STATE OF NEW JERSEY

Board of Public Utilities
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CLEAN ENERGY

IN THE MATTER OF THE COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCE ANALYSIS FOR THE FISCAL YEAR 2021 CLEAN ENERGY PROGRAM	)	ORDER DOCKET NO. QO20080538

Parties of Record:

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Deborah M. Franco, Esq., Elizabethtown Gas Company and South Jersey Gas Company
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Matthew M. Weissman, Esq., Public Service Electric and Gas Company
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Michael Ambrosio, TRC Energy Services

BY THE BOARD:

This Order memorializes action taken by the Board of Public Utilities ("Board" or "BPU") at its September 23, 2020 public meeting, where, among other things, the Board considered and determined the funding for New Jersey's Clean Energy Program ("NJCEP") for Fiscal Year 2021 ("FY21").[1]

BACKGROUND AND PROCEDURAL HISTORY

On February 9, 1999, the Electric Discount and Energy Competition Act ("EDECA" or "Act"), N.J.S.A. 48:3-49 et seq., 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 (collectively, the "CRA Straw Proposal") of EE and RE programs in New Jersey every four years. The CRA would then 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

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

proceeding, and in 2001, it issued an order setting funding levels, the programs to be funded, and the budgets for 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 2020 ("FY20").[2]

On April 14, 2020, New Jersey Governor Phil Murphy signed into law a bill that extended the State's FY20 budget to September 30, 2020. In order to align with the State's fiscal year, the Board extended the NJCEP FY20 budget.

On September 9, 2020, the Board provided public notice of a September 17, 2020 public hearing and released the draft FY21 CRA and related programs and budget for FY21. The notice, which was distributed to the BPU listserv and posted on the NJCEP website, solicited written comments from the public on the CRA Straw Proposal, with a due date of September 18, 2020. In addition, the New Jersey Department of Environmental Protection ("NJDEP"), by email dated September 15, 2020, confirmed that: (a) the Board had consulted with the NJDEP regarding the CRA Straw Proposal, including, without limit, the Proposed FY21 Funding Level set forth therein (as defined below); and (b) the NJDEP agreed with the Proposed FY21 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 include the funding estimated to meet the needs of the NJCEP while Board Staff ("Staff") advances the initiatives required by the Clean Energy Act, L. 2018, c. 17, codified at N.J.S.A. 48:3-51 to -87. For FY21, Staff recommends 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 FY21 funding of $509,029,779 (collectively, "Proposed FY21 Funding Level"). Staff estimates that the Proposed FY21 Funding Level will be sufficient to maintain a full portfolio of programs. The table below provides more details regarding the Proposed FY21 Funding Level.

Proposed FY21 Funding Levels		
CEP Budget Category	**FY21 SBC Funding**	**Total FY21 Funding**
Energy Efficiency		
Residential	58,803,939	68,171,319
Low Income	34,125,100	34,125,100
Commercial & Industrial	85,702,422	173,322,979
State Facilities Initiatives	-	24,938,782
Acoustical Testing	1,500,000	1,500,000
Energy Efficiency	**180,131,461**	**302,058,180**

[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.

Distributed Energy Resources		
CHP - FC	7,685,179	24,625,265
Microgrids	6,000,000	6,000,000
Distributed Energy Resources	**13,685,179**	**30,625,265**
Renewable Energy		
Offshore Wind	2,000,000	4,162,561
SREC Registration	2,100,000	2,100,000
Renewable Energy	**4,100,000**	**6,262,561**
EDA	**70,000**	**130,393**
BPU Program Administration		
BPU Program Administration	3,555,000	3,555,000
Marketing Contract	4,000,000	7,568,006
CEP Website	-	400,000
Program Evaluation	5,050,000	10,939,450
Outreach & Education	4,512,500	6,567,518
Memberships	60,000	112,546
BPU Program Administration	**17,177,500**	**29,142,520**
BPU Initiatives		
Community Energy Grants	500,000	560,000
Storage	7,000,000	7,000,000
Electric Vehicle Program	20,000,860	23,000,860
NJ Wind	-	4,500,000
R&D Energy Tech Hub	-	1,250,000
Workforce Development	2,000,000	4,500,000
BPU Initiatives	**29,500,860**	**40,810,860**
NJCEP Total	**244,665,000**	**409,029,779**
	-	-
State Energy Initiatives	**100,000,000**	**100,000,000**
Grand Total	**344,665,000**	**509,029,779**

SBC Collection Schedule

Staff utilized the revenue and sales projections to develop the proposed monthly utility payments. Staff recommends that the Board use these assumptions for allocating the funding to utilities in FY21, resulting in the table below. The table below sets out the proposed monthly payments to the Clean Energy Trust Fund due from each utility. This fund accounts for revenues collected from the SBC on monthly utility bills. Funds generated from this charge are used to support clean energy initiatives. SBC funds collected in July, August, and September 2020 will be utilized in the FY21 budget.

