



Agenda Date: 4/23/14
Agenda Item: 8E

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu

CLEAN ENERGY

IN THE MATTER OF THE STATE ENERGY PROGRAM)
FOR PROGRAM YEAR JULY 1, 2014 – JUNE 30, 2015)
)
)
) DOCKET NO. QO14030271

Parties of Record:

Joe Gennello, Honeywell
Carl Teter, TRC Solutions
Mike Ambrosio, Applied Energy Group

BY THE BOARD:

By this Order, the Board of Public Utilities (Board) considers the Office of Clean Energy's (OCE or Staff) 2014-2015 State Energy Program (SEP) Plan for submission to the United States Department of Energy (USDOE). Staff seeks Board approval of the proposed 2014-2015 SEP Plan at a budget level of \$1,322,064.00. This budget is comprised of \$1,101,720.00 in new federal SEP funds allocated by USDOE, and \$220,344.00 in new state matching funds. As this is a new grant period, no carryover from previous years of funding applies

By way of background, the SEP was established in 1996 by consolidating two existing programs: the State Energy Conservation Program (SECP) and the Institutional Conservation Program (ICP). 61 Fed. Reg. 35,890 (July 8, 1996). Both the SECP and ICP came about during the energy crisis of the early 1970s. Events during that time period increased the nation's awareness of its dependence on foreign oil. Congress responded with legislation that established a broad range of conservation programs, provided support for the development of new and more efficient sources of energy, and required the USDOE to lead and administer the effort. The SECP was established under the Energy Policy and Conservation Act of 1975, Pub. L. No. 94-163, 89 Stat. 901, to address energy conservation in the states. The SECP provided funding to the states for a variety of energy efficiency and renewable energy activities. 61 Fed. Reg. 35,890 (July 8, 1996). The ICP provided schools and hospitals with a technical analysis of their buildings and identified the potential savings from proposed energy conservation measures. Ibid. In creating the SEP, the USDOE combined SECP and ICP in order to make it easier for states to apply for grants and more efficient for both the USDOE and the states to manage the grants. Id. at 35,891. Thus, the USDOE currently provides federal financial

assistance and technical support to the states for energy programs by means of the SEP. 10 C.F.R. § 420 et seq.

The SEP is a joint state-federal initiative whose purpose is to promote the conservation of energy, reduce the rate of growth of energy demand, and reduce dependence on imported oil. These goals are sought to be attained through the development and implementation of comprehensive state programs that are financially supported by the USDOE. Federal laws and regulations establish set criteria for participation and define, in general terms, how funds may and may not be used. 42 U.S.C. § 6321 et seq.; 10 C.F.R. § 420 et seq. States must comply with the USDOE rules governing these financial awards.

To be eligible for financial assistance, a state shall submit to the USDOE the annual application, due by May 2, 2014, and executed by the Governor or his designee. The USDOE reviews state applications and amended State Plans in accord with 10 C.F.R. § 420.14. The USDOE will then approve or disapprove funding through the SEP within 60 days from the date of a timely filed application packet. USDOE may request, if necessary, additional documents or an amended state plan needed to reflect changes in the activities the state is planning to undertake for the fiscal year concerned.

The State of New Jersey has been allocated federal monies each year in support of its USDOE-approved State Plans. The USDOE allocates funds to New Jersey each year in accordance with its own formula. New Jersey's 2014-2015 SEP allocation is \$1,101,720.00.

Pursuant to USDOE regulations, New Jersey is required to match this amount either in cash, in-kind contributions, or both, in an amount totaling not less than 20 percent of the federal allocation. 10 C.F.R. § 420.12. Each state can propose how it intends to use its allocated share of funds to address both national criteria and the specific environmental conditions within that state. Staff proposes that the State of New Jersey's 20 percent match for these federal funds come from New Jersey Clean Energy Program (NJCEP) administrative costs.

Staff now seeks Board approval of the 2014-2015 SEP Plan and authority to submit the Plan for formal approval to USDOE, by May 2, 2014, for program year July 1, 2014 - June 30, 2015. The proposed 2014-2015 SEP Plan includes a budget level of \$1,322,064.00. This budget amount would be comprised of \$1,101,720.00 in new federal SEP funds allocated by USDOE and \$220,344.00 in new state matching funds.

The 2014-2015 SEP plan will further state and federal energy conservation and efficiency goals. The SEP Plan, as proposed, attempts to utilize the funds primarily to assist residential, commercial and industrial customers that the New Jersey Clean Energy Program cannot address.

