



Agenda Date: 8/18/10  
Agenda Item: 8F

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**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	)	
COMFORT PARTNERS PROGRAM BUDGET	)	DOCKET NO. EO07030203

BY THE BOARD:

This Order memorializes action taken by the Board of Public Utilities ("Board") at its August 18, 2010 public meeting, where the Board considered proposed modifications to the 2010 Comfort Partners program and budget.

**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 Order dated April 21, 2010, Docket No. EO07030203, the Board approved modifications to the 2010 NJCEP programs and budgets and by Order dated June 21, 2010 ("June 21 Order") the Board approved additional modifications to the 2010 programs and budgets.

The Utilities manage the "Comfort Partners" low-income program. The June 21 Order established a budget of \$29,200,672.41 for the Comfort Partners program. The Utilities' compliance filing included a detailed budget that allocated the overall program budget to the six utilities and to the various budget categories such as administration and incentives.

In July 2010 the Utilities reported to the OCE that a combination of increases in the number of measures installed in each home treated, which was implemented to increase the level of savings per home, and a ramp up in the number of contractors and number of homes treated,

had caused several utilities to approach their budget limits. The Utilities indicated that the increase in expenses was unprecedented and occurred in a very short time period which did not allow time for all of the Utilities to modify the program to remain within their budget through the remainder of the year without suspending the program to new applicants. The Utilities indicated to Staff that approximately \$3 million in additional funding would be required to keep the program operating through the end of the year and to mitigate layoffs by the contractors that deliver the program and install the measures in low-income homes.

Subsequent to its discussions with the Utilities, the OCE explored additional sources of funding that could potentially be available for reallocation to the Comfort Partners program, subject to Board approval. The OCE identified approximately \$3 million in funds consisting of the following components:

- Treasury has reported that the NJCEP Trust Fund received an interest payment of \$1,375,824.60 for the State fiscal year 2010 that is available for allocation to programs.
- Honeywell has indicated that \$930,000 in CORE projects that had previously received a rebate commitment have cancelled freeing up dollars for allocation to other NJCEP programs.
- The OCE has reviewed the OCE Oversight budget and recommends that the Green Jobs and Building Code Training budget be reduced by \$300,000, that the Program Evaluation budget be reduced by \$300,000 and that the Financial Audits budget be reduced by \$100,000. The remaining funds in these budget lines are sufficient to pay currently anticipated expenses and commitments.

The amounts above total \$3,005,824.60 available for reallocation to the Comfort Partners program. On August 12, 2010 the OCE issued a request for comments on the budget modifications proposed in the bullets above and program changes discussed below. The request for comments was posted on the NJCEP web site and circulated to the EE and RE committee list serves. The proposed reallocation of funds and program changes were also discussed at the August 17, 2010 meetings of the EE and RE committees.

The OCE asked the Utilities to submit a revised Comfort Partners program budget to the Board for consideration which would include the reallocation of the funds identified above. By letter dated August 12, 2010, the Utilities petitioned the Board for consideration of the changes to the Comfort Partners programs discussed below, the reallocation of funds among the Utilities and the increase of the approved Comfort Partners budget by the amount identified by Staff, \$3,005,824.60.

The Utilities have indicated that they will enter into discussions with the New Jersey Department of Community Affairs (DCA), which administers the Weatherization Assistance Program, to determine its interest in accepting Comfort Partners program referrals to install heating systems for energy efficiency and/or health and safety reasons. The Utilities noted that program spending allowance guidelines were increased at the end of 2009 in order for the Comfort Partners program to be consistent with other low-income State weatherization programs using federal stimulus funds. The Utilities indicated that while it is their intent to maintain the current spending guidelines, they will consider reverting back to the original 2009 guidelines for the remainder of the year should budgetary restraints mandate such an action. The Utilities have also proposed to place on hold a pilot program intended to offer such new measures as cool roofs and reflective window film; the Utilities noted that delivery of these measures has not yet commenced. Suspension of the pilot will free up additional funds for installation of existing measures in homes.

## *Summary of Comments*

Written comments were received from Chelsea Albucher, New Jersey Natural Gas Company on behalf of the Utilities, and the NJ Division of Rate Counsel (Rate Counsel). The following provides a summary of the comments received:

Ms. Albucher supported adequate funding of low-income weatherization programs and consistency in the scope of services between the federally funded Weatherization Assistance Program (WAP) and the Comfort Partners program. Ms. Albucher stated her belief that there is a need for more coordination between efficiency programs, more streamlined one-stop shopping for outreach, and innovative approaches. Ms. Albucher also asked a number of questions regarding the program, including the reason for the budget shortfall; whether similar increases in WAP allocations were being requested; and, given that some of the State's neediest households were located in multi-family dwellings, whether Comfort Partners offers a whole building approach. The commenter expressed a concern as to whether utility-sponsored whole house programs in Urban Enterprise Zones referenced WAP. Ms. Albucher stated that evaluation is critical to ensuring program effectiveness and does not support reducing program evaluation.

