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STEFANIE A. BRAND
Director

August 17, 2010

VIA Hand Delivery

Hon. Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Re: Request for Comments Regarding Comfort Partners Program Budget

Dear Secretary Izzo:

Pursuant to the request circulated by the Office of Clean Energy ("OCE") on August 12, 2010, the Division of Rate Counsel ("Rate Counsel") submits the within comments.

Comfort Partners ("CP") is the New Jersey Clean Energy Program ("CEP") energy-efficiency program for lower-income owners of existing houses. Although the CP program is managed by utilities, it is delivered Statewide on the basis of demand, rather than on a service area by service area basis. Rate Counsel has been supportive of this program in past years.

On August 12, the Office of Clean Energy ("OCE") circulated a proposal to increase the 2010 budget for the Comfort Partners program in response to an increase in program expenses that was described as "unprecedented" and having occurred over a "very short time period." The OCE noted that the utilities, in turn, did not have sufficient time to modify their programs in response to the increased level of expenses and remain within their budgets without closing the program to new applicants. The OCE further notes that the utilities request \$3 million in additional funding in order to fund their Comfort Partner programs through the end of the year.

In response to the request for additional funding, OCE proposes to transfer funds to Comfort Partner programs from three sources:

- interest on the CEP Trust Fund (\$1.38 million);
- CORE program funds freed-up by project cancellations (\$0.93 million); and
- the OCE Oversight budget (\$0.70 million).

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OCE's funding proposal does not change any of the other Energy Efficiency 2010 program budgets from the revised budget levels that were adopted by the Board of Public Utilities in its Order dated June 21, 2010 in Docket No. EO07030203.

Rate Counsel generally supports OCE's proposal, in order to maintain ongoing program activity in the Comfort Partners program. It is reasonable to transfer funds from the sources indicated.

In the case of the CORE program, the availability of funds provides evidence that the Renewable Energy budget for 2010 is more than adequate.

The Oversight budget reductions would come from: the financial audits budget (\$100,000); the Green Jobs/Building Code training project (\$300,000); and the program evaluation budget (\$300,000). OCE's request for comments represents that the \$700,000 remaining in the financial audits budgets is sufficient to pay anticipated 2010 expenses. As for funds transferred from the Green Jobs/Building Code training project, that has not started yet, it is not unreasonable to transfer 2010 funding to Comfort Partners and attempt to accommodate the Green Jobs/Building Code training effort within the 2011 CEP budget, if possible.

Ordinarily, Rate Counsel would object to trimming the evaluation portion of the Oversight budget, since ongoing evaluation is important to measuring program performance. Information from evaluation studies also forms a basis of individual program and portfolio designs going forward. Thorough program evaluation and regular reporting on CEP programs also helps to facilitate informed public consideration of policy issues that arise, such as how best to deliver clean energy programs in the future. Rate Counsel notes the importance of providing funding in the upcoming 2011 CEP budget for program evaluation, in order to provide information that is essential for ensuring that ratepayers' dollars are spent cost-effectively and with maximum impact toward achieving the state's energy goals.

In light of the emergent nature of the request, the availability of otherwise unused CEP funds, and the benefits that the Comfort Partners program provides for both program participants and other ratepayers, in the form of lower overall energy demand and decreases in uncollectible accounts, Rate Counsel does not object to the proposed transfer of funds.

Respectfully submitted,

STEFANIE A. BRAND

Director, Division of Rate Counsel

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Deputy Rate Counsel

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