



Agenda Date: 7/2/20
Agenda Item: 8A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE STATE ENERGY PROGRAM)
FOR PROGRAM YEAR JULY 1, 2019 – JUNE 30, 2020)
EXTENSION: JULY 1, 2019 – JUNE 30, 2021)
ORDER
DOCKET NO. QO19030306

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Michael Ambrosio, TRC Energy Solutions

BY THE BOARD:

By this Order, the Board of Public Utilities (“Board” or “BPU”) agrees to extend the United States Department of Energy (“USDOE”) 2019–2020 State Energy Program (“SEP”) for a period of one year, changing the end date from June 30, 2020 to June 30, 2021.

BACKGROUND AND PROCEDURAL HISTORY

The SEP was established in 1996 by consolidating two existing programs: (1) the State Energy Conservation Program (“SECP”) and (2) the Institutional Conservation Program (“ICP”). 61 Fed. Reg. 35, 890 (July 8, 1996). Both the SECP and ICP came about during the energy crisis of the early 1970s when there was an increase in the United States’ dependence on foreign oil. Congress responded with legislation establishing a broad range of conservation programs, supporting the development of new and more efficient sources of energy, and requiring USDOE to lead and administer the conservation effort. The SECP was established under the Energy Policy and Conservation Act of 1975, Pub. L. No. 94-163, 89. Stat. 871, to address energy conservation. The SECP provided funding to the states for a variety of energy efficiency and renewable energy activities. 61 Fed. Reg. 35,890 (July 8, 1996). The ICP provided schools and hospitals with a technical analysis of their buildings and identified the potential savings from proposed energy conservation measures. *Ibid.* In creating the SEP, the USDOE combined the SECP and ICP to make it easier for states to apply for grants and make it more efficient for both the USDOE and the states to manage the grants. *Id.* at 35,891. Thus, the USDOE currently provides federal financial assistance and technical support to the states for energy programs by

means of the SEP. 10 C.F.R. § 420 et seq. States must comply with the USDOE rules governing these financial awards.

To be eligible, a state must annually submit an application to the USDOE. The USDOE must approve or disapprove funding within sixty (60) days from the date of a timely filed application. The USDOE may request, if necessary, additional documents or an amended state plan reflecting changes in the activities the State is planning to undertake for the fiscal year concerned.

New Jersey has allocated federal monies each year in support of its USDOE-approved State Plans. In accordance with the formula provided in 10 C.F.R. § 420.11, New Jersey's 2019–2020 SEP allocation is \$1,320,460. Pursuant to USDOE regulations, New Jersey is required to match its SEP allocation either through cash, in-kind contributions, or both, in an amount totaling not less than 20% of the federal allocation. See 10 C.F.R. § 420.12(a). Therefore, New Jersey's required match is \$264,092. Each state can propose how it intends to use its allocated share of funds to address both the national criteria and specific environmental conditions within that state. Staff proposes that New Jersey's 20% match for these federal funds come from Staff's salaries for time spent managing the grant and from New Jersey's Clean Energy Program ("NJCEP").

The SEP Plan, as proposed, is partially a continuation of the Market Title that was approved in 2011–2012, 2012–2013, 2013–2014, 2014–2015, 2015–2016, 2016–2017, 2017–2018, and 2018–2019 SEP Plans. The Market Title "Energy Efficiency Program for Non-Investor Owned Utility ("Non-IOU") Customers" expands the eligibility of the customers served by the NJCEP. Specifically, the Market Title expands the following Clean Energy Programs: Home Performance with Energy Star ("HPwES"), Heating, Ventilation, and Air Conditioning ("HVAC"), and Direct Install ("DI"), to address both the residential and commercial/industrial customers who do not contribute to the Societal Benefits Charge ("SBC") and are therefore not eligible to participate in the NJCEP. The Market Title is designed to further State and federal energy conservation and efficiency goals. In particular, the SEP Plan will supplement or expand these programs to allow non-IOU electric customers, oil customers, and propane customers to achieve increased efficiencies using the SEP as a funding mechanism and for the state to realize the additional environmental benefits of more energy efficient, fossil-fueled equipment.

On April 18, 2019, the Board approved Staff's submission of its Fiscal Year 2019 ("FY19") SEP Proposal to USDOE. Staff submitted the completed application to USDOE on April 24, 2019. USDOE approved Staff's proposal on May 24, 2019, and the following programs commenced on July 1, 2019.

- HPwES: The HPwES program recruits and trains Building Performance Institute ("BPI") certified and accredited contractors to install energy efficiency measures in existing homes. Currently, the program includes up to \$4,000 in rebates. Eligible customers may also qualify for 0% interest financing (up to \$10,000 with a seven-year maximum term) or 4.99% financing (up to \$15,000 with a ten-year maximum term) to help pay for the energy efficient upgrades, if they do not contribute to the SBC and are not eligible to participate in the Clean Energy Program's existing HPwES Program.

- HVAC: The HVAC program promotes the purchase of efficient home heating, cooling, and water heating equipment and quality installation of such equipment. Its long-term goal is to make the high-quality installation of high-efficiency residential HVAC equipment the norm in the New Jersey market. COOLAdvantage promotes the installation of new, energy efficient residential, central, electric air conditioners and heat pumps. WARMAdvantage promotes energy efficient furnaces and boilers and water heaters for use in residential buildings. The funding provides rebates to customers who do not contribute to the SBC and are not eligible to participate in the NJCEP's existing Direct Install Program.
- DI: The Direct Install program identifies cost-effective energy efficiency opportunities and provides incentives and direct installation of efficiency measures, such as lighting, controls, refrigeration, HVAC, and motors. The funding provides rebates to customers who do not contribute to the SBC and are not eligible to participate in the NJCEP's existing Direct Install Program.

In addition to the programs mentioned above, the SEP Plan allocated \$200,000 to develop and implement an Electric Vehicle Incentive Program.

On March 30, 2020, Staff submitted an extension request to USDOE requesting a one-year extension to the SEP FY19 Program. On May 5, 2020, USDOE approved this request and extended the program to June 30, 2021.

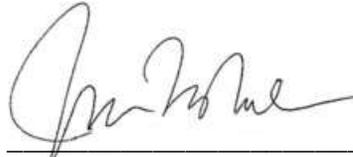
DISCUSSION AND FINDINGS

Having reviewed USDOE's approval of Staff's extension request, the Board **HEREBY APPROVES** extending the 2019–2020 SEP Plan for one year, with the program to conclude on June 30, 2021.

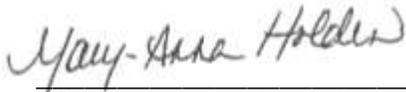
This Order shall be effective July 12, 2020.

DATED: July 2, 2020

BOARD OF PUBLIC UTILITIES
BY:



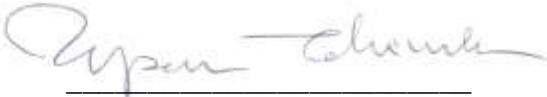
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DIANNE SOLOMON
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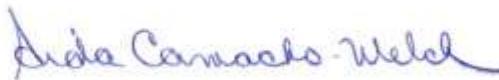


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

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