



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.nj.gov/bpu/**

IN THE MATTER OF ELECTRIC PUBLIC UTILITIES AND )  
GAS PUBLIC UTILITIES OFFERING ENERGY )  
EFFICIENCY AND CONSERVATION PROGRAMS, )  
INVESTING IN CLASS I RENEWABLE ENERGY )  
RESOURCES, AND OFFERING CLASS I RENEWABLE )  
ENERGY PROGRAMS IN THEIR RESPECTIVE SERVICE )  
TERRITORIES ON A REGULATED BASIS PURSUANT )  
TO N.J.S.A. 48:3-98.1 )

ENERGY  
CLEAN ENERGY

ORDER PURSUANT TO  
N.J.S.A. 48:3-98.1(c)

DOCKET NO. EO08030164

(SERVICE LIST ATTACHED)

BY THE BOARD<sup>1</sup>:

**BACKGROUND**

On January 13, 2008, L. 2007, c. 340 ("Act") was signed into law. In the Act, the Legislature found and declared that "New Jersey should implement cost-effective measures to reduce emissions of greenhouse gases, and that emissions trading and the auction of allowances can be an effective mechanism to accomplish that objective." L. 2007, c. 340, §1, codified at N.J.S.A. 26:2C-45. Pursuant to this and other findings, the Act contains provisions relevant to the Regional Greenhouse Gas Initiative, or RGGI, which is a cooperative effort by states to reduce carbon dioxide emissions from power plants in a 10-state region that includes all of New England, New York, Delaware, Maryland, and New Jersey. The Act also authorizes the auction or other sale of greenhouse gas emissions allowances; establishes a "Global Warming Solutions Fund" to receive the revenues from the sale of allowances and such other moneys as may be appropriated by the Legislature and designates uses for those revenues; directs the Board of Public Utilities ("Board") to adopt a greenhouse gas emissions portfolio standard or other regulatory mechanism to mitigate leakage; and authorizes participation by the Department of Environmental Protection Commissioner and Board President, or their designees, in agreements or arrangements with representatives of other states.

The Act also sets forth the Legislature's findings that "energy efficiency and conservation measures and increased use of renewable energy resources must be essential elements of the State's energy future and that greater reliance on energy efficiency, conservation, and

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<sup>1</sup> Commissioner Christine V. Bator recused herself on this matter due to a potential conflict of interest.

renewable energy resources will provide significant benefits to the citizens of this State.” The Legislature also found and declared “that public utility involvement and competition in the renewable energy, conservation and energy efficiency industries are essential to maximize efficiencies and the use of renewable energy and that provisions of [the Act] should be implemented to further competition.” N.J.S.A. 26:2C-45. Consistent with the Legislature’s findings, the Act provides that notwithstanding the provisions of any other law or rule or regulation to the contrary, an electric or gas public utility may: (1) provide and invest in energy efficiency and conservation programs in its service territory on a regulated basis pursuant to section 13, and (2) invest in Class I renewable energy resources or offer Class I renewable energy programs on a regulated basis pursuant to section 13. L. 2007, c. 340, §13(a)(1) and (2), codified at N.J.S.A. 48:3-98.1(a)(1) and (2). The facilities or resources involved in these programs and investments may be located on the customer side or utility side of the point of interconnection. Ibid. The Act also provides that the Board may direct electric and gas public utilities “to undertake energy efficiency, conservation, and renewable energy improvements, and shall allow the recovery of program costs and incentive rate treatment pursuant to subsection b of ...section [13].” N.J.S.A. 48:3-98.1(a)(3).

