



Agenda Date: 6/29/16
Agenda Item: 8E

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

DIVISION OF ENERGY AND
OFFICE OF CLEAN ENERGY

IN THE MATTER OF THE PETITION OF NEW JERSEY) ORDER EXTENDING CURRENT
NATURAL GAS COMPANY FOR APPROVAL OF THE) PROGRAM
EXTENSION OF ENERGY-EFFICIENCY PROGRAMS)
AND THE ASSOCIATED COST RECOVERY)
MECHANISM PURSUANT TO N.J.S.A. 48:3-98.1) BPU DOCKET NO. GO14121412

Parties of Record:

Andrew K. Dembia, Esq., Attorney for New Jersey Natural Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND AND PROCEDURAL HISTORY

On January 13, 2008, L. 2007, c. 340 ("Act") was signed into law. Pursuant to Section 13 of the Act, codified as N.J.S.A. 48:3-98.1(a)(1), an electric or gas public utility may, among other things, provide and invest in energy efficiency and conservation programs in its service territory on a regulated basis. Investment in energy efficiency and conservation programs may be eligible for rate treatment approved by the Board, including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas. N.J.S.A. 48:3-98.1(b). Ratemaking treatment may include placing appropriate technology and program cost investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board. An electric or gas public utility seeking cost recovery for any energy efficiency and conservation programs pursuant to N.J.S.A. 48:3-98.1 must file a petition with the Board. N.J.S.A. 48:3-98.1 requires the Board to decide cost recovery issues within 180 days ("Review Period"). Board Staff must review a petition for administrative completeness with respect to the minimum filing requirements set forth in the Board's May 12, 2008 Order within 30 days of the filing date. If the petition is determined to be complete, the Review Period commences from the date the petition was filed. In the event a petition is determined to be incomplete, the Review Period commences on the date information is provided that allows Staff to find that the filing is administratively complete.

On January 19, 2009, NJNG filed a petition with the Board. In the filing, NJNG sought approval to implement three energy efficiency programs. On July 17, 2009, the Board authorized NJNG to implement three energy efficiency programs: 1) Home Performance with Energy Star ("HPwES") Enhancements; 2) Enhanced Warm Advantage Rebate Program; and 3) Commercial Customer Direct Install Program (collectively, "Original Programs"). The programs were designed to complement or supplement existing New Jersey Clean Energy Program ("NJCEP") offerings including the ongoing WARM Advantage, COOL Advantage, HPES, Commercial Direct Install and Smart Start Building programs. The Original Programs were to be available to eligible customers for approximately twelve months. In the event there was still program funding available after that period, NJNG could continue to offer the approved programs through December 31, 2010.

By Order dated September 24, 2010, the Board authorized NJNG to extend and expand the Original Programs through December 31, 2011.¹ In addition to approving modifications to the Original Programs, the September 2010 Order also authorized the Company to implement an OPOWER pilot through which customers obtain information about their specific energy use in comparison to comparable households, an incremental incentive for Combined Heat and Power ("CHP") projects undertaken in conjunction with NJCEP, and a program that offers eligible commercial customers an opportunity for customized provisions, Fostering Environmental and Economic Development ("FEED") (collectively, "NJNG SAVEGREEN Program").

By Order dated January 18, 2012, the Board further extended the SAVEGREEN Program, with modifications, for an additional 12 months.² In addition, NJNG also received approval to implement its proposed Access Program, which offered higher efficiency heating equipment through conversions to natural gas for electric heat customers receiving benefits from the Universal Service Fund Program. By Order dated June 21, 2013, the Board authorized NJNG to further extend the SAVEGREEN Program, with modifications, through June 30, 2015.³ The authorization was subsequently revised on August 21, 2013 to make a necessary correction regarding the SAVEGREEN Direct Install program ("August 2013 Order").⁴ By Order dated July 23, 2015 ("July 2015 Order"),⁵ the Board approved a Stipulation of Settlement signed by the Company, Board Staff, and Rate Counsel (collectively, "the Parties"), which allowed the SAVEGREEN Program to continue through July 31, 2017. The Programs that were approved in the July 2015 Order include the following: 1) Residential Program, which includes enhancements to the Warm Advantage Rebate Program, enhancements to HPwES, and the

¹ In re the Petition of New Jersey Natural Gas for Approval of Regional Greenhouse Gas Initiative Programs and Associated Cost Recovery Mechanisms Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO10030225 (September 24, 2010).

² In re the Petition of New Jersey Natural Gas Company for Approval of an Extension of the Energy Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GR11070425 (January 18, 2012).

³ In re the Petition of New Jersey Natural Gas Company for Approval of an Extension of the Energy Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket Nos. GO12070640 and GR12070641 (June 21, 2013).