**Response:** The OCE concurs that consistency in the scope of services between the federally funded Weatherization Assistance Program (WAP) and the Comfort Partners program is beneficial. The OCE notes that the Comfort Partner program strives to align the two programs and that the Utilities coordinate with the Department of Community Affairs (DCA) to develop consistent program delivery. In response to Ms. Albucher's questions: The budget shortfall is driven by a combination of increases in the number of measures installed in each home treated and a ramp up in the number of contractors and number of homes treated. The Board does not have any jurisdiction over the WAP program and therefore there are no changes to the WAP program or allocations proposed herein. Comfort Partners does offer a whole building approach that looks at both building shell measures and equipment. The Board is coordinating with TRC, the Board's Commercial and Industrial Market Manager, and the New Jersey Housing and Mortgage Finance Agency (HMFA) to develop low-income programs or program components that target multi-family low-income buildings. The OCE concurs that evaluation is important; however, the OCE believes that the remaining funds in the evaluation budget are sufficient to perform all currently planned evaluation activities.

The Utilities expressed strong support for the proposed transfer of approximately \$3 million to the Comfort Partners program, noting that Comfort Partners is a nationally recognized and award-winning program that helps reduce the energy burden for those citizens most in need. In the Utilities' opinion, it also offers long-term savings opportunities by reducing burdens on the Universal Service Fund (USF) program. The Utilities identified a number of recent changes that have improved the availability and effectiveness of the program and stated that any attempt to scale back or shut down the program would be detrimental and would undermine the progress made with the recent program advancements. The Utilities stated providing additional funding for the program ensures that the program can remain open to assisting eligible customers and continued employment for many program auditors, educators and installation crews.

**Response:** The OCE concurs with the Utility comments which provide additional support for the funding reallocations and program changes recommended by the OCE.

Rate Counsel generally supported OCE's proposal in order to maintain ongoing activity in the Comfort Partners program and stated that it is reasonable to transfer funds from the sources indicated. Regarding the proposed transfer of funds from the CORE program, Rate Counsel stated that the availability of funds in the 2010 renewable energy budget is more than adequate. As for funds transferred from the Green Jobs/Building Code training project that has not yet started, Rate Counsel stated that it is not unreasonable to transfer funding to the Comfort Partners program and attempt to accommodate the Green Jobs/Building Code training project within the 2011, budget, if possible. Rate Counsel noted that ordinarily it would object to trimming the evaluation budget given the importance of program evaluation and noted the importance of providing funding in the 2011 CEP budget for program evaluation. 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.

**Response:** The OCE concurs with Rate Counsel's comments, which provide additional support for the funding reallocations and program changes recommended by the OCE. The OCE concurs that program evaluation is important and will support ongoing funding for program evaluation activities.

The proposed reallocation of funds and program changes were also discussed at the August 17, 2010 meetings of the EE and RE committees. Numerous clarifying questions were asked by meeting participants that were answered by the OCE. No meeting participants objected to the OCE's proposal.

#### *OCE Recommendations*

The OCE has reviewed the changes to the Comfort Partners program and budget set out in the August 12, 2010 Utility filing as well as the written comments received and the comments discussed at the August 17, 2010 EE and RE committee meetings. The Utilities have indicated that without additional funding, the Comfort Partners program will cease enrolling new customers and that at least one of its contractors would implement significant layoffs. The Comfort Partners program provides services to the State's neediest customers, installing measures that help to reduce customer's energy bills and reduce the burden on the USF program. Given the ongoing national recession and the efforts at the State and federal levels to stimulate jobs, the OCE supports the proposed budget reallocations.

The Utilities have reported to the OCE that such mechanisms have been put in place. Based on the above, the OCE recommends approval of the Comfort Partners program and budget modifications set out in the Utilities' August 12, 2010 filing.