The Act provides that electric and gas “public utility investment in energy efficiency and conservation programs or Class I renewable energy programs may be eligible for rate treatment approved by the board, including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas.” N.J.S.A. 48:3-98.1(b). Ratemaking treatment may include “placing appropriate technology and program cost investments in the respective utility’s rate base, or recovering the utility’s technology and program costs through another ratemaking methodology approved by the board, including, but not limited to, the societal benefits charge established pursuant to section 12 of P.L. 1999, c. 23 (C.48:3-60).” Ibid. The Act further states that “the board may provide funding for energy efficiency, conservation, and renewable energy improvements through the societal benefits charge established pursuant to section 12 of P.L. 1999, c. 23 (C.48:3-60), the retail margin on certain hourly-priced and larger non-residential customers pursuant to the board’s continuing regulation of basic generation service pursuant to sections 3 and 9 of P.L. 1999, c. 23 (C.48:3-51 and 48:3-57), or other monies appropriated for such purposes.” N.J.S.A. 48:3-98.1(a)(3).

An electric or gas public utility seeking cost recovery for any program pursuant to N.J.S.A. 48:3-98.1 is required to file a petition with the Board. N.J.S.A. 48:3-98.1(b). In determining the recovery of program costs for any program implemented pursuant to N.J.S.A. 48:3-98.1, the Board “may take into account the potential for job creation from such programs, the effect on competition for such programs, existing market barriers, environmental benefits, and the availability of such programs in the marketplace.” N.J.S.A. 48:3-98.1(b). The Act further provides that “[u]nless the board issues a written order within 180 days after the filing of the petition approving, modifying or denying the requested recovery, the recovery requested by the utility shall be granted effective on the 181 day after the filing without further order by the board.” Ibid.

Within 120 days after the Act’s enactment, the Board “shall issue an order that allows electric public utilities and gas public utilities to offer energy efficiency and conservation programs, to invest in Class I renewable energy resources, and to offer Class I renewable energy programs in their respective service territories on a regulated basis.” N.J.S.A. 48:3-98.1(c). This Order is issued in accordance therewith.

supporting testimony; II) a description of the proposed program, including how the program comports with State energy policy and an explanation of the manner in which the program will complement and/or differ from or duplicate existing or prior programs being offered by the utility or by the New Jersey Clean Energy Program ("NJCEP"), and the effect, if any, upon such existing programs; III) information pertaining to the factors which N.J.S.A. 48:3-98.1(b) provides the Board may take into account: the potential for job creation, the effect on competition, existing market barriers, environmental benefits and the availability of such program in the marketplace; IV) information relating to the proposed cost recovery mechanism; and V) cost/benefit analysis or other information. As set forth in Appendix A, for small and pilot programs, the filing requirements have been reduced given the more limited nature of such programs to allow for a more accelerated review and approval process. A small program is defined as one that would result in either a rate increase of less than one half of one percent to the average residential consumer or an additional annual total revenue requirement of less than \$5 million. A pilot program must be three years or less in duration. Small and pilot programs are generally exempted from the requirement that an up-front cost/benefit analysis be submitted. This general exemption shall not preclude such information being required for pilot and small programs if such proposed programs are particularly large or complex. If appropriate, pilot programs may be extended after the original term of not more than three years, provided such extension is in the public interest.

The Board also **FINDS** that to further enable an efficient and timely review process, an electric or gas public utility shall be required to meet with Board Staff and Rate Counsel at least 30 days prior to its filing of a petition pursuant to the Act to discuss the nature of the program and program cost recovery mechanism to be proposed in the forthcoming petition and the Appendix A minimum filing requirements to be submitted. If a utility expects to file a proposed small or pilot program, it shall provide notification of that at the pre-filing meeting. If the utility believes that it is unable to comply with a particular filing requirement, a detailed explanation for such noncompliance should be discussed at the pre-filing meeting. The minimum filing requirements of Appendix A may be modified by Board Staff as determined on a case by case basis if public policy considerations deem specific requirements unnecessary or onerous for a particular program or class of programs. The modification of the minimum filing requirements for a particular petition shall not preclude a subsequent request being made for the information.

