Annual Energy Savings Targets

The Utility Program Annual Energy Savings Target(s) will represent the portion of the overall net energy savings that is expected to be achieved by each utility, via programs administered by the utility and programs that are co-managed. These will be based on the overall utility-specific annual energy savings targets minus the annual energy savings anticipated to be achieved through programs administered by NJCEP.

Utility Program Annual Energy Savings Target(s) are an important basis in the development of utility-specific QPIs, which are discussed below. Performance incentives or performance penalties will ultimately be applied based on the performance evaluated through the QPIs that result from the Utility Program Annual Energy Savings Targets. QPIs are based only on the Utility Program Annual Energy Savings Targets in order to ensure that utilities receive incentives or penalties based only on the performance of programs that they administer.

Metrics

In the draft "Program Administration Straw," Staff proposed a multifactor metrics structure, to reflect overall program goals and to be used to review utility performance related to the energy efficiency and peak demand reduction targets. In this multifactor metrics structure, more than one metric will be used to evaluate overall progress towards energy use reduction targets and other important program goals. Utility performance will be evaluated at the portfolio level, which will provide the necessary flexibility in the metrics for utilities to attain results among programs based on changing conditions and opportunities. The appropriate level of flexibility is being determined through discussions regarding Program Administration.

Multifactor metrics allow the Board and utilities to focus on the myriad impacts of utility programs to achieve a holistic set of long-term program benefits. Multifactor metrics will also best position New Jersey to achieve its energy goals while simultaneously promoting other core policy objectives, such as

cost-effectiveness, equitable access for all customers, reasonable rates, and the need to achieve comprehensive and long-lasting energy savings.

Staff proposes the following suite of seven (7) metrics to be phased in over the first five (5) years of New Jersey's next phase of energy efficiency and peak demand reduction programs.

1. **Annual Energy Savings –** Annual energy savings are the *ex post* evaluated net annual incremental savings for each individual year of the plan period, measured in megawatt-hours (MWh) for electricity and therms (th) for gas. This metric is specifically referenced in the CEA and is a common metric for jurisdictions seeking to encourage reductions in energy use to evaluate incremental savings.
2. **Annual Demand Savings –** Annual demand savings are the *ex post* evaluated net annual incremental peak demand savings. During initial years, in metrics and in QPI results, demand savings will reflect only "passive" peak demand savings resulting from efficiency programs and will not include active demand management / demand response savings. The inclusion of active demand savings in the metrics may be considered in future program years. Multi-year peak demand savings are important for grid stability and the reliability of electricity and natural gas sources. They are measured in MW for electric demand and peak-day therms for gas.
3. **Lifetime Energy Savings –** Lifetime energy savings are the *ex post* evaluated net cumulative lifetime savings (net savings times measure life) captured in a given year. Net lifetime savings are a factor in calculating the overall benefits of energy efficiency programs, and including this metric encourages the inclusion of longer-term, persistent energy saving measures in energy efficiency program portfolios. Lifetime energy savings also provide a better comparison to supply side options. They are measured in lifetime MWh for electricity and lifetime therms for gas.
4. **Lifetime of Persisting Demand Savings –** Similar to above, lifetime demand savings are the *ex post* evaluated net cumulative "lifetime demand savings" captured during a given year. Lifetime demand savings are calculated as the annual peak demand achieved times the number of years the peak savings are expected to persist. Lifetime peak demand savings are important to encourage longer-lasting measures and better manage grid implications. During the initial years, the lifetime demand savings metric will reflect only "passive" demand resulting from efficiency programs and will not include active demand management / demand response. Active demand savings may be included in future program years. Lifetime demand savings are measured in lifetime MW for electricity and peak-day therms for gas.
5. **Utility Cost Test (UCT) Net Present Value (NPV) of Net Benefits –** This metric will reflect the *ex post* evaluated NPV of the net benefits achieved during a given year, as determined by the UCT, and is measured in dollars. While the UCT is not used for screening purposes in New Jersey, it is a useful and relatively easy metric to measure utility-specific costs and benefits of efficiency programs. While many additional benefits are provided by efficiency, beyond those in the UCT, there can be serious disagreement about the calculation of those benefits. The relatively shorter and more easily monetized benefits contained in the UCT avoid unnecessary contention while helping to maintain a focus on achieving efficiency at reasonable costs. With this metric, if a utility can achieve its goals with fewer resources, it will achieve higher net benefits and attendant incentives. Therefore, this metric is the primary means of encouraging cost efficiency of operations.