The following tables reflect the NJCEP 2010 budget modifications proposed by the OCE as described above:

3rd Revised 2010 NJCEP Funding Levels					
	Revised 2010 Budget From 6/21/2010 Board Order	Line Item Transfers	Additional Funds (NJCEP Interest)	3rd Revised 2010 NJCEP Funding Level	Committed Expenses as of 7/31/2010
	(a)	(b)	(c)	(d)=(a)+(b)+(c)	(e)
<b>Energy Efficiency Programs</b>	\$272,562,547.86	\$1,630,000.00	\$1,375,824.60	\$275,568,372.46	\$101,979,516.00
<b>Renewable Energy Programs</b>	\$178,276,129.96	(\$930,000.00)	\$0.00	\$177,346,129.96	\$99,917,043.00
<b>OCE Oversight</b>	\$8,513,849.75	(\$700,000.00)	\$0.00	\$7,813,849.75	\$0.00
<b>Total</b>	\$459,352,527.57	\$0.00	\$1,375,824.60	\$460,728,352.17	\$201,896,559.00

3rd Revised 2010 Energy Efficiency Program Budget					
	Revised 2010 Budget From 6/21/2010 Board	Line Item Transfers	Additional Funds	3rd Revised 2010 Budget	Commitments as of 7/31/10
<b>Programs</b>	(a)	(b)	(c)	(d)=(a)+(b)+(c)	(e)
Residential EE Programs					
Residential HVAC - Electric & Gas	\$13,050,547.66			\$13,050,547.66	
Residential New Construction	\$20,262,610.08			\$20,262,610.08	\$14,348,600.00
Energy Efficient Products	\$17,936,073.74			\$17,936,073.74	
Home Performance with Energy Star	\$62,000,347.08			\$62,000,347.08	\$48,861,585.00
Community Partners Initiative	\$992,612.00			\$992,612.00	
Residential Marketing	\$3,260,238.50			\$3,260,238.50	
<b>Sub Total Residential</b>	<b>\$117,502,429.06</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$117,502,429.06</b>	<b>\$63,210,185.00</b>
<b>Residential Low Income</b>					
Comfort Partners	\$29,200,672.41	\$1,630,000.00	\$1,375,824.60	\$32,206,497.01	
<b>Sub Total Low Income</b>	<b>\$29,200,672.41</b>	<b>\$1,630,000.00</b>	<b>\$1,375,824.60</b>	<b>\$32,206,497.01</b>	<b>\$0.00</b>
<b>C&amp;I EE Programs</b>					
C&I New Construction	\$6,313,711.71			\$6,313,711.71	\$3,052,130.00
C&I Retrofit	\$30,609,759.59			\$30,609,759.59	\$14,808,290.00
Pay-for-Performance New Construction	\$4,966,134.60			\$4,966,134.60	\$98,090.00
Pay-for-Performance	\$37,305,102.62			\$37,305,102.62	\$5,152,200.00
CHP	\$5,859,508.79			\$5,859,508.79	\$4,000,000.00
Local Government Energy Audit	\$13,232,385.46			\$13,232,385.46	\$4,771,230.00
Direct Install	\$24,532,976.50			\$24,532,976.50	\$5,112,730.00
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>\$37,891,530.00</b>
<b>Other EE Programs</b>					
Special Studies	\$877,801.00			\$877,801.00	\$877,801.00
<b>Sub Total Other Energy Efficiency Programs</b>	<b>\$877,801.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$877,801.00</b>	<b>\$877,801.00</b>
<b>Total Energy Efficiency</b>	<b>\$272,562,547.86</b>	<b>\$1,630,000.00</b>	<b>\$1,375,824.60</b>	<b>\$275,568,372.46</b>	<b>\$101,979,516.00</b>

### 3rd Revised 2010 Renewable Energy Program Budget

	Revised 2010 Budget From 6/21/2010 Board	Line Item Transfers	3rd 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>
Customer On-Site Renewable Energy	\$56,000,000.00	(\$930,000.00)	\$55,070,000.00	\$34,005,098.00
Clean Power Choice	\$123,115.25		\$123,115.25	
Offshore Wind	\$13,870,253.00		\$13,870,253.00	\$13,870,253.00
Renewable Energy Program: Grid Connected (Formerly REDI)	\$6,201,605.00		\$6,201,605.00	\$6,201,605.00
Renewable Energy Incentive Program	\$66,480,200.39		\$66,480,200.39	\$35,094,938.00
RE Marketing	\$394,755.50		\$394,755.50	
<b>SUB-TOTAL Renewables</b>	<b>\$143,069,929.14</b>	<b>(\$930,000.00)</b>	<b>\$142,139,929.14</b>	<b>\$89,171,894.00</b>
<b>EDA/CST PROGRAMS</b>				
RE Project Grants and Financing	\$894,714.00		\$894,714.00	\$543,959.00
EDA Renewable Energy Business Venture Financing/REED	\$630,889.82		\$630,889.82	\$380,890.00
EDA Clean Energy Manufacturing and Green Growth Fund	\$27,740,597.00		\$27,740,597.00	\$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>
<b>Total RE Programs</b>	<b>\$178,276,129.96</b>	<b>(\$930,000.00)</b>	<b>\$177,346,129.96</b>	<b>\$99,917,043.00</b>