⁴ I/M/O the Petition of New Jersey Natural Gas Company for Approval of the Extension of Energy Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO12070640, Order dated August 21, 2013.

⁵ I/M/O the Petition Of New Jersey Natural Gas Company for Approval of the Extension Of Energy-Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant To N.J.S.A. 48:3-98.1, BPU Docket No. GO14121412, Order dated July 23, 2015.

OPOWER behavioral program; and 2) Commercial Program, which includes enhancements to Direct Install.

APRIL 2016 FILING

On April 15, 2016, NJNG filed a petition with the Board requesting approval of an extension to the Company's existing energy-efficiency programs offered through the SAVEGREEN Program and its associated cost recovery mechanisms ("2016 Petition"). In its petition, NJNG seeks an extension of the term of the current programs through December 31, 2018. No other modifications to the programs have been requested. This request was made due to the desire of NJNG to align the SAVEGREEN Program with the Strategic Plan of the NJCEP, which is currently being developed by the Board's Office of Clean Energy ("OCE"). The Strategic Plan is anticipated to be completed and approved by mid-2017. NJNG asserts that the timeline for the development of the Strategic Plan "effectively eliminates the ability for NJNG to develop a new SAVEGREEN Program filing that would align with the prospective NJCEP programs and approaches."

The Company is not seeking approval of any additional funding for the current SAVEGREEN Program, and no modifications to the current Program are proposed. Rather, NJNG will continue to utilize its existing Board-approved energy efficiency program budget of \$85.24 million.

On May 11, 2016, Rate Counsel submitted a letter to the Board stating that it found the Company's request to be reasonable and that it would not object to the Company's request, provided that the Company would not exceed its budget and that no other program modifications would be made.

DISCUSSION AND FINDING

The Board has carefully reviewed the petition submitted by the Company and the letter submitted by Rate Counsel. The costs and expenditures of the extended SAVEGREEN programs are restricted to the budget approved in July 23, 2015 Stipulation, and will be the subject of a full review for reasonableness and prudence in future annual true-up proceedings. This 18-month extension will provide time for the Company to develop a SAVEGREEN Program that aligns with the NJCEP in a way that will enhance the Strategic Plan currently being developed, while permitting NJNG to continue offering its energy efficiency programs.

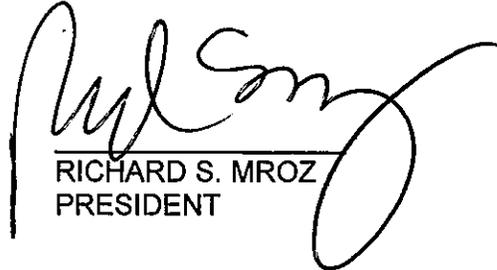
The Board is satisfied and **HEREBY FINDS** that extending the term of the current SAVEGREEN Program to December 31, 2018, and allowing the current SAVEGREEN programs as approved in the June 2013, August 2013, and July 2015 Orders to continue until that same date, is reasonable and is in the public interest. Therefore, the Board **HEREBY ORDERS** that the SAVEGREEN Program shall be extended to December 31, 2018. All other aspects of the program as approved in the June 2013, August 2013, and July 2015 Orders shall remain unchanged, including the funding and budget level.

The Company's rates remain subject to audit by the Board. This Decision Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

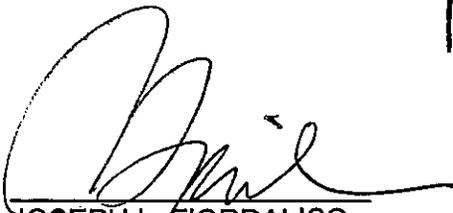
This Order shall be effective as of July 9, 2016.

DATED: 6/29/16

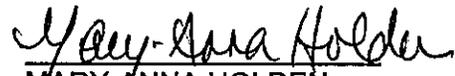
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BY:



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MARY-ANNA HOLDEN
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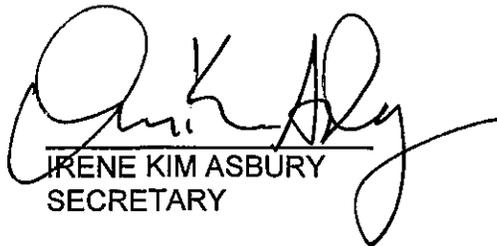


DIANNE SOLOMON
COMMISSIONER



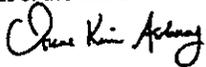
UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:



IRENE KIM ASBURY
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 PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR
APPROVAL OF THE EXTENSION OF ENERGY-EFFICIENCY PROGRAMS AND THE
ASSOCIATED COST RECOVERY MECHANISM PURSUANT TO N.J.S.A. 48:3-98.1
Docket Nos. GO14121412**

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