



Agenda Date: 1/28/09
Agenda Item: 8F

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

CLEAN ENERGY

IN THE MATTER OF COMPREHENSIVE ENERGY)
EFFICIENCY AND RENEWABLE ENERGY RESOURCE)
ANALYSIS FOR 2005 -2008: REVISED DETAILED 2008)
PROGRAMS AND BUDGETS)

ORDER

DOCKET NO. EX04040276

(SERVICE LIST ATTACHED)

BY THE BOARD:

This Order adjusts Honeywell's 2008 budgets for the Clean Energy Program as approved by the Board in its Orders dated March 31, 2008, September 30, 2008 and December 8, 2008. There are two proposed line-item transfers; the first transfers \$120,000 within the Energy Efficiency Products program; and the second transfers \$86,000 within the Residential New Construction program. These transfers are necessary to align the budgets with the contract prices approved by Treasury and to reflect an unanticipated increase of certain rebates processed as part of the Energy Efficient Products program.

Background and Procedural History

On February 9, 1999, the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 §~. ("EDECA" or the "Act") was signed into law. The Act established requirements to advance energy efficiency and renewable energy in New Jersey through the Societal Benefits Charge ("SBC"), at N.J.S.A. 48:3-60(a)(3). EDECA further empowered the Board to initiate a proceeding and cause to be undertaken a comprehensive resource analysis of energy programs, currently referred to as the comprehensive energy efficiency ("EE") and renewable energy ("RE") resource analysis. After notice, opportunity for public comment, public hearing, and consultation with the New Jersey Department of Environmental Protection ("NJDEP"), within eight months of initiating the proceeding and every four years thereafter, the Board determines the appropriate level of funding for EE and Class I RE programs ("New Jersey's Clean Energy Program") that provide environmental benefits above and beyond those provided by standard offer or similar programs in effect as of February 9, 1999.

By Order dated May 7, 2004, Docket Nos. EX03110946 and EX04040276, the Board initiated its second comprehensive EE and RE resource analysis proceeding and established a procedural schedule for the determination of the funding levels, allocations and programs for the years 2005 through 2008. By Order dated December 23, 2004, Docket No. EX04040276, the Board concluded its proceeding, set funding levels for the years 2005 through 2008, and approved 2005 programs and budgets. The Board approved funding levels of \$140 million for 2005, \$165 million for 2006, \$205 million for 2007 and \$235 million for 2008.

By Summary Order dated January 2, 2008 and Order dated March 31, 2008, Docket No. EX04040276, the Board approved 2008 programs and budgets for New Jersey's Clean Energy Program ("NJCEP") ("Initial 2008 Budget Orders"). The Initial 2008 Budget Orders approved the compliance filings of Honeywell, the residential and renewable energy program Market Manager, TRC, the C&I program Market Manager, the Utilities, and the Office of Clean Energy ("OCE"). The compliance filings included the detailed budgets, which break down program budgets by the various reporting categories such as administration, marketing and rebates, of the programs managed by Honeywell, TRC, the Utilities and OCE.

The 2008 budgets were established based on new funding available in 2008 plus estimated carry over from 2007. By Order dated September 30, 2008, Docket No. EX04040276, the Board approved revised 2008 NJCEP program budgets ("September 30 Order") which adjusted the initial 2008 budgets to true up any difference between estimated and actual 2007 expenses, and also added additional new funding that became available subsequent to development of the initial 2008 budgets.

By Order dated December 8, 2008, Docket No. EX04040276 ("December 8 Order"), the Board approved certain revisions to the detailed budgets submitted by Honeywell, TRC, the Utilities and OCE. Honeywell has now requested two additional modifications to its Board approved budget as discussed further below.

Proposed Budget Modifications

By letter dated December 5, 2008 Honeywell indicated that between September and October 2008 it received a large amount of rebate applications for room air conditioners, dehumidifiers and clothes washers. Honeywell stated that the influx occurred so quickly it did not have sufficient time to identify the trend ahead of time and request a change to its budget. While exceeding the program goal for rebates is a positive development that will increase energy savings, the two month influx more than doubled expected program participation levels for the year and caused Honeywell to exceed its Board approved budget for the rebate processing component of its Energy Efficient Products program. Honeywell requested a line-item transfer of \$120,000 from the "*Rebates, Grants and Other Direct Incentives*" component of its Energy Efficient Products program budget to the "*Rebate Processing, Inspections, Other Quality Control*" component of its Energy Efficient Products program budget. Honeywell indicated that sufficient funding would remain in the "*Rebates, Grants and Other Direct Incentives*" component of its Energy Efficient Products program budget to meet all anticipated expenses.