Proposed FY21 Utility Payments

Monthly Utility Funding Levels

FY21	Jul (FY20)	Aug (FY20)	Sep (FY20)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
ACE	$2,958,794.29	$3,218,566.32	$2,995,170.56	$2,090,210.27	$1,997,875.68	$2,162,656.28	$2,460,080.26	$2,359,800.69	$2,146,154.61	$1,958,695.23	$1,903,080.66	$2,262,824.70	$28,513,909.55
JCP&L	$7,067,382.79	$6,687,853.00	$5,310,003.45	$4,894,585.61	$4,967,368.42	$5,662,456.53	$5,728,129.94	$5,162,542.43	$5,140,007.47	$4,588,081.29	$5,011,084.02	$5,960,316.77	$66,179,811.72
PS-Electric	$13,976,677.48	$13,856,324.79	$12,571,134.29	$10,336,082.24	$9,678,952.32	$11,000,697.53	$11,591,188.69	$11,144,149.50	$10,690,027.74	$9,707,943.11	$9,665,862.89	$11,644,177.65	$135,863,218.23
RECO	$521,317.72	$516,234.90	$479,733.64	$374,387.94	$380,031.52	$395,729.26	$422,674.80	$393,971.58	$375,660.29	$339,568.94	$354,023.84	$410,620.30	$4,963,954.73
NJN	$459,373.11	$453,598.63	$443,744.06	$791,651.64	$1,539,646.21	$2,566,061.68	$3,186,700.78	$2,651,864.12	$2,163,246.51	$1,146,789.30	$631,338.36	$466,359.18	$16,500,373.58
Etown	$429,645.12	$375,291.58	$383,673.42	$477,648.07	$888,988.56	$1,380,855.41	$1,846,129.18	$1,906,809.95	$1,616,107.24	$1,127,929.34	$675,099.91	$425,769.39	$11,533,947.17
PS-Gas	$2,375,093.95	$2,165,418.49	$2,260,045.25	$2,845,879.51	$5,232,197.42	$8,523,219.23	$10,821,041.05	$11,196,175.64	$9,596,957.48	$6,321,228.53	$3,699,970.79	$2,863,849.73	$67,901,077.07
SJG	$567,407.24	$539,772.93	$510,826.20	$463,602.35	$906,380.90	$1,413,308.55	$2,131,436.20	$2,113,657.88	$1,933,901.56	$1,379,395.63	$736,562.46	$512,456.05	$13,208,707.95
Total	$28,355,691.70	$27,813,060.64	$24,954,330.87	$22,274,047.63	$25,591,441.03	$33,104,984.47	$38,187,380.90	$36,928,971.79	$33,662,062.90	$26,569,631.37	$22,677,022.93	$24,546,373.77	$344,665,000.00

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Rate Impacts

The Proposed FY21 Funding Level represents a continuation of the current funding level, and its approval will therefore have no incremental impact on rates.

COMMENTS FROM PUBLIC STAKEHOLDERS

Written and oral comments regarding the Straw Proposal were submitted by the Affordable Homes Group, American Council for an Energy-Efficient Economy, Bloom Energy, ChargEVC, Energy Efficiency Alliance of New Jersey (EEA-NJ), Environment New Jersey, Healthcare Without Harm, Isles Inc., Jeanne Fox, Jersey Renews Coalition, MaGrann Associates, National Fuel Cell Research Center, New Jersey Division of Rate Counsel, New Jersey League of Municipalities, New Jersey Natural Gas ("NJNG"), New Jersey School Boards Association, New Jersey Sustainable Business Council, NJPIRG, NJR Clean Energy Ventures, NJ Work Environment Council, Power Edison, Public Service Electric and Gas Company ("PSE&G"), ReVireo, and UU Faith Action NJ Environmental Justice Task Force.

Below is a summary of the testimony and comments, as well as Staff's responses to them.

Staff notes that the process and schedule for commenting on the CRA Straw Proposal and the associated draft Clean Energy Programs and Budget for FY21 ("FY21 Compliance Filings and Budgets") were very similar and that both proposals are being presented to the Board on the same day. Because some comments do not readily lend themselves to being classified as being about one proposal versus the other, Staff strongly encourages readers to read the comments and responses regarding both proposals.

SUMMARY OF COMMENTS FROM PUBLIC STAKEHOLDERS

Budgets

Comment: EEA-NJ, Environment New Jersey, NJPIRG, New Jersey Sustainable Business Council, UU Faith Action NJ Environmental Justice Task Force, American Council for an Energy-Efficient Economy, Isles Inc., NJ Work Environment Council, Jersey Renews Coalition expressed their concern with funding being allocated to the State Energy Initiatives budget line and further recommended that more funding be allocated to energy efficiency programs.

Response: Staff appreciates the comments and wants to make sure that stakeholders understand that the State Energy Initiatives budget line is used, in part, for NJ Transit energy related initiatives. Staff seeks to reiterate that the COVID-19 pandemic created an environment of significant financial uncertainty throughout the State. Historically, the Murphy administration has been reducing the need for this non-recurring revenue and these funds have gone to support other essential services, such as providing support for reducing energy use and promoting cleaner ways of producing power.

Comment: Rate Counsel inquired about why the amount of funding in FY21 for the EE and EV programs does not reflect a nine-month allocation compared to the original FY20 budget. Additionally, Rate Counsel expressed concern about the amount and the use of funding in NJCEP's FY21 budget going towards State Energy Initiatives.

Response: Staff appreciates the comment regarding funding for the EE and EV programs. NJCEP's budget is continually reassessed to best allocate funding where it is most needed, and

Staff works closely with those administering the programs to ensure that the proper level of funding exists to successfully achieve the goals of the programs. The original FY20 budget did not include funding for the EV program because this was prior to the passage of the Plug-In Vehicle Act ("PIV Act"), N.J.S.A. 48:25-1 et seq., which was signed into law on January 17, 2020. Subsequently, per the PIV Act, the FY20 true-up and second budget revision appropriated funds for the EV program. Once this funding in factored in, FY21's budget for the EE and EV programs is approximately 83% of the 12-month FY20 budget. Staff appreciates the comments and seeks to reiterate that the COVID-19 pandemic created an environment of significant financial uncertainty throughout the state. Historically, the Murphy administration has been reducing the need for this non-recurring revenue and these funds have gone to support other essential services, such as providing support for reducing energy use and promoting cleaner ways of producing power.

Whole House Pilot Program

Comment: EEA-NJ, Environment New Jersey, NJPIRG, New Jersey Sustainable Business Council, UU Faith Action NJ Environmental Justice Task Force, American Council for an Energy-Efficient Economy, Isles Inc., NJ Work Environment Council, and Jersey Renews Coalition supported the initiative for the Whole House Pilot.

Response: Staff appreciates the support and looks forward to working with stakeholders on this program.

Storage

Comment: Rate Counsel provided its support for the funding provided in the FY21 budget, which will be used to achieve the NJCEP's energy storage goals. However, they commented that they are waiting for further program details before specifically commenting on how the $7 million budget will be used. Additionally, based on the FY21 DCE Compliance Filing, they inquired about why no information has yet been posted regarding the proceeding to establish the process and mechanism for achieving NJCEP's energy storage goals.

Response: Staff thanks Rate Counsel for this question and looks forward to providing a straw proposal on energy storage in the near term, but Staff is not expecting to provide additional information before October 1st. NJBPU recognizes the importance of energy storage to New Jersey's clean energy future. We are committed to achieving our energy storage goals and are in the process of developing plans meet the storage goals focusing in particular on the long-term goal of 2,000 MW by 2030 while working to strategically add storage in the interim.

Microgrids

Comment: PSE&G recommended that the funding level for the Microgrid program be reduced to accommodate a maximum of one Phase II detailed design per electric utility service territory and that the Board reconsider the eligibility of any project that would propose to use fossil-fueled generation.

Response: Staff thanks the commenter for their comments. One goal of the BPU TCDER Microgrid program is to promote the design and implementation of TCDER Microgrids throughout the state. Limiting the program as the commenter suggests would be contrary to that goal. In addition, conditioning the eligibility of a project on not using any fossil fuel generation would be overly restrictive and could potentially minimize the resilience aspect of a project. The current application evaluation criteria emphasize clean, renewable generation and greenhouse gas reductions. BPU is not currently planning to change the evaluation criteria.

Comment: Power Edison believes that an effective method to financially support building microgrids in New Jersey is through utility programs, that the funds would be less likely to be diverted, and that utilities have the expertise and engineering/managerial resources to work with the private sector on the execution of microgrid projects in partnership with local private and public sectors.

Response: Staff thanks Power Edison for their comment. For the nine months of FY21, Staff believes that the State will continue to play a key role in the development of the Microgrid program to ensure resiliency throughout the state, and Staff looks forward to continuing to progress the Microgrid program through Phase II.

Energy Efficiency

Comment: NJNG has been working closely with the other New Jersey investor-owned utilities and appreciates the NJCEP programs as proposed for FY21. NJNG expressed concern that a few new measures have been proposed and suggested that Staff engage the utilities earlier to allow the preparation of new measures to be incorporated into their upcoming filings.

Response: Staff appreciates the concern and will work with the utilities to ensure that any new measures, if added in the future, are developed through a more collaborative process.

Comment: PSE&G recommended that the Board consider winding down current NJCEP EE programs that will be transitioned to the utilities, pursuant to the Board's June 10, 2020 Order establishing a framework for EE in New Jersey. PSE&G estimated that this would amount to approximately $25 million in PSE&G's service territory in FY21.

Response: Staff understands and appreciates the comment that administration of specific EE programs, as outlined in the June 2020 order, will move from NJCEP to the utilities starting at the beginning of Fiscal Year 2022 -- that is, starting on July 1, 2021. Generally speaking, Staff has established the FY21 budget for EE programs with the goal of ensuring a smooth transition of these programs from the State to the utilities so that there is minimal disruption and confusion, including among customers, contractors, and the marketplace. This will involve NJCEP continuing to deliver and market the programs until each utility is ready to do the same on July 1, 2021, all the while working closely with each utility to transition the programs. In PSE&G's case, on the same day that the Board adopts the FY21 CRA and NJCEP programs and budgets, the Board is also considering approval of a stipulation of settlement in the matter of PSE&G's Clean Energy Future - Energy Efficiency filing, which would allow for the continuation of the Company's existing EE programs on October 1, 2020 and for implementation of new EE programs no sooner than January 1, 2021 to allow for coordination regarding the transition of these new programs. To the extent that some NJCEP programs wind down in PSE&G's service territory sooner than July 1, 2021 as a result, the NJCEP budget will be adjusted accordingly.

Residential Gas and Electric HVAC Program

Comment: Kent Pipes commented that NJCEP should add ground source heat pumps (“GSHPs”) to the list of equipment for which prescriptive rebates are provided because they are the most efficient residential heating/cooling systems available. He pointed out that air source heat pumps (“ASHPs”) and other types of heat pumps are eligible for rebates of between $750 and $2,000.

Response: Staff agrees that GSHPs can be very efficient but continues to believe that the complexity and expense of designing and installing GSHPs makes it more appropriate to include them in a less prescriptive, lower volume program like Home Performance with ENERGY STAR where the appropriate level of resources can be allocated to ensuring proper design and installation. Staff also notes that, several years ago, it removed GSHPs from the list of equipment for which prescriptive rebates are provided because many homeowners encountered difficulties with poorly designed and/or installed GSHPs.

Residential New Construction ("RNC") Program

Comment: MaGrann Associates commented that Enhanced Incentives ("EIs") should be extended to include new multifamily housing and that there was no explanation as to why it was not so extended.

Response: Staff continues to believe that EIs should not and need not be extended to new multifamily housing because much of such housing is eligible not only for the NJCEP "base" incentives but also for significant NJ Housing and Mortgage Finance Agency ("NJHMFA") incentives/subsidies for which the other types of new housing are not eligible.

Comment: MaGrann and ReVireo commented that the TRC Compliance Filing correctly states the new ENERGY STAR Multifamily New Construction ("MFNC") Program will become effective July 1, 2021, but that the Summary of Proposed Program Changes incorrectly refers to a different effective date.

Response: Staff agrees that the effective date of the new MFNC Program is expected to be July 1, 2021 (and notes that the Summary expressly states that the Compliance Filing prevails if there are any conflicts between the two documents).

Comment: MaGrann commented that RNC incentives for multifamily construction should be better aligned with P4P but also acknowledged that analyzing and designing any such realignment would take more time than available between the time of the comment and the need to finalize the FY21 programs.

Response: Staff believes that it would not be prudent to make sweeping changes to program design given that the structure of NJCEP is expected to substantially change over the next year as the programs are transitioned to the utilities and/or substantially re-restructured. Further, Staff believes that the two programs are, in general, adequately aligned but is nonetheless willing to consider the matter further with input from MaGrann and other stakeholders at an appropriate time.

Commercial and Industrial Energy Efficiency ("C&I EE") Programs

Comment: Healthcare without Harm ("HWH") commented that NJCEP generally should provide more support for hospitals and other healthcare facilities because they consume large amounts of energy and because both COVID-19 and climate changes are and will be straining these facilities. It recommended that funding to "the hospital program" be increased, especially for hospitals in low-income communities. It also recommended that "the hospital program" be changed to a "health care sector program" to better support facilities such as ambulatory surgical centers and imaging centers. It finally recommended that NJCEP provide more technical support to health care facilities and consider requiring that major renovations or expansions of existing hospitals meet efficiency standards such as Leadership in Energy and Environmental Design ("LEED").

Response: Staff generally agrees that hospitals and many other health care facilities are large energy users and can be a significant source for energy savings. Accordingly, such facilities are eligible to, and in fact do, participate in NJCEP's C&I EE programs. Further, there are many features of the existing NJCEP that provide special support for hospitals. For example:

- The Pay for Performance-Existing Buildings Program ("P4P-EB") provides hospitals (and a handful of other types of facilities) with the benefit of a savings threshold lower than other types of facility.
- The Local Government Energy Audit ("LGEA") Program provides 501(c)(3) healthcare facilities with the benefit of a cost cap significantly higher than for other types of facilities.
- The Combined Heat and Power-Fuel Cell ("CHP-FC") Program allows hospitals (and certain other "critical" facilities) to receive a 25% incentive bonus if they install a CHP-FC system that includes blackstart/islanding technology.

Staff notes that several of HWH's comments appear to be based on the mistaken assumption that NJCEP includes a "hospital program." It does not include a "hospital program," as such; it instead provides a spectrum of programs for which hospitals, and other C&I facilities, are eligible, some of which provide special benefits, such as those described above, to healthcare facilities.

Staff finally notes that it would not be prudent to make sweeping changes to program design given that the structure of NJCEP is expected to substantially change over the next year as the programs are transitioned to the utilities and/or substantially re-restructured.

SmartStart Program

Comment: New Jersey Natural Gas ("NJNG") supports: (a) the elimination of the energy usage threshold for eligibility in the Custom component and (b) the expansion of eligibility to water heaters in new construction. It also suggests that this expansion be expanded to other equipment and to residential new construction.

Response: Staff appreciates the support. It also notes that NJCEP's comprehensive RNC Program already provides incentives for efficient water heaters as part of a whole home approach to new construction. Further, as part of, or following, the upcoming transition of New Jersey's clean energy programs, and if still relevant, Staff would be pleased to further discuss the issue of prescriptive rebates for residential new construction.

Large Energy Users Program ("LEUP")

Comment: NJNG supports the change in the eligibility threshold from $200,000 of contributions to the NJCEP fund to $5,000,000 of annual energy costs but also encourages Staff to carefully define "annual energy costs," especially since many customers' bills include special charges, such as those for "extra services from Third Party suppliers."

Response: Staff appreciates the support. It agrees that defining "annual energy costs" appropriately is important; the Program Administrator will take into account only energy costs that are incurred by all ratepayers (e.g., generation, transmission, distribution, Societal Benefit Charges, etc.) and not those that are unique to the customer (e.g., energy management charges).

Combined Heat and Power – Fuel Cells ("CHP-FC")

Comment: Bloom Energy and the National Fuel Cell Research Center ("NFCRC") commented that NJCEP should provide greater support for FC. They claimed that this is especially the case given that recent studies suggest that the COVID-19 virus can be carried on the PM-10 particles that CHPs emit but that FCs do not emit at significant levels. They also commented, as they have in the past, that the design of the CHP-FC Program, especially its project, technology, and manufacturer caps, discriminates against FCs in favor of CHPs while it should be at least neutral between the two technologies. They recommended that the Board:

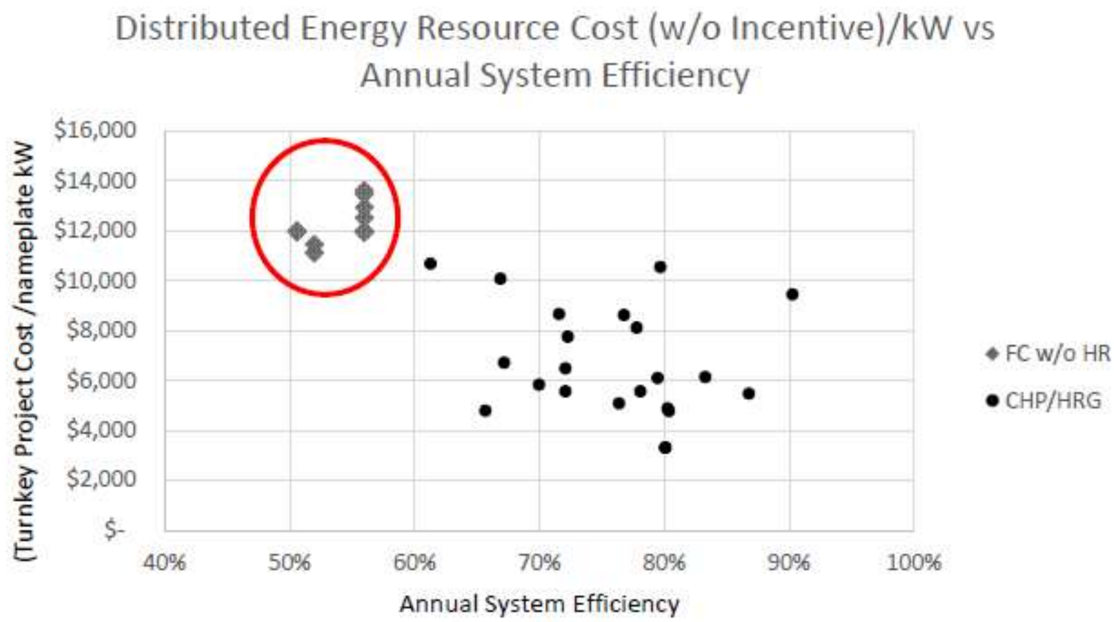
- Eliminate the Manufacturer Diversity cap that currently limits only FCs and does not apply to combustion CHP (NFCRC) suggests increasing the cap to 50%);
- Revise the per project funding caps to apply equally to all eligible technologies; and
- Open the entire CHP/Fuel Cell funding pool to CHP and FCs on a level playing field basis instead of reserving more funding for higher polluting technologies.

Response: Most of these comments have been made, considered, and fully responded to regarding one or more previous Staff proposals. Staff believes that it would not be prudent to make sweeping changes to program design given that the structure of NJCEP is expected to substantially change over the next year as the programs are transitioned to the utilities and/or substantially re-restructured. That said, Staff repeats and/or sets forth a few key responses below.

As to budget allocations, Staff notes that the total budget for new incentives for all of CHP-FC is $7,600,000 and that FCs without HR ("FCwoHR") are eligible for up to $4,500,000 of that $7,600,000, i.e., close to 60% of the overall CHP-FC budget.

As to the relative benefits of the two technologies, Staff continues to believe that it is appropriate to favor CHPs because, in part due to their ability to recover and reuse heat, they generally have a significantly lower capital cost and higher annual system efficiency than do FCs, as shown in part by the slightly dated but still generally useful table below:

Fuel Cell and CHP Proposed Capital Cost/kW vs Proposed System Efficiency



CHP and Fuel Cell Evaluation Study for New Jersey, Phase I (June 23, 2016), p. ix.

Regarding the design features intended to promote a manufacturer diversity (i.e., the $1,000,000 project cap and the $1,500,000 budgetary cap), the FC program is the only NJCEP program that historically has been dominated by a single manufacturer; all the others, including CHP, have consistently had a healthy mix of manufacturers, contractors, consultants, and applicants. Indeed, in the first 13 months of FY20, the only FC applications received involved that single manufacturer, thereby providing continuing evidence of the need for a cap to prevent market dominance by a single manufacturer. Staff continues to believe that limiting any manufacturer to approximately one-third of the market (i.e., $1,500,000 of $4,500,000) is more appropriate than allowing one manufacturer to control a full half or more of the market.

Comment: Rate Counsel commented that it understands that CHPs and fuel cells may contribute to enhancing system resiliency and reliability, but that it has also previously expressed concerns about ratepayer-funded subsidies for fossil-fueled CHP and fuel cell projects; these are mature technologies with established markets. Rate Counsel recommended that, as part of the ongoing strategic planning process, the Division of Clean Energy should carefully evaluate the need for ratepayer-funded subsidies for fossil-fueled CHP and fuel cell projects.

Response