6. **Low-income Lifetime Savings –** The low-income metric will be calculated as the *ex post* evaluated net lifetime energy savings captured during a given year from qualifying low-income programs. The metric is measured in lifetime MWh for electricity and lifetime therms for gas. A low-income metric is necessary to promote the equitable distribution of utility resources. Low-income programs are often more expensive on a per MWH or per therm basis compared to other programs, but the CEA is specific in its mandate of equitable service. The focus on savings instead of spending helps to ensure that low-income programs are achieving results that will translate into savings for low-income ratepayers. The focus on lifetime savings helps to promote measures with longer lives.
7. **Small Business Lifetime Savings –** Small business lifetime savings will be measured as the *ex post* evaluated net lifetime savings captured during a given year from small businesses. The savings are measured in MWh for electricity and therms for gas. Small business energy savings are typically more difficult and expensive to achieve, much like low-income lifetime savings; therefore, the inclusion of this metric will discourage utilities from seeking only easy-to-reach and larger customers where savings are typically captured through implementation of larger projects with longer lived and less expensive measures from a cost per lifetime unit perspective.

These metrics provide the factors by which utility performance will be evaluated. The metrics will be established ahead of utility program filings and will be consistent among all utilities. Ultimately, these metrics will serve as the basis for developing utility-specific QPIs.

As further discussed below, Staff anticipates that, throughout Spring 2020, Staff will engage stakeholders to further define the specifics of each established metric and to establish the inputs and formulas for evaluating performance related to each. Staff will prioritize the development of definitions related to metrics one (1) and three (3), based on the phase-in schedule below, recognizing that the schedule allows for additional time for stakeholder input related to the development of consistent measuring methods for the other five (5) metrics.

Weighting Structure

Each metric will have an associated "weight," which will represent the percentage related to each metric and respective QPI within the utility's portfolio. Weightings are intentionally designed to provide more emphasis to those metrics which best support State policies or that encourage investment in those programs that may not naturally rise to the top based on costs or savings. The weights of all metrics will total 100 percent.

The weighting structure will be developed and established for each program year along with the metrics framework. As noted above, the weighting structure will be consistent among utilities and established ahead of program filings. Further discussion of the application is in the Utility Performance Review section below.

Quantitative Performance Indicators (QPIs)

The QPIs are the numeric values associated with each metric and will represent the necessary annual achievements for each utility.

Staff proposes that each utility be required to propose QPIs in response to the established annual energy use reduction target(s), as well as in response to the established metrics and weighting. In

advance of program filings, Staff will establish, in coordination with stakeholders, guidance (including appropriate algorithms) for utilities to develop acceptable QPIs. While much of the development of the QPIs will be objective and based on equations that include established factors such as loads, demographic characteristics, etc., the mix of measures and other factors that are based on each utility's proposed suite of programs will also be necessary inputs in the establishment of QPIs. As a result, the QPIs must be established with input from the utilities and as part of program filings; the QPIs cannot be finalized ahead of utility filings.

For the initial post-transition program years, Staff anticipates engaging stakeholders related to the establishment of detailed QPI guidance throughout Spring 2020. Utilities will then file proposed QPIs as part of their program filings; supporting documentation for how each QPI was calculated according to the guidance developed by Staff will be filed and reviewed as a part of the Board-review process. The Board will review and finalize the suite of individual QPIs for each utility (and energy source) and for each program year as part of three (3)-year program filings and the filing review process. The filing and reporting process and timeframes, among other details, are being discussed in greater detail through the Filing & Reporting discussions and comment periods.

Utility performance related to all QPIs will be utilized to calculate performance incentives and penalties. Utility performance related to the QPIs will be reviewed annually, along with other regular compliance and reporting requirements and filings for cost recovery.

QPIs will be developed for each utility separately for gas and electric usage in cases where a public utility is a provider of both electricity and natural gas. Further discussion among stakeholder and Staff will take place to define the equations and inputs associated with each metric in order to allow the QPIs to be calculated objectively based on documented and assessed performance. Staff anticipates that this discussion will occur in Spring 2020 for the equations and inputs related to developing QPIs for metrics one (1) and three (3) and that further discussion related to the development of consistent measuring methods for the other five (5) metrics will occur over the following years, in keeping with the metrics phase-in schedule outlined in the "Metrics & Weights: Years 1 & 2" section below.

Utility Performance Review: Actual Performance, Assessed Performance, and Weighted Performance

Following each program year, utilities will be required to submit filings of program budget and performance and for the recovery of costs. During this process, each utility's performance will be evaluated; this evaluation will be based on a review of its actual performance in comparison to each established QPI.

Achieved performance based on each metric will be evaluated against the pre-established QPI. The utility's performance divided by the expected QPI performance will be referred to as "assessed performance."

