



Agenda Date: 10/5/10  
Agenda Item: 8A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center – Suite 801**  
**Newark, NJ 07102**  
**[www.nj.gov/bpu/](http://www.nj.gov/bpu/)**

**CLEAN ENERGY**

IN THE MATTER OF COMPREHENSIVE ENERGY	)	ORDER
EFFICIENCY AND RENEWABLE ENERGY RESOURCE	)	
ANALYSIS FOR 2009 -2012: REVISED 2010	)	
BUDGET	)	DOCKET NO. EO07030203

(SERVICE LIST ATTACHED)

BY THE BOARD:

This Order memorializes action taken by the Board of Public Utilities (Board) at its October 5, 2010 public meeting, where the Board considered proposed modifications to the 2010 New Jersey Clean Energy Program energy efficiency (EE) and renewable energy (RE) program budgets.

**BACKGROUND AND PROCEDURAL HISTORY**

By Order dated December 17, 2009, Docket No. EO07030203, the Board approved 2010 programs and budgets for the New Jersey Clean Energy Program (NJCEP) as well as the compliance filings of the Market Managers (Honeywell and TRC), the Office of Clean Energy (OCE), and six electric and gas utilities (Atlantic City Electric Company, Elizabethtown Gas Company, Jersey Central Power & Light Company, New Jersey Natural Gas Company, Public Service Electric & Gas Company and South Jersey Gas Company, collectively referred to as the "Utilities"). The compliance filings included program descriptions and detailed budgets for each program. By Orders dated April 21, 2010, June 21, 2010 and August 24, 2010, Docket No. EO07030203, the Board approved modifications to the 2010 NJCEP programs and budgets. In this Order the Board will consider changes to the commercial and industrial (C&I) EE program budgets managed by TRC, the Market Manager for the C&I EE programs, and to the RE program budgets managed by the New Jersey Economic Development Authority (EDA).

***C&I EE Program Budgets***

By letter dated September 9, 2010 TRC proposed certain changes to the Board approved budgets for the C&I New Construction, C&I Retrofit and Pay-for-Performance program. Specifically, TRC proposed that \$5,000,000 be transferred from the Pay-for-Performance program with \$4,500,000 transferred to the C&I Retrofit program and \$500,000 transferred to the C&I New Construction program.

In its September 9<sup>th</sup> letter TRC indicated that the C&I Retrofit program continues to experience an unprecedented amount of interest. At the current rates, calendar year 2010 will see an increase in committed dollars over 2009 levels of approximately 42%. From January through August 2010, the C&I Retrofit program is averaging \$1,300,000 in commitments per month and is completing (billing) approximately \$1,200,000 in rebates per month. The program has completed 1,299 projects through mid-August this year compared to 1,393 for the entire 2009 calendar year.

TRC indicated that 90% of the 2010 C&I Retrofit program incentive budget is currently committed or expended. At the \$1,300,000 per month commitment level, the program would have to close to new applications sometime in October unless additional funds are allocated to the program.

In addition, 86% the C&I New Construction program incentive budget is currently committed or expended. TRC proposed that \$500,000 be allocated to the C&I New Construction program incentive budget to ensure that there are sufficient funds to allow the program to remain open for new applications through the end of 2010.

TRC proposed reallocating \$5,000,000 from the Pay-for-Performance program incentive budget with \$4,500,000 allocated to the C&I Retrofit program budget and \$500,000 to the C&I New Construction program. Based on its analysis of year to date Pay-for-Performance program activity, TRC determined that the proposed reduction to the Pay-for-Performance program budget will not impact its ability to meet program demand through the end of 2010.

With regard to the \$4,500,000 TRC proposes to transfer to the C&I Retrofit program budget, \$4,465,297.50 would be allocated to the Rebates, Grants and Other Direct Incentives budget category and \$34,702.50 allocated to the Rebate Processing, Inspections, Other Quality Control budget category to reflect the higher number of applications being processed. For the C&I New Construction program TRC proposed that the full \$500,000 be allocated to the Rebates, Grants and Other Direct Incentives budget category. TRC has also proposed that \$9,200 be reallocated within the remaining Pay-for-Performance program budget from the Administration and Program Development budget category to the Training and Technical Support budget category to allow for the training of four additional Pay-for-Performance Partners.

On September 9, 2010 the Office of Clean Energy (OCE) circulated TRC's September 9<sup>th</sup> letter the EE Committee list serve and requested comments on the proposed changes by September 17, 2010. TRC's proposed changes were also discussed at the September 21, 2010 meeting of the EE Committee. The following summarizes the comments received on the proposed changes to TRC's C&I program budgets.

#### *Summary of Comments*

Comments were received from the Department of the Public Advocate, Division of Rate Counsel (Rate Counsel) and Wellspring Wireless (Wellspring).

Rate Counsel stated that based on the desire to ensure funding for C&I EE programs which have found much success in the marketplace, the availability of otherwise unused CEP C&I EE program funds, and the benefits that the C&I EE program provides for both program participants and other ratepayers in the form of lower overall energy demand, it does not object to the proposed budget transfers.