Upon the filing of a petition, Board Staff shall be required to review the petition for administrative completeness as to compliance with the Appendix A requirements, with any modification as may have been made by Board Staff for the particular petition. Board Staff will notify the utility within 30 days of the petition filing date if the petition is administratively complete or is deficient, and if deficient, the items required to remedy the deficiency or deficiencies. The petition will be deemed complete if Board Staff has not provided this notification within 30 days after the petition filing date. If Board Staff notifies the utility that the petition is complete as filed, or if the 30 days expires without a notification, then the 180 day period for the Board to approve, modify or deny the petition pursuant to N.J.S.A. 48:3-98.1(b) will commence on the date that the petition was filed. If Board Staff has notified the utility of a deficiency or deficiencies, the 180 day period will not commence until all deficiencies have been remedied and the filing is deemed administratively complete by Board Staff. Board Staff will notify the utility within 30 days of the filing date of the deficiency remediation if the petition is now administratively complete or is deficient, and if deficient, the items required to remedy the deficiency or deficiencies. If Board Staff notifies the utility that the petition with the remediation of the deficiency or deficiencies is now complete, the 180 day period for the Board to approve, modify or deny the petition pursuant to N.J.S.A. 48:3-98.1(b) will commence on the last filing date of the remediation of all deficiencies.

When a filing has been deemed administratively complete, a Deputy Attorney General will work with the parties to determine a schedule so that the Board will be in a position to issue an order in the matter approving, modifying or denying the requested program and cost recovery mechanism within 180 days of the petition's completed filing as provided by N.J.S.A. 48:3-98.1(c). In the event that the Board determines to transmit a particular petition to the Office of Administrative Law, the schedule will be determined by the assigned Administrative Law Judge so as to enable the Board to be in a position to issue an order in the matter within 180 days of the filing of an administratively complete petition. If the proposed program proposes to increase rates upon Board approval or upon a subsequent filing, public hearings shall be held before the 180 day period expires and before the Board's consideration of the petition. The Board encourages all interested parties to work toward a settlement for the Board's consideration before the expiration of the 180 day period. It is also anticipated that interested parties will work toward establishing a checklist that will be utilized in the subsequent cost recovery filing when made by the utility in order to expedite the Board's review and approval process.

### Programs

The Board has been extensively involved for many years in overseeing and delivering energy efficiency, conservation and renewable energy programs, most recently through the New Jersey Clean Energy Program. The Board has generally required that NJCEP programs be implemented statewide. As noted above, the Board, therefore, has included in Appendix A a requirement that a utility that files with the Board a petition pursuant to the Act, explain how the proposed program comports with or differs from existing programs approved by the Board, as well as how the proposed program comports with New Jersey State policy as reflected in reports including the Energy Master Plan and the greenhouse gas emissions reports to be issued by the New Jersey Department of Environmental Protection pursuant to N.J.S.A. 26:2C-42(b) and (c) and N.J.S.A. 26:2C-43 of the Global Warming Response Act, N.J.S.A. 26:2C-37 et seq.

The Board also suggests that any new program proposed by a utility in its service territory should be able to be applied on a uniform basis throughout the State. The Board, therefore, encourages other utilities to participate in the formulation of specific programs pursuant to the Act, either through initial filings or as part of the subsequent review process. Specifically, under the provisions of the Act, a utility may file to deliver a particular type of energy efficiency, conservation, or Class I renewable energy resource program. With the goal of developing a program that each utility can choose to implement within its service territory, the Board may invite other utilities and interested parties to participate in the development of the program. In addition to the utility that expressed interest in developing the program, other interested utilities could petition the Board for approval to implement within their respective service territories the program that results from this process. The Board encourages the utilities to develop in this process programs that are uniform and consistently available statewide.

The development of uniform programs throughout the State may offer significant practical and administrative advantages. Utilities could enjoy a considerable measure of certainty in submitting a program for approval. Any contractors employed in the implementation of the program would know the requirements of a given type of program in advance, and would know that there would be minimal variation from one region of the State to another. Moreover, uniform marketing could be implemented that would allow economies of scale in advertising the program. In addition, the utilities' development of petitions for program approval and model tariffs, and the review of those petitions by the Board, would be more efficient and expeditious if the details of an approvable program component were known to everyone in advance of the filing of an individual petition. Development of a uniform program through the process outlined above facilitates the identification and inclusion of "best practices" in the final program, while

simultaneously allowing for differing views and positions to be addressed prior to approval of any one program.

