



Agenda Date: 6/21/19
Agenda Item: 8A

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/

CLEAN ENERGY

IN THE MATTER OF THE COMPREHENSIVE)	ORDER
ENERGY EFFICIENCY AND RENEWABLE)	
ENERGY RESOURCE ANALYSIS FOR THE)	DOCKET NO. QO19050644
FISCAL YEAR 2020)	

Parties of Record:

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BY THE BOARD:

This Order memorializes action taken by the Board of Public Utilities ("Board" or "BPU") at its June 21, 2019 public meeting, where, among other things, the Board considered and determined the funding for New Jersey's Clean Energy Program ("NJCEP") for fiscal year ("FY") 2020 ("FY20").¹

BACKGROUND & PROCEDURAL HISTORY

On February 9, 1999, the Electric Discount and Energy Competition Act ("EDECA") was signed into law, creating the societal benefits charge ("SBC") to fund programs for the advancement of energy efficiency ("EE") and renewable energy ("RE") in New Jersey. The Act also provided for the Board to initiate proceedings and undertake a comprehensive resource analysis ("CRA Straw Proposal") of EE and RE programs in New Jersey every four years. The CRA would then

¹ The funding levels approved in this Order are subject to State appropriations law.

be used to determine the appropriate level of funding over the next four years for the EE and Class I RE programs, which are part of what is now known as NJCEP. Accordingly, in 1999, the Board initiated its first CRA proceeding, and, in 2001, it issued an order setting funding levels, the programs to be funded, and the budgets for each those programs, all for the years 2001 through 2003. Since then, the Board has issued numerous Orders setting the funding levels, related programs, and program budgets for the years 2004 – Fiscal Year 2019 ("FY19").²

On May 29, 2019, the Board provided public notice of a June 7, 2019 public hearing and released the draft FY20 CRA and related programs and budgets for FY20. The notice was distributed to the EE, RE, and other NJCEP listservs. The distributions and postings requested comments on the CRA Straw Proposal, with a due date of June 11, 2019. The CRA Straw Proposal was discussed at the June 7, 2019 public hearing. In addition, the New Jersey Department of Environmental Protection ("NJDEP"), by email dated June 19, 2019, confirmed that: (a) the Board had consulted with the NJDEP regarding the CRA Straw Proposal including, without limit, the Proposed FY20 Funding Level set forth therein (as defined below); and (b) the NJDEP agreed with the Proposed FY20 Funding Level.

CRA STRAW PROPOSAL

The following summarizes the key components of the CRA Straw Proposal.

Proposed Funding Levels

The CRA Straw Proposal's funding levels includes the level of funding estimated to meet the needs of the Clean Energy Program while Board Staff ("Staff") develops the transition plan to meet the energy savings required by the Clean Energy Act. For FY20, Staff is recommending that the Board set a new SBC funding level of \$344,665,000, which is the same funding level approved by the Board since FY15. When combined with other sources of funds, it results in total FY20 funding of \$528,318,728 (collectively, the "Proposed FY20 Funding Level"). Staff estimates that the Proposed FY20 Funding Level will be sufficient to maintain a full portfolio of programs. The following table provides more details regarding the Proposed FY20 Funding Level:

² In the early years, the budgets and programs were based on calendar years, but, in 2012, the Board determined to begin basing the budgets and programs on fiscal years to align with the overall State budget cycle.

FY20 Funding Levels		
CEP Budget Category	FY20 SBC Funding	Total FY20 Funding
<i>Energy Efficiency</i>		
Residential	\$ 63,519,400	\$ 84,575,652
Low Income	38,500,000	45,500,000
Commercial & Industrial	100,559,880	180,551,452
Multifamily EE	7,909,605	7,909,605
State Facilities	8,000,000	37,810,430
Energy Efficiency	\$ 218,488,884	\$ 356,347,140
Distributed Energy Resources	14,000,000	30,344,823
Renewable Energy	7,750,000	8,280,623
EDA Programs	91,007	91,007
NJCEP Administration	15,825,000	18,028,097
"Path to 2050" Initiatives	1,421,108	28,138,038
NJCEP Total	\$ 257,576,000	\$ 441,229,728
State Energy Initiatives	\$ 87,089,000	\$ 87,089,000
Grand Total	\$ 344,665,000	\$ 528,318,728