**Response:** Board Staff appreciates Rate Counsel's comment.

Wellspring indicated that it has clients with projects pending that will not be submitting applications to the Pay-for-Performance program until early 2011. Wellspring requested that the program publish budget commitments over an extended period of time and that the commitment to funding over at least the next 12 months be documented.

**Response:** The Board establishes budgets on an annual basis. The OCE is unable to document any commitment to a 2011 budget for any program until such time as the Board approves 2011 programs and budgets. The annual budget process includes discussions at monthly EE committee meetings as well as circulating for comment draft annual plans and budgets. Of note, funds related to any commitment made in any given year are reserved and held until project completion, even if a project is completed in a future year.

TRC's proposal was also discussed at the September 21, 2010 EE Committee meeting. No additional comments were provided by the meeting attendees.

### *RE Program Budgets*

The Board approved a 2010 budget of \$894,714 for the Renewable Energy Project Grants and Financing program managed by EDA. The Renewable Energy Project Grants and Financing Program was discontinued in 2007. However, the Board issued incentive commitments to a number of projects prior to discontinuing the program. The 2010 budget for this program was set at a level believed to be sufficient to pay all outstanding commitments if and when the projects are completed and demonstrate that all program requirements have been met.

The OCE has determined that the 2010 budget set for this program was inadvertently set \$390,000 below the amount required to pay all outstanding commitments. Therefore, an additional \$390,000 needs to be allocated to this program. The OCE recommends that \$380,889.82 be reallocated from the RE Business Venture Financing program to reflect funds no longer required due to cancellation of previously committed projects and the remaining \$9,110.18 be reallocated from the Clean Energy Manufacturing Fund program which has more than sufficient funds to cover all anticipated expenses and commitments.

### *OCE Recommendations*

Staff has reviewed the changes to the C&I program budgets proposed by TRC. TRC has indicated the C&I Retrofit and C&I New Construction programs have experienced significant growth in participation levels and that unless additional funds are allocated to these programs there is a risk that the programs may need to close to new applicants before the end of 2010. Further, TRC has indicated that the funds remaining in the Pay-for-Performance program are sufficient to meet anticipated program activity levels through the end of the year. Based on the above, Staff recommends approval of the proposed budget modifications as set out in TRC's September 9, 2010 letter.

The table below reflects the proposed EE budget modifications discussed above:

<b>4th Revised 2010 C&amp;I Energy Efficiency Program Budget</b>					
	Revised 2010 Budget From 8/24/2010 Board	Line Item Transfers	Additional Funds	4th Revised 2010 Budget	Commitments as of 8/31/10
Programs	(a)	(b)	(c)	(d)=(a)+(b)+(c)	(e)
<b>C&amp;I EE Programs</b>					
C&I New Construction	\$6,313,711.71	\$500,000.00		\$6,813,711.71	\$3,037,040.00
C&I Retrofit	\$30,609,759.59	\$4,500,000.00		\$35,109,759.59	\$14,750,710.00
Pay-for-Performance New Construction	\$4,966,134.60			\$4,966,134.60	\$98,090.00
Pay-for-Performance	\$37,305,102.62	(\$5,000,000.00)		\$32,305,102.62	\$5,244,100.00
CHP	\$5,859,508.79			\$5,859,508.79	\$3,000,000.00
Local Government Energy Audit	\$13,232,385.46			\$13,232,385.46	\$4,220,640.00
Direct Install	\$24,532,976.50			\$24,532,976.50	\$5,834,130.00
TEACH	\$1,000,000.00			\$1,000,000.00	\$896,860.00
Marketing	\$1,038,200.00			\$1,038,200.00	
Business Conference	\$123,866.12			\$123,866.12	
<b>Sub Total C&amp;I</b>	<b>\$124,981,645.39</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$124,981,645.39</b>	<b>\$37,081,570.00</b>

The following table shows the revised EE budgets set out above by budget category:

<b>New Jersey Clean Energy Program</b>								
<b>Revised 2010 C&amp;I Energy Efficiency Program Budgets</b>								
Program	Total 2010 Budget	Admin. and Program Development	Sales, Marketing, Call Centers, Web Site	Training and Technical Support	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other Quality Control	Performance Incentives	
<b>Commercial/Industrial Construction</b>								
C&I New Construction		\$329,948.93		\$689,078.00	\$5,020,000.00	\$666,690.78	\$107,994.00	\$0.00
C&I Retrofit	\$35,109,759.60	\$721,280.72		\$754,421.84	\$31,165,297.50	\$2,249,437.54	\$219,322.00	\$0.00
Pay for Performance New Construction	\$4,966,134.59	\$301,925.98		\$754,638.64	\$3,550,000.00	\$251,575.97	\$107,994.00	\$0.00
Pay for Performance	\$32,305,102.62	\$490,776.27		\$817,841.12	\$30,000,000.00	\$868,489.23	\$127,996.00	\$0.00
CHP	\$5,859,508.79	\$0.00		\$0.00	\$5,831,912.00	\$27,596.79	\$0.00	\$0.00
Local Government Energy Audit	\$13,232,385.46	\$162,442.73		\$0.00	\$9,900,000.00	\$3,149,942.73	\$20,000.00	\$0.00
Direct Install	\$24,532,976.50	\$352,266.25		\$10,000.00	\$23,114,450.00	\$928,266.25	\$127,994.00	\$0.00
TEACH	\$1,000,000.00	\$74,000.00		\$361,712.00	\$564,288.00	\$0.00	\$0.00	\$0.00
Marketing	\$1,038,200.00		\$1,038,200.00					
Clean Energy Conference	\$123,866.12		\$123,866.12					
<b>TOTAL C&amp;I Programs</b>	<b>\$124,981,645.39</b>	<b>\$2,432,640.88</b>	<b>\$1,162,066.12</b>	<b>\$3,387,691.60</b>	<b>\$109,145,947.50</b>	<b>\$8,141,999.29</b>	<b>\$711,300.00</b>	<b>\$0.00</b>