The Board also notes that should it identify a program need for which no proposal is submitted, the Board may, pursuant to its authority under N.J.S.A. 48:3-98.1(a)(3) and after notice and an opportunity to be heard, direct an electric or gas public utility to provide such program. Additionally, if the Board determines that the benefits of a given program merit statewide availability to ratepayers, the Board may, consistent with its authority under N.J.S.A. 48:3-98.1(a)(3) and after notice and an opportunity to be heard, require that all electric and gas public utilities provide that program.

## CONCLUSION

For the foregoing reasons, the Board HEREBY ORDERS that:

Pursuant to N.J.S.A. 48:3-98.1(c), electric public utilities and gas public utilities shall be allowed to invest in and offer energy efficiency and/or conservation programs, to invest in Class I renewable energy resources, and to offer Class I renewable energy programs in their respective service territories on a regulated basis provided that they file a petition and obtain Board approval for each such program and for any program cost recovery;

At least 30 days prior to the filing of a petition pursuant to the Act, the petitioning electric or gas public utility shall meet with Board Staff and Rate Counsel to discuss the nature of the program and program cost recovery mechanism to be proposed in the forthcoming petition and the Appendix A minimum filing requirements to be submitted;

With any petition filed pursuant to the Act and this Order, an electric or gas public utility shall submit such information as is required for the petition by the minimum filing requirements set forth in Appendix A hereto, as may be modified by Board Staff in accordance with this Order; and

Board Staff shall, within 30 days after the filing of a petition pursuant to the Act, (i) determine whether the petition is administratively complete, and (ii) advise the petitioner in writing that the petition is administratively complete or that the petition is not administratively complete, and set forth the deficiencies, and the items required to remedy the deficiencies. If the petition is deemed administratively complete by Board Staff, the 180 day time period under N.J.S.A. 48:3-98.1 for issuance of a written order will commence at the time of the petition's filing. If Board Staff has notified the utility that the petition is not administratively complete, the 180 day period will not commence until the deficiencies are corrected and the filing is deemed administratively complete by Board Staff. In that event, the 180 day period will commence on the date that the petition is deemed administratively complete, that is, on the last filing date of the remediation of all deficiencies.

Should the Board identify a program need for which no proposal is submitted, the Board reserves the right, pursuant to its authority under N.J.S.A. 48:3-98.1(a)(3) and after notice and an opportunity to be heard, to direct an electric or gas public utility to provide such program. If the Board determines that the benefits of a given program merit statewide availability to ratepayers, the Board reserves the right, pursuant to its authority under N.J.S.A. 48:3-98.1(a)(3) and after notice and an opportunity to be heard, to require that all electric and gas public utilities provide that program.

Pursuant to N.J.S.A. 48:3-98.1(c), the provisions of this Order will be reflected in regulations hereafter to be adopted pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq. The Board reserves the right to amend or modify this Order, including Appendix A, at any time if so warranted prior to the adoption of such regulations.

DATED: *5/12/08*

BOARD OF PUBLIC UTILITIES  
BY:

*Jeanne M. Fox*  
JEANNE M. FOX  
PRESIDENT

*Frederick F. Butler*  
FREDERICK F. BUTLER  
COMMISSIONER

*Joseph L. Fiordaliso*  
JOSEPH L. FIORDALISO  
COMMISSIONER

*Nicholas Asselta*  
NICHOLAS ASSELTA  
COMMISSIONER

ATTEST:

*Kristi Izzo*  
KRISTI IZZO  
SECRETARY

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

*Kristi Izzo*

**APPENDIX A TO BOARD ORDER:  
IN THE MATTER OF ELECTRIC PUBLIC UTILITIES AND GAS PUBLIC UTILITIES  
OFFERING ENERGY EFFICIENCY AND CONSERVATION PROGRAMS, INVESTING IN CLASS I  
RENEWABLE ENERGY RESOURCES, AND OFFERING CLASS I RENEWABLE ENERGY  
PROGRAMS IN THEIR RESPECTIVE SERVICE TERRITORIES ON A REGULATED BASIS  
PURSUANT TO N.J.S.A. 48:3-98.1  
DOCKET NO. EO08030164**

**MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER  
N.J.S.A. 48:3-98.1**

**General Filing Requirements**

- a. The utility shall provide with all filings, information and data pertaining to the specific program proposed, as set forth in applicable sections of N.J.A.C. 14:1-5.11 and N.J.A.C. 14:1-5.12.
- b. All filings shall contain information and financial statements for the proposed program in accordance with the applicable Uniform System of Accounts that is set forth in N.J.A.C. 14:1-5.12. The utility shall provide the Accounts and Account numbers that will be utilized in booking the revenues, costs, expenses and assets pertaining to each proposed program so that they can be properly separated and allocated from other regulated and/or other programs.
- c. The utility shall provide supporting explanations, assumptions, calculations, and work papers for each proposed program and cost recovery mechanism petition filed under N.J.S.A. 48:3-98.1 and for all qualitative and quantitative analyses therein. The utility shall provide electronic copies of all materials and supporting schedules, with all inputs and formulae intact.
- d. The utility shall file testimony supporting its petition.
- e. For any small scale or pilot program, the utility shall only be subject to the requirements in this Section and Sections II, III, and IV. The utility shall, however, provide its estimate of costs and a list of data it intends to collect in a subsequent review of the benefits of the program. Information in Section V may be required for pilot and small programs if such programs are particularly large or complex. A "small scale" project is defined as one that would result in either a rate increase of less than a half of one percent of the average residential customer's bill or an additional annual total revenue requirement of less than \$5 million. A pilot program shall be no longer than three years, but can be extended under appropriate circumstances.
- f. If the utility is filing for an increase in rates, charges etc., or for approval of a program which may increase rates/charges to ratepayers in the future, the utility shall include a draft public notice with the petition and proposed publication dates.

**II. Program Description**

- a. The utility shall provide a detailed description of each proposed program for which the utility seeks approval.

- b. The utility shall provide a detailed explanation of the differences and similarities between each proposed program and existing and/or prior programs offered by the New Jersey Clean Energy Program, or the utility.
- c. The utility shall provide a description of how the proposed program will complement, and impact existing programs being offered by the utility and the New Jersey Clean Energy Program with all supporting documentation.
- d. The utility shall provide a detailed description of how the proposed program is consistent with and/or different from other utility programs or pilots in place or proposed with all supporting documentation.
- e. The utility shall provide a detailed description of how the proposed program comports with New Jersey State policy as reflected in reports, including the New Jersey Energy Master Plan, or, pending issuance of the final Energy Master Plan, the draft Energy Master Plan, and the greenhouse gas emissions reports to be issued by the New Jersey Department of Environmental Protection pursuant to N.J.S.A. 26:2C-42(b) and (c) and N.J.S.A. 26:2C-43 of the Global Warming Response Act, N.J.S.A. 26:2C-37 et seq.
- f. The utility shall provide the features and benefits for each proposed program including the following:
  - i. the target market and customer eligibility if incentives are to be offered;
  - ii. the program offering and customer incentives;
  - iii. the quality control method including inspection;
  - iv. program administration; and
  - v. program delivery mechanisms.
- g. The utility shall provide the criteria upon which it chose the program.
- h. The utility shall provide the estimated program costs by the following categories: administrative (all utility costs), marketing/sales, training, rebates/incentives including inspections and quality control, program implementation (all contract costs) and evaluation and other.