SBC Collection Schedule

The Board has utilized the same methodology and assumptions for allocating the overall statewide funding level to individual utilities over the past several years. However, given recent changes in the relative costs of electricity and natural gas, Staff recommends that the Board use updated assumptions for allocating the funding to utilities in FY20, resulting in the below table of payments to be made by each utility to the NJCEP Trust Fund:

[Table Follows]

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Proposed FY20 Utility Payments

Monthly Utility Funding Levels													
FY20	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
ACE	\$3,040,129.02	\$3,298,576.23	\$2,979,171.08	\$2,296,585.08	\$2,009,334.68	\$2,230,776.65	\$2,385,797.15	\$2,663,851.81	\$2,250,475.05	\$2,257,824.90	\$1,678,113.19	\$2,299,609.90	\$29,390,244.74
UGP&L	\$7,376,940.37	\$7,166,519.80	\$5,550,300.96	\$5,160,668.05	\$5,259,682.16	\$5,910,888.15	\$5,730,247.61	\$5,278,555.30	\$5,137,335.14	\$4,788,739.45	\$5,054,135.67	\$6,037,499.56	\$68,451,512.22
PS-Electric	\$14,191,816.86	\$14,006,289.75	\$12,605,595.72	\$10,279,115.29	\$9,872,885.68	\$11,378,687.02	\$11,898,160.48	\$11,535,312.96	\$11,084,318.65	\$10,123,038.53	\$10,112,011.91	\$11,574,337.04	\$138,661,569.89
REGO	\$562,236.45	\$594,657.30	\$542,669.42	\$424,121.95	\$387,692.71	\$431,838.96	\$487,077.35	\$433,233.48	\$398,461.48	\$380,713.39	\$389,255.65	\$461,325.93	\$5,493,284.07
NJN	\$425,199.38	\$415,067.46	\$415,340.15	\$736,309.16	\$1,460,445.20	\$2,381,557.93	\$2,876,264.57	\$2,403,232.56	\$1,953,279.77	\$1,067,369.79	\$564,364.98	\$419,234.43	\$15,117,665.38
Etown	\$353,805.37	\$347,446.84	\$356,230.79	\$446,867.19	\$824,970.46	\$1,290,410.69	\$1,677,472.72	\$1,791,423.74	\$1,488,967.35	\$1,028,967.93	\$624,753.16	\$406,115.77	\$10,637,432.01
PS-Gas	\$2,177,420.93	\$1,923,034.84	\$2,272,755.75	\$2,645,722.11	\$4,797,391.87	\$8,422,056.36	\$10,933,070.24	\$10,072,369.94	\$8,743,710.85	\$6,140,936.04	\$3,637,573.15	\$2,452,565.73	\$64,218,607.81
SJG	\$489,674.22	\$472,069.56	\$506,034.54	\$543,827.52	\$881,530.24	\$1,524,279.82	\$2,062,929.29	\$1,960,690.22	\$1,820,075.22	\$1,182,617.50	\$692,250.05	\$558,705.70	\$12,694,683.88
Total	\$28,617,222.60	\$28,223,661.78	\$25,228,098.41	\$22,533,216.35	\$25,493,933.00	\$33,570,495.58	\$38,051,019.41	\$36,138,670.01	\$32,876,623.51	\$26,970,207.53	\$22,752,457.76	\$24,209,394.06	\$344,665,000.00

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Rate Impacts

The Proposed FY20 Funding Level represents a continuation of the current funding level and therefore will have no incremental impact on rates as a result of approving the Proposed FY20 Funding Level.

COMMENTS FROM PUBLIC STAKEHOLDERS

Oral testimony regarding the CRA Straw Proposal was provided at the June 7, 2019 public hearing. In addition, multiple entities submitted written comments regarding the CRA Straw Proposal. Staff has reviewed the numerous written and oral comments submitted and considered them in making the following recommendation to the Board.