The following table shows the revised RE budget modifications discussed above:

<b>4th Revised 2010 Renewable Energy Program Budget</b>				
	Revised 2010 Budget From 8/24/2010 Board	Line Item Transfers	4th Revised 2010 Budget	Commitments as of 7/31/10
<b>Programs</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)=(a)+(b)</b>	<b>(d)</b>
<b>EDA/CST PROGRAMS</b>				
RE Project Grants and Financing	\$894,714.00	\$390,000.00	\$1,284,714.00	\$543,959.00
EDA Renewable Energy Business Venture Financing/REED	\$630,889.82	(\$380,889.82)	\$250,000.00	\$380,890.00
EDA Clean Energy Manufacturing and Green Growth Fund	\$27,740,597.00	(\$9,110.18)	\$27,731,486.82	\$6,825,657.00
CST Edison Innovation Clean Energy Fund	\$5,940,000.00		\$5,940,000.00	\$2,994,643.00
<b>SUB-TOTAL EDA/CST Programs</b>	<b>\$35,206,200.82</b>	<b>\$0.00</b>	<b>\$35,206,200.82</b>	<b>\$10,745,149.00</b>

The following table shows the revised RE budgets set out above by budget category:

<b>Office of Clean Energy</b>						
<b>Renewable Energy Programs Compliance Filing</b>						
<b>Revised Detailed 2010 Budgets</b>						
Renewable Energy Programs	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
RE Project Grants and Financing	\$1,284,714.00				\$1,284,714.00	
Renewable Energy Business Venture Financing/REED	\$250,000.00				\$250,000.00	
Edison Innovation Clean Energy Manufacturing Fund and Green Growth fund	\$27,731,486.82	\$180,000.00	\$20,000.00		\$27,531,486.82	
Edison Innovation Clean Energy Fund (CST)	\$5,940,000.00	\$60,000.00			\$5,880,000.00	
<b>SUB-TOTAL EDA/CST Programs</b>	<b>\$35,206,200.82</b>	<b>\$240,000.00</b>	<b>\$20,000.00</b>	<b>\$0.00</b>	<b>\$34,946,200.82</b>	<b>\$0.00</b>

The overall funding level and budgets for other programs previously approved by the Board remain unchanged. Staff recommends approval of the revised budgets and detailed budgets set out in the tables above.

### **Discussion and Findings**

The Board has reviewed the C&I EE program budget modifications proposed by TRC. The Board **FINDS** that the proposed budget modifications will allow for the continued delivery of the C&I New Construction and C&I Retrofit programs and those sufficient funds will remain in the Pay-for-Performance program to meet anticipated expenses and commitments. The Board has also reviewed the proposed change to the RE program budgets recommended by the OCE.

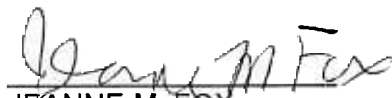
The budget modifications proposed by the OCE are required so that the budget for the RE Grants and Financing program managed by EDA is sufficient to pay all outstanding commitments previously approved by the Board. Therefore, the Board **HEREBY APPROVES** the changes to the C&I EE program set out in TRC's letter dated September 9, 2010, the changes to the RE program budgets recommended by the OCE and the revised NJCEP 2010 budgets set out in the tables above.

DATED: 10/5/10

BOARD OF PUBLIC UTILITIES  
By:



LEE A. SOLOMON  
PRESIDENT



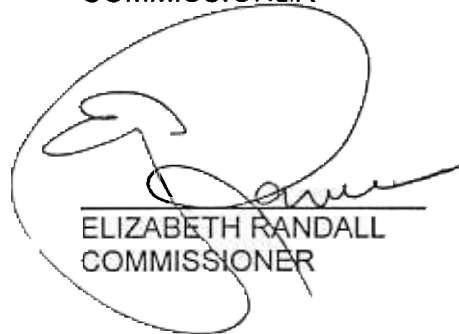
JEANNE M. FOX  
COMMISSIONER



JOSEPH L. FIORDALISO  
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NICHOLAS ASSELTA  
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ELIZABETH RANDALL  
COMMISSIONER

ATTEST:



KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
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Utilities