The second revision to its detailed budgets sought by Honeywell involves its Intellectual Technology (IT) budget. Honeywell's contract includes fees of \$86,400 per year for IT development, operations and maintenance. Based on discussions with OCE it was agreed that these fees should be charged to the administrative component of the Residential New Construction program budget. These charges were not included in Honeywell's initial Board

approved program budget. Therefore, Honeywell has requested a line-item transfer of \$86,400 from the "Rebates, Grants and Other Direct Incentives" component of its Residential New Construction program budget, to the "Administration and Program Development" component of its Residential New Construction program budget. Honeywell indicated that sufficient funding would remain in the "Rebates, Grants and Other Direct Incentives" component of its Residential New Construction program budget to meet anticipated 2008 expenses.

The following table sets out the detailed budgets for the Residential New Construction and Energy Efficient Products programs approved by the Board in its December 8 Order:

Approved 2008 Honeywell Budget

Program	Total	Administration and Program Development	Sales, Call Centers, Marketing and Website	Training	Rebates, Grants, and Other Direct Incentives	Rebate Processing, Inspections and Other Quality Control	Performance Incentives
Residential New Construction	\$37,141,000	\$766,592	\$852,197	\$38,700	\$24,858,601	\$10,377,062	\$247,848
ENERGY STAR Products	\$20,142,000	\$1,282,998	\$2,657,995	\$18,000	\$15,532,823	\$448,160	\$202,025

The following table sets out the modifications to the budget proposed by Honeywell:

Proposed Revised 2008 Honeywell Budget

Program	Total	Administration and Program Development	Sales, Call Centers, Marketing and Website	Training	Rebates, Grants, and Other Direct Incentives	Rebate Processing, Inspections and Other Quality Control	Performance Incentives
Residential New Construction	\$37,141,000	\$852,992	\$852,197	\$38,700	\$24,772,201	\$10,377,062	\$247,848
ENERGY STAR Products	\$20,142,000	\$1,282,998	\$2,657,995	\$18,000	\$15,412,823	\$568,160	\$202,025

The proposed line-item transfers represent minor budget adjustments within programs which are necessary to align program budgets with contract prices previously approved by the Board and Treasury. The proposed revisions do not modify the overall program budgets approved by the Board. Staff has reviewed Honeywell's requests for the two line-item transfers and recommends the requests be approved by the Board.

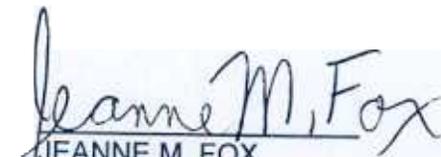
Discussion and Findings

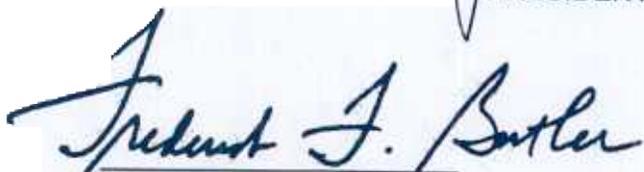
The Board **FINDS** that the requested line-item transfers to the detailed budgets proposed by Honeywell do not modify the overall program budgets approved by the Board in its December 8 Order. Furthermore, The Board **FINDS** that the proposed changes to the detailed budgets are reasonable and necessary to align the budgets with the contract prices approved by Treasury and to reflect an unanticipated increase of certain rebates processed as part of the Energy Efficient products program.

The Board has reviewed the changes to the detailed budgets proposed by Honeywell and **HEREBY APPROVES** the revised detailed budgets for Honeywell as set out in the table above titled "Proposed Revised 2008 Honeywell Budget."

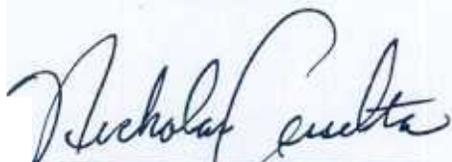
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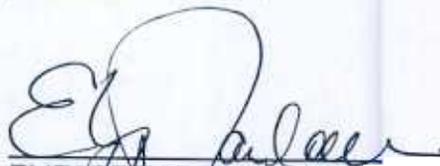
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KRISTI IZZO
SECRETARY

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