BOARD STAFF RECOMMENDATIONS

The CRA Straw Proposal sets out in detail the rationale utilized by Staff in developing the Proposed FY20 Funding Level. Having reviewed and considered the comments regarding the Proposed FY20 Funding Level, Staff recommends that the Board set, adopt, and approve the Proposed FY20 Funding Level and Proposed FY20 Utility Payments.

DISCUSSION AND FINDINGS

The CRA Straw Proposal recognizes the value of energy efficiency as a foundational energy resource that, when delivered cost-effectively, reduces the cost of energy for all ratepayers while providing additional benefits, including health and safety benefits associated with improved air quality, lower environmental compliance costs, increased grid reliability, and increased economic development opportunities in the form of jobs in construction and a business environment that should allow New Jersey businesses to compete more effectively with out-of-state businesses. It will help New Jersey re-establish itself as a national leader in clean energy programs.

Staff accepted comments on the CRA Straw Proposal including the Proposed FY20 funding level at a public hearing. The CRA Straw Proposal, including the FY20 funding schedule, was posted on the NJCEP website; it was circulated to the EE, RE, and other listservs; and written comments were solicited from stakeholders. Accordingly, the Board **HEREBY FINDS** that the process utilized in developing the Proposed FY20 Funding Level was appropriate and provided stakeholders and interested members of the public with adequate notice and opportunity to comment on it.

The Board has reviewed the CRA Straw Proposal, including, without limit, the Proposed FY20 Funding Level set forth therein, the oral and written comments submitted by stakeholders, and Staff's recommendations regarding the same. The Board agrees with the CRA Straw Proposal's rationale supporting the Proposed FY20 Funding Level and agrees with and accepts Staff's recommendations. The Board **HEREBY FINDS** that the Proposed FY20 Funding Level will benefit customers by reducing energy usage and associated emissions, will provide environmental benefits beyond those provided by standard offer or similar programs, and is otherwise appropriate. Therefore, the Board **HEREBY APPROVES** the CRA Straw Proposal's Proposed FY20 Funding Level.

The Board has reviewed Staff's recommendation for allocating the funding to the state's electric and natural gas utilities. The Board **HEREBY FINDS** that the recommended allocation of the FY20 funding to the electric and natural gas utilities is reasonable and consistent with the methodology approved by the Board in its 2008 CRA III Order.³ Based on the above, the Board **HEREBY APPROVES** the Proposed FY20 Utility Payments (as approved, the "FY20 Utility Payments").

The FY20 Utility Payments shall be made consistent with the Board's existing policies and procedures, including, without limit, the utilities' deduction of monthly Comfort Partners Program costs from the stated FY20 Utility Payments amounts. The Board also **HEREBY AUTHORIZES** the utilities to continue utilizing deferred accounting, through the SBC, for NJCEP revenues and expenses as set out in previous Orders of the Board. The Board will, as appropriate, consider rate making issues in the context of specific utility rate filings with the Board.


The Board notes that, on or about May 29, 2019, Staff, circulated its proposed FY20 programs and budgets and that those programs and budgets are addressed in a separate Order.

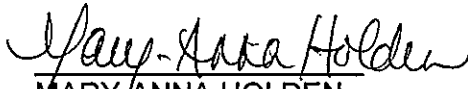
³ In the Matter of Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for the 2009 – 2012 Clean Energy Program, BPU Docket No. EO07030203 (September 30, 2008).

This Order shall be effective on July 1, 2019.

DATED: 6/21/19

BOARD OF PUBLIC UTILITIES
BY:


JOSEPH L. FIORDALISO
PRESIDENT

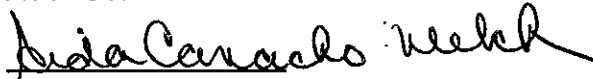

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I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

IN THE MATTER OF COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE
ENERGY RESOURCE ANALYSIS FOR THE FISCAL YEAR 2020 CLEAN ENERGY
PROGRAM

DOCKET NO. QO19050644

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