

## RECOVERY RAMP UP

The use of the SEP-ARRA funds will be consistent with New Jersey's Energy Master Plan and the Clean Energy Programs goals.

The series of action items proposed in the Energy Master Plan will effectively reduce the State's projected energy usage 20% by 2020, contribute to the goal of reducing greenhouse gas emissions to 1990 levels by 2020, and ensure that the energy infrastructure provides reasonably priced and reliable energy to New Jersey's homes and businesses. In addition, the actions in the Plan will also help save the State and its consumers, money between now and 2020.

If the actions proposed in the Energy Master Plan were not taken and the "business as usual" scenario occurred, in 2020 New Jersey's homes and businesses will use 97,800 GWh of electricity and over 542 trillion BTUs of natural gas and heating oil at a cost of \$30.7 billion. It is estimated that, if the Energy Master Plan's proposed actions are fully implemented, by 2020 New Jersey's homes and businesses will use 78,300 GWh of electricity and approximately 443 trillion BTUs of natural gas and heating oil, and save more than \$30 billion in its total annual energy expenditures between 2010 and 2020.

The BPU administers New Jersey's Clean Energy Program (NJCEP) and oversees the regulatory process governing the Program. The program is funded through the Societal Benefits Charge (SBC) included in the rates of investor owned natural gas and electric utility customers. The NJCEP was created as required by the Electric Discount and Energy Competition Act with the objective of transforming the energy marketplace in New Jersey in support of energy efficiency and renewable energy technologies.

The NJCEP pursues strategies that promote increased energy efficiency including combined heat and power, demand response and the use of clean, renewable sources of energy including solar, wind, geothermal and sustainable biomass.

The goals for the NJCEP are to advance and promote the implementation of energy efficiency and renewable energy for both electric and natural gas users and assist in achieving the Governor's energy reduction goal of 20% by 2020 and the State's greenhouse gas reduction targets.

We will be supplementing funds to existing programs that are comprehensive and focus on providing technical and financial assistance to homeowners, businesses, schools and government organizations. Over the past seven years the energy efficiency programs have produced over 22 million megawatt hours of electricity savings and saved 633 million therms of natural gas. The cumulative savings to customers from the actions taken in these programs is almost \$2.4 billion. These energy savings also result in the avoided environmental cost of over 22 million metric tons of avoided carbon dioxide (CO<sub>2</sub>) emissions, a major greenhouse gas responsible for global warming. In addition, the NJCEP has helped to install over 80 MW of solar capacity in New Jersey during the

last 7 plus years. From 9 projects with 6 kW in 2001 to 827 projects with 14.8 MW in 2008.

Committing the SEP-ARRA funds to existing Clean Energy Programs will enable New Jersey to meet current energy challenges and projected future energy challenges such as creating jobs, increase energy savings, reducing greenhouse gas emissions and increasing the use of renewable resources.

The Clean Energy Program offers a wide variety of energy efficiency and renewable energy programs including whole building auditing programs. As the Clean Energy Programs have developed, we have looked to identify barriers that restrict or prevent utilization of the programs. As part of the work done for the Energy Master Plan, the BPU engaged the Northeast Energy Efficiency Partnership (NEEP) to help identify the strategies that will be needed to meet the Energy Master Plan's goals. An important finding of the NEEP report is the need to offer financing to have a complete package of incentives that will allow homeowners, governments, non-profits and businesses to implement energy efficiency improvements in their existing buildings. This is especially important with the Energy Master Plan's whole building approach that looks to implement the cost-effective energy efficiency improvements and not just the "low hanging fruit". The need for financing is heightened in the current economic climate with limited access to capital. The SEP-ARRA funds provide the ability to supplement the existing Clean Energy Programs and there is significant emphasis on the use of the funds to provide the needed capital to allow projects to move forward.

We are proposing that some of the funding be offered to those who do not pay into the Societal Benefits Charge and therefore are not currently eligible to participate under the Clean Energy Program. The following are existing Clean Energy Programs which will be expanded under our proposals to address this population.

- Home Performance with Energy Star Program: Recruits and trains contractors that install energy efficiency measures in existing homes. The program includes incentives to customers for the installation of such measures and provides incentives for customers with incomes 225% above federal poverty levels.
  - 2008 Funding: \$9,829,000
  - 2009 Funding: \$12,571,301
- Local Government Audit Program: Offers subsidized energy efficiency audits to municipalities and other government entities.
  - 2008 Funding: \$2,324,000
  - 2009 Funding: \$4,998,000
- Direct Install Program: Provides incentives for the installation of energy efficiency measures in small commercial buildings.
  - 2008 Funding: \$3,000,000
  - 2009 Funding: \$10,189,999

- Pay-for-Performance Program: Provides incentives based on the level of energy savings delivered rather than a prescribed rebate for the installation of a specific measure.
  - 2008 Funding: \$5,000,000
  - 2009 Funding: \$23,251,999
  
- Renewable Energy Incentive Program: This program replaces the Customer On-site Renewable Energy rebate program and provides incentives for renewable energy systems including solar, wind and biomass.
  - 2008 Funding: NA
  - 2009 Funding: \$47,297,167

Several programs being proposed will be committing the SEP-ARRA funds for grants, loans and rebates to customers who may pay into the Societal Benefits Charge, but for whatever reason either do not qualify under the Clean Energy Program requirements or require supplemental incentives. These new programs are set forth in the Narrative Worksheets.

- State of New Jersey Statewide Energy Efficiency Projects: Funding for State projects
  - 2008 Funding: \$10,000,000
  - 2009 Funding: \$10,000,000

The New Jersey Board of Public Utilities has approved Clean Energy Program funding for 2010:

Energy Efficiency Programs -	\$208,000,000
Renewable Energy Programs -	<u>\$ 61,000,000</u>
<b>Total:</b>	<b>\$269,000,000</b>

The funding levels for the specific programs have not been determined for 2010.