The utility shall provide the extent to which the utility intends to utilize employees, contractors or both to deliver the program and, to the extent applicable, the criteria the utility will use for contractor selection.
- j. In the event the program contemplates an agreement between the utility and its contractors and/or the utility and its ratepayers, copies of the proposed standard contract or agreement between the ratepayer and the utility, the contractor and the utility, and/or the contractor and the ratepayer shall be provided.
- k. The utility shall provide a detailed description of the process for resolving any customer complaints related to these programs.

The program goals including number of participants on an annual basis and the energy savings, renewable energy generation and resource savings both projected annually and over the life of the measures.

- m. Marketing – The utility shall provide the following: a description of where and how the proposed program/project will be marketed or promoted throughout the demographic segments of the utility's customer base including an explanation of how prices and the service for each proposed program/project will be conveyed to customers.

### III Additional Required Information

- a. The utility shall describe whether the proposed programs will generate incremental activity in the energy efficiency/conservation/renewable energy marketplace and what, if any, impact on competition may be created, including any impact on employment, economic development and the development of new business with all supporting documentation. This shall include a breakdown of the impact on the employment within this marketplace as follows: marketing/sales, training, program implementation, installation, equipment, manufacturing and evaluation and other applicable markets. With respect to the impact on competition the analysis should include the competition between utilities and other entities already currently delivering the service in the market or new markets that may be created.
- b. The utility shall provide a description of any known market barriers that may impact the program and address the potential impact on such known market barriers for each proposed program with all supporting documentation. This analysis shall include barriers across the various markets including residential (both single and multi-family), commercial and industrial (both privately owned and leased buildings), as well as between small, medium and large commercial and industrial markets. This should include both new development and retrofit or replacement upgrades across the market sectors.
- c. The utility shall provide a qualitative/quantitative description of any anticipated environmental benefits associated with the proposed program and a quantitative estimate of such benefits for the program overall and for each participant in the program with all supporting documentation. This shall include an estimate of the energy saved in kWh and/or therms and the avoided air emissions, wastewater discharges, waste generation and water use or other saved or avoided resources.
- d. To the extent known, the utility shall identify whether there are similar programs available in the existing marketplace and provide supporting documentation if applicable. This shall include those programs that provide other societal benefits to other under-served markets. This should include an analysis of the services already provided in the market place, and the level of competition.
- e. The utility shall provide an analysis of the benefits or impacts in regard to Smart Growth.
- f. The utility shall propose the method for treatment of Renewable Energy Certificates ("REC") including solar RECs or any other certificate developed by the Board of Public Utilities, including Greenhouse Gas Emissions Portfolio and Energy Efficiency Portfolio Standards including ownership, and use of the certificate revenue stream(s).

- g The utility shall propose the method for treatment of any air emission credits and offsets, including Regional Greenhouse Gas Initiative carbon dioxide allowances and offsets including ownership, and use of the certificate revenue stream(s).
- h. The utility shall analyze the proposed quantity and expected prices for any REC, solar REC, air emission credits, offsets or allowances or other certificates to the extent possible.