The assessed performance for each metric will be multiplied by the associated weight for each metric, resulting in the "weighted performance" for each metric. The weighted performances related to each metric / QPI will be summed (separately for each utility and each energy type) and will represent the "total weighted performance," where complete achievement of all QPIs results in a total weighted performance of 100% (described below). The total weighted performance will be utilized to determine the appropriate incentive or penalty, based on the performance incentive and penalty structure

proposed as part of the cost recovery proposal. In cases where a utility's total performance is greater than 100% (or above any buffer zone, if such is established in the performance incentive / penalty structure), that utility would receive an incentive; performance less than 100% (or less than the buffer zone, if one is established) would result in a penalty. Both the incentives and penalties will scale according to the performance incentive / penalty structure and will be based on this measure of "total weighted performance."

Performance Incentive Baseline

The PI baseline represents the hypothetical performance incentive level that a utility could receive were it to achieve exactly 100% of each of its QPIs, no more and no less. That level of QPI achievement (100%) is equivalent to the PI baseline.

Processes for Applying Utility Targets

As detailed above, there are a number of different elements, each with multiple rationales, used to establish and review performance related to these utility targets. The goal is to promote transparency throughout the process for reviewing utility performance.

Staff envisions that, going forward, the following elements will be discussed in a stakeholder process and subsequently established by the Board ***for <u>each</u> program year*** ahead of each three (3)-year utility program and QPI filing cycle

- Overall Utility-Specific Annual Energy Use Reduction Targets (for each utility and each energy source)
    - NJCEP Annual Energy Savings Targets (for each utility and each energy source)
    - Utility Program Annual Energy Savings Targets (for each utility and each energy source)
- Metrics (consistent for all utilities)
- Weighting Structure (consistent for all utilities)

Staff anticipates developing recommendations for the Board's deliberation related to the above elements in Spring 2020, which would apply to the first few program years following the New Jersey Energy Efficiency Transition. These recommendations will be based on current stakeholder discussions, and the timing of the Board's review will allow utilities to file in response. The processes for establishing these elements in future years are further described in the "Triennial Review" section below.

Staff recommends that, in year 1 and following, utilities working in concert as much as possible, develop programs in response to both the energy use reduction targets established for each utility and the metrics (and weighting structure) established to assess utility performance.

As part of their three (3)-year program filings, utilities will include a recommended numeric value (QPI) based on Staff's guidance related to the definition of each applicable metric and based on data applicable to their territories—separately, for both gas and electric.

Application of Utility Targets

Utility Targets: Years 1-4

During years 1 through 4, utility targets will be less than 2% for annual electric savings and less than 0.75% for annual gas savings to account for the necessary program ramp-up; in years 5 and beyond, the

targets will be equal to or greater than the minimum 2% electric and 0.75% gas annual reductions mandated by the CEA. Draft targets, specific to each utility and energy source, are detailed below.

Metrics & Weights: Years 1-2

In the initial program years, Staff proposes that the metrics will also be phased in to allow time for Staff and stakeholders to collect and report additional data, and to refine appropriate definitions and inputs to calculating the QPIs associated with each metric. Utilities will be required to track and report on all seven (7) metrics in all years, but performance will only be evaluated according to the following phase-in schedule:

In years 1 and 2, utilities will be required to track and report performance based on all metrics, but incentives and penalties will only be applied based on metrics one (1) and three (3), with an adjusted weighting structure. These metrics and the associated weighting structure will be consistent for both electric and gas targets:

1. Annual Energy Savings – 40%
3. Lifetime Energy Savings – 60%

Metrics & Weights: Years 3+

In years 3 and beyond, utilities will be required to track and report performance based on all metrics. Incentives and penalties will also be applied based on each of the seven (7) metrics and the associated weighting structure, which will be consistent for both electric and gas targets:

1. Annual Energy Savings – 10%
2. Annual Demand Savings – 5%
3. Lifetime Energy Savings – 20%
4. Lifetime of Persisting Demand Savings – 10%
5. Utility Cost Test (UCT) Net Present Value (NPV) of Net Benefits – 35%
6. Low-income Lifetime Savings – 10%
7. Small Business Lifetime Savings – 10%

Subsequently, targets, metrics, and QPIs will be established and reviewed pursuant to the triennial review process described below.

Triennial Review

In order to fulfill the CEA's guidance that the Board "...review each quantitative performance indicator every three years" (N.J.S.A. 48:3-87.9(c).), Staff proposes the following triennial review process:

Every three (3) years in advance of the applicable program three (3)-year cycle, Staff will facilitate a stakeholder process to review and discuss 1) the suite of metrics and the weighting structures that apply to all utilities, 2) each utility-specific target, and 3) the performance / incentive penalty structure associated with these targets, which applies to all utilities, for each upcoming program year. Additional data, such as that from energy use baseline studies and market potential studies, will be inputs to this process.

Following this stakeholder process, Staff will develop recommendations to be reviewed by the Board, which will then establish the suite of metrics, utility-specific targets for each energy type, the weighting structure of the metrics, and the performance incentive / penalty structure.