### 3rd Revised 2010 OCE Oversight Budget

	Revised 2010 Budget From 6/21/2010	Line Item Transfers	3rd Revised 2010 Budget
	<b>(a)</b>	<b>(b)</b>	<b>(c)=(a)+(b)</b>
<b>Administration and Overhead</b>			
<b>OCE Staff and Overhead</b>	\$1,532,521.03		\$1,532,521.03
<b>Program Coordinator</b>	\$2,289,480.00		\$2,289,480.00
<b>Memberships-Dues</b>			
<i>Northeast Energy Efficiency Partnership Sponsorship including EMV Regional Protocol Forum</i>	\$316,300.00		\$316,300.00
<i>Clean Energy States Alliance</i>	\$134,114.00		\$134,114.00
<i>Consortium for Energy Efficiency</i>	\$133,817.00		\$133,817.00
<b>Sub-Total: Administration and Overhead</b>	<b>\$4,406,232.03</b>	<b>\$0.00</b>	<b>\$4,406,232.03</b>
<b>Evaluation and Related Research</b>			
<i>Rutgers-CEEPP</i>	\$400,000.00		\$400,000.00
<i>Funding Reconciliation</i>	\$33,715.00		\$33,715.00
<i>O&amp;M Scoping Study/Online Academy</i>	\$450,000.00		\$450,000.00
<i>Other Studies</i>	\$57,937.60		\$57,937.60
<i>Program Evaluation</i>	\$1,811,779.65	(\$300,000.00)	\$1,511,779.65
<i>Financial Audits</i>	\$800,000.00	(\$100,000.00)	\$700,000.00
<i>Green Jobs and Building Code Training</i>	\$400,000.00	(\$300,000.00)	\$100,000.00
<b>Sub-Total: Evaluation and Related Research</b>	<b>\$3,953,432.25</b>	<b>(\$700,000.00)</b>	<b>\$3,253,432.25</b>
<b>Marketing and Communications</b>			
<i>Outreach and Education/Community Partner Grants</i>	\$154,185.47		\$154,185.47
<b>Sub-Total: Marketing and Communications</b>	<b>\$154,185.47</b>	<b>\$0.00</b>	<b>\$154,185.47</b>
<b>TOTAL: Administration</b>	<b>\$8,513,849.75</b>	<b>(\$700,000.00)</b>	<b>\$7,813,849.75</b>

### Discussion and Findings

The Board has reviewed the proposed changes to the Comfort Partners program and budget proposed by the Utilities and the related budget modifications recommended by the OCE. The Comfort Partners program benefits the State's neediest electric and gas utility customers. The program results in the installation of measures in the homes of low-income customers at no cost to the customer, helping to reduce their energy bills. The changes proposed by the Utilities and the OCE will allow this beneficial program to continue without harm to the other programs. In addition, these changes will likely result in the preservation of jobs necessary to keep this program operational. The Board **FINDS** that the proposed reallocations of funding will allow for the continued delivery of this beneficial program. The Board **HEREBY DIRECTS** OCE to coordinate with the Utilities, the Market Managers and the Program Coordinator to ensure that new management tools are put in place through the NJCEP – Informative Management System (IMS) that would provide an early warning when budget limits in all NJCEP and Utility Programs are being reached.

Therefore, the Board **HEREBY APPROVES** the changes to the Comfort Partners program set out in the Utilities letter dated August 12, 2010 and the revised NJCEP 2010 budgets set out in the tables above.