#### IV. Cost Recovery Mechanism

- a. The utility shall provide appropriate financial data for the proposed program, including estimated revenues, expenses and capitalized investments, for each of the first three years of operations and at the beginning and end of each year of said three-year period. The utility shall include pro forma income statements for the proposed program, for each of the first three years of operations and actual or estimated balance sheets as at the beginning and end of each years of said three year period.
- b. The utility shall provide detailed spreadsheets of the accounting treatment of the cost recovery including describing how costs will be amortized, which accounts will be debited or credited each month, and how the costs will flow through the proposed method of recovery of program costs.
- c. The utility shall provide a detailed explanation, with all supporting documentation, of the recovery mechanism it proposes to utilize for cost recovery of the proposed program, including proposed recovery through the Societal Benefits Charge, a separate clause established for these programs, base rate revenue requirements, government funding reimbursement, retail margin, and/or other.
- d. The utility's petition for approval, including proposed tariff sheets and other required information, shall be verified as to its accuracy and shall be accompanied by a certification of service demonstrating that the petition was served on the Department of the Public Advocate, Division of Rate Counsel simultaneous to its submission to the Board.
- e. The utility shall provide an annual rate impact summary by year for the proposed program, and an annual cumulative rate impact summary for all approved and proposed programs showing the impact of individual programs as well as the cumulative impact of all programs upon each customer class of implementing each program and all approved and proposed programs based upon a revenue requirement analysis that identifies all estimated program costs and revenues for each proposed program on an annual basis. The utility shall also provide an annual bill impact summary by year for each program, and an annual cumulative bill impact summary by year for all approved and proposed programs showing bill impacts on a typical customer for each class.
- f. The utility shall provide, with supporting documentation, a detailed breakdown of the total costs for the proposed program, identified by cost segment (capitalized costs, operating expense, administrative expense, etc.). This shall also include a detailed analysis and breakdown and separation of the embedded and incremental costs that

will be incurred to provide the services under the proposed program with all supporting documentation.

- g. The utility shall provide a detailed revenue requirement analysis that clearly identifies all estimated program costs and revenues for the proposed program on an annual basis, including effects upon rate base and pro forma income calculations.
- h. The utility shall provide, with supporting documentation: (i) a calculation of its current capital structure as well as its calculation of the capital structure approved by the Board in its most recent electric and/or gas base rate cases, and (ii) a statement as to its allowed overall rate of return approved by the Board in its most recent electric and/or gas base rate cases.

If the utility is seeking carrying costs for a proposed program, the filing shall include a description of the methodology, capital structure, and capital cost rates used by the utility.

- j. A utility seeking incentives or rate mechanism that decouples utility revenues from sales, shall provide all supporting justification, and rationale for incentives, along with supporting documentation, assumptions and calculations.

V. Cost/Benefit Analysis

- a. The utility shall provide a detailed analysis with supporting documentation of the net benefits associated with the proposed program, including, if appropriate, a comprehensive and detailed avoided cost savings study with supporting documentation. The value of the avoided environmental impacts and the environmental benefits and the value of any avoided or deferred energy infrastructure should be stated separately.
- b. The utility shall calculate a cost/benefit analysis utilizing the Total Resource Cost (TRC) test that assesses all program costs and benefits from a societal perspective. The utility may also provide any cost benefit analysis that it believes appropriate with supporting rationales and documentation.
- c. The utility shall quantify all direct and indirect benefits as well as provide projected costs resulting from a proposed program that is subject to a cost/benefit test.
- d. Renewable energy programs shall not be subject to a cost/benefit test but the utility must quantify all direct and indirect benefits resulting from such a proposed program as well as provide the projected costs. The utility must also demonstrate how such a proposed program will support energy and environmental statewide planning objectives, such as attainment of the Renewable Portfolio Standard and any emission requirements.
- e. The utility must demonstrate for the proposed program that it results in a positive benefit/cost ratio, or, if the utility cannot make such a demonstration, it must provide the rationale for why the proposed program should be approved.
- f. The level of energy and capacity savings utilized in these calculations shall be based upon the most recent protocols approved by the Board of Public Utilities to measure

energy savings for the New Jersey Clean Energy Program. In the event no such protocols exist, or to the extent that a protocol does not exist for a filed program, the utility must submit a measurement protocol for the program or contemplated measure for approval by the Board.

- g. The utility shall also quantify and deduct from the energy and capacity savings any free rider effects and the business as usual benefits from homeowners and businesses installing Energy Efficiency or Renewable Energy without the N.J.S.A. 48:3-98.1 benefits or incentives.

In The Matter Of Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing Class I Renewable Energy Resources, and Offering Class I Renewable Energy Programs in Their Respective Service Territories on a Regulated Basis Pursuant to N.J.S.A. 48:3-98.1.

DOCKET NO. EO08030164

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