Staff recommends that the Board establish the targets, metrics, weighting structures, and incentive/ penalty structures for each of the subsequent five (5) years, following each triennial review. These elements will be specific to each program year, with the first three (3) years under review ultimately established as final. The targets, metrics, weighting structures, and incentive / penalty structures established for the subsequent fourth and fifth years will be established as preliminary and will be subject to additional review and modification in the next triennial review, but will serve to indicate anticipated future targets to utilities in order to assist in preliminary, longer-term planning.

As noted earlier, Staff anticipates that the Board will establish the target, metrics, weighting structures, and incentive/penalty structures for post-transition program years 1 through 5 in Spring 2020, but that those elements established for years 4 and 5 will be subject to additional review during the first triennial review, which will take place ahead of program year 5.

Below, Staff has proposed the initial utility-specific targets for the first five (5) program years.

Utility-Specific Targets

The following overall annual targets are proposed for stakeholder review and input. Following stakeholder comment, Staff anticipates developing recommendations to the Board related to these utility-specific targets, including specific associated MWh and therm values for each utility, as detailed above. Staff recommends that the targets for years 4 and 5 be established as preliminary and be subject to additional discussion and finalization during the next triennial review, but serve as guidance for utilities to support planning efforts.

The targets below are intended to reflect the overall annual energy use reduction targets for each utility territory and currently include savings anticipated to come from programs administered by New Jersey's Clean Energy Program. Staff will engage stakeholders in early Spring 2020 to further discuss each utility's MWh and/or therm target, as well as the anticipated energy savings to come from NJCEP in each utility territory.

The proposed targets below are consistent among utilities (separately for electric versus natural gas) for program years 1 through 5. Though they may not be similarly consistent in future years, the "Energy Efficiency Potential in New Jersey" study demonstrated that, in the initial program years, there is sufficient potential for energy efficiency to achieve the below stated targets in all utility territories. In future years, following a comprehensive baseline study of energy consumption in the state and a subsequent market potential study, the targets will be adjusted appropriately in keeping with the CEA's requirements. Therefore, Staff recommends the following overall utility-specific annual energy use reduction targets:

Program Year 1 – Fiscal Year 2022

Electric Utilities

Utility Territory	**Net Annual Energy Savings Target (% of load)**
Atlantic City Electric	0.75%
Jersey Central Power & Light	0.75%

Public Service Electric & Gas	0.75%
Rockland Electric	0.75%

Gas Utilities

Utility Territory	**Net Annual Energy Savings Target (% of load)**
Elizabethtown Gas	0.25%
New Jersey Natural Gas	0.25%
Public Service Electric & Gas	0.25%
South Jersey Gas	0.25%

Program Year 2 – Fiscal Year 2023

Electric Utilities

Utility Territory	**Net Annual Energy Savings Target (% of load)**
Atlantic City Electric	1.10%
Jersey Central Power & Light	1.10%
Public Service Electric & Gas	1.10%
Rockland Electric	1.10%

Gas Utilities

Utility Territory	**Net Annual Energy Savings Target (% of load)**
Elizabethtown Gas	0.50%
New Jersey Natural Gas	0.50%
Public Service Electric & Gas	0.50%
South Jersey Gas	0.50%

Program Year 3 – Fiscal Year 2024

Electric Utilities

Utility Territory	**Net Annual Energy Savings Target (% of load)**
Atlantic City Electric	1.45%
Jersey Central Power & Light	1.45%
Public Service Electric & Gas	1.45%
Rockland Electric	1.45%

Gas Utilities

Utility Territory	Net Annual Savings Energy Target (% of load)
Elizabethtown Gas	0.75%
New Jersey Natural Gas	0.75%
Public Service Electric & Gas	0.75%
South Jersey Gas	0.75%

Program Year 4 – Fiscal Year 2025 *(preliminary)*

Electric Utilities

Utility Territory	Net Annual Energy Savings Target (% of load)
Atlantic City Electric	1.80%
Jersey Central Power & Light	1.80%
Public Service Electric & Gas	1.80%
Rockland Electric	1.80%

Gas Utilities

Utility Territory	Net Annual Energy Savings Target (% of load)
Elizabethtown Gas	0.95%
New Jersey Natural Gas	0.95%
Public Service Electric & Gas	0.95%
South Jersey Gas	0.95%

Program Year 5 – Fiscal Year 2026 *(preliminary)*

Electric Utilities

Utility Territory	Net Annual Energy Savings Target (% of load)
Atlantic City Electric	2.15%
Jersey Central Power & Light	2.15%
Public Service Electric & Gas	2.15%
Rockland Electric	2.15%

Gas Utilities

Utility Territory	Net Annual Energy Savings Target (% of load)
Elizabethtown Gas	1.10%
New Jersey Natural Gas	1.10%
Public Service Electric & Gas	1.10%
South Jersey Gas	1.10%