The SEP as proposed is a continuation of the Market Title that was approved in the 2011-2012, 2012-2013, and 2013-2014 SEP Plans. The Market Title "Energy Efficiency Programs for Non-Investor Owned Utility (non-IOU) Customers" expands the eligibility of the customers served by the NJCEP. This Market Title expands the eligibility of the Clean Energy Programs titled: Home Performance with Energy Star (HPwES); Heating Ventilation and Air Conditioning (HVAC); Direct Install; and Local Government Energy Audit, to address both residential and commercial/industrial customers who do not contribute to the Societal Benefits Charge (SBC) and are therefore not eligible to participate in the NJCEP. This Market Title is designed to further state and federal energy conservation and efficiency goals. In particular, the SEP Plan,

as proposed, will supplement or expand these programs to allow non-IOU electric customers, oil customers and propane customers to participate by using the SEP funding mechanism.

The 2014-2015 SEP Plan proposes programs described below that will focus on the specific customers who do not contribute to the Societal Benefits Charge (SBC), such as those that receive their electricity from a municipal electric utility, or use oil or propane. The incentives provided for these customers will be identical to those provided by the Clean Energy Program for similar equipment. These programs will include:

HPwES: The HPwES program recruits and trains Building Performance Institute (BPI) certified and accredited contractors to install energy efficiency measures in existing homes. The program provides customers with up to \$5,000 in incentives and a buydown to 0% for loans up to a maximum of \$10,000 for the installation of qualifying measures. This funding will be used to rebate customers who do not contribute to the SBC and are not eligible to participate in the Clean Energy Program's existing HPwES.

HVAC: The HVAC program promotes the purchase of efficient home heating, cooling and water heating equipment, and the quality installation of such equipment. Its long-term goal is to make the high quality installation of high efficiency residential HVAC equipment the norm in the NJ market. *COOL*Advantage promotes the installation of new, energy efficient, residential central electric air conditioners and heat pumps. *WARM*Advantage promotes energy efficient furnaces, boilers and water heaters for use in residential buildings. This funding will be used to rebate customers who do not contribute to the SBC and are not eligible to participate in the Clean Energy Program's existing HVAC Program.

The Local Government Energy Audit (LGEA) Program: The LGEA program is an incentive program which subsidizes the cost for completing an energy audit of eligible facilities. This funding will be used to rebate customers who do not contribute to the SBC and are not eligible to participate in the Clean Energy Program's existing LGEA Program.

The Direct Install (DI) Program: The DI program identifies cost-effective energy efficiency opportunities, and provides incentives and direct installation of efficiency measures, such as lighting, controls, refrigeration, HVAC, and motors. This funding will be used to rebate customers who do not contribute to the SBC and are not eligible to participate in the Clean Energy Program's existing DI Program

Staff recommends that the Board approve the 2014-2015 SEP Plan. In Staff's view, the proposed initiative for the 2014-2015 program years furthers the SEP goals of energy efficiency and conservation, and is reasonably budgeted at a level designed to achieve these goals. Specifically, the program reduces energy costs and carbon footprint which is fully consistent with the federal and state policies underlying the SEP.

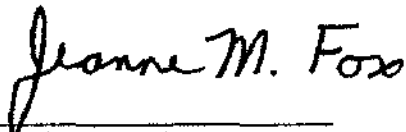
The Board **HEREBY FINDS** that the 2014-2015 SEP Plan as detailed above will contribute to the conservation of energy, reduction of the rate of growth of energy demand, reduction of dependence on imported oil and advance state and federal energy conservation and efficiency goals. The Board **FURTHER FINDS** that the SEP Plan, as proposed, will supplement NJCEP offerings by expanding program eligibility to customers who do not contribute to the SBC. The Board **HEREBY APPROVES** the SEP budget of \$1,322,064.00 and **DIRECTS** Staff to take

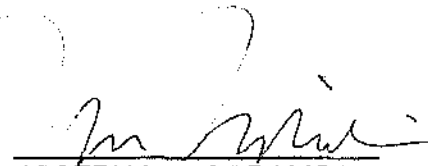
appropriate measures to implement such programs subject to and consistent with USDOE approval of the plan. Based on the foregoing recommendations of Staff, the Board also **APPROVES** the 2014-2015 SEP as proposed above and **HEREBY AUTHORIZES** the submission of the 2014-2015 SEP Plan to the USDOE for approval.

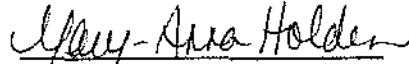
DATED: 4/24/14

BOARD OF PUBLIC UTILITIES
BY:


DIANNE SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

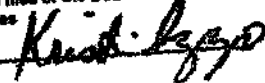

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:


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.



IN THE MATTER OF THE STATE ENERGY PROGRAM-FOR PROGRAM YEAR JULY 1, 2014
THROUGH JUNE 30, 2015 - DOCKET NO. QO14030271

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