DATED: 8/24/10

BOARD OF PUBLIC UTILITIES  
By:




LEE A. SOLOMON  
PRESIDENT



JEANNE M. FOX  
COMMISSIONER



JOSEPH L. FIORDALISO  
COMMISSIONER

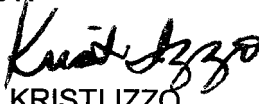


NICHOLAS ASSELTA  
COMMISSIONER



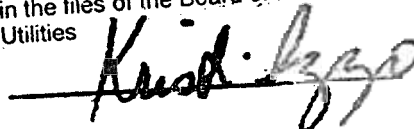
ELIZABETH RANDALL  
COMMISSIONER

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



## SERVICE LIST

**In the Matter of Comprehensive Energy Efficiency and Renewable Energy Resource  
Analysis for the 2009-2012, 2010 Programs and Budgets:  
Compliance Filings; BPU Docket No. EO07030203**

Walt Davis Atlantic City Electric Company New Castle Regional PO Box 9239 Newark, DE 19714-9239 <a href="mailto:Walt.davis@atlanticcityelectric.com">Walt.davis@atlanticcityelectric.com</a>	Mona Mosser, Bureau Chief Bureau of Conservation and Renewable Programs NJ Board of Public Utilities 2 Gateway Center Newark, NJ 07102 <a href="mailto:Mona.mosser@bpu.state.nj.us">Mona.mosser@bpu.state.nj.us</a>
Chris Siebens JCP&L 300 Madison Avenue PO Box 1911 Morristown, NJ 07962 <a href="mailto:csiebens@firstenergycorp.com">csiebens@firstenergycorp.com</a>	Scott Hunter, Administrator Renewable Energy Program NJ Board of Public Utilities 44 South Clinton Avenue PO Box 350 Trenton, NJ 08625 <a href="mailto:Benjamin.hunter@bpu.state.nj.us">Benjamin.hunter@bpu.state.nj.us</a>
Maria Frederick First Energy PO Box 16001 Reading, PA 19612 <a href="mailto:mfrederick@firstenergycorp.com">mfrederick@firstenergycorp.com</a>	Anne-Marie McShea NJ Board of Public Utilities 44 South Clinton Avenue PO Box 350 Trenton, NJ 08625 <a href="mailto:Anne.mcshea@bpu.state.nj.us">Anne.mcshea@bpu.state.nj.us</a>
Bruce Grossman South Jersey Gas Co. #1 South Jersey Plaza Route 54 Folsom, NJ 08037 <a href="mailto:bgrossman@sjindustries.com">bgrossman@sjindustries.com</a>	Regina Csira-Oswald NJ Board of Public Utilities 44 South Clinton Avenue PO Box 350 Trenton, NJ 08625 <a href="mailto:Regina.csira@bpu.state.nj.us">Regina.csira@bpu.state.nj.us</a>
Bob Gallo NJ Natural Gas 1415 Wyckoff Road PO Box 1464 Wall, NJ 07719 <a href="mailto:bgallo@njng.com">bgallo@njng.com</a>	Mike Winka, Director Office of Clean Energy NJ Board of Public Utilities 44 South Clinton Avenue PO Box 350 Trenton, NJ 08625 <a href="mailto:Michael.winka@bpu.state.nj.us">Michael.winka@bpu.state.nj.us</a>



Mike Ambrosio Applied Energy Group 317 George Street, Suite 400 New Brunswick, NJ 08901 <a href="mailto:mambrosio@appliedenergygroup.com">mambrosio@appliedenergygroup.com</a>	Holly Thompson Rockland Electric Orange & Rockland Utilities 390 W. Route 99 Spring Valley, NY 10977 <a href="mailto:thompsonh@oru.com">thompsonh@oru.com</a>
Susanna Chiu PSE&G 80 Park Plaza, T-8 Newark, NJ 07102 <a href="mailto:Susanna.chiu@pseg.com">Susanna.chiu@pseg.com</a>	Fred Lynk PSE&G 80 Park Plaza, T-8 Newark, NJ 07102 <a href="mailto:Frederick.lynk@pseg.com">Frederick.lynk@pseg.com</a>
Frances Sundheim PSE&G 80 Park Plaza, T-8 Newark, NJ 07102 <a href="mailto:Frances.sundheim@pseg.com">Frances.sundheim@pseg.com</a>	Gerald Schirra PSE&G 80 Park Plaza, T-8 Newark, NJ 07102 <a href="mailto:Gerald.schirra@pseg.com">Gerald.schirra@pseg.com</a>
Joseph Prusik PSE&G 80 Park Plaza, T-8 Newark, NJ 07102 <a href="mailto:Joseph.prusik@pseg.com">Joseph.prusik@pseg.com</a>	Gregory Eisenstark PSEG Services Corporation 80 Park Plaza, T-5G Newark, NJ 07102 <a href="mailto:Gregory.eisenstark@pseg.com">Gregory.eisenstark@pseg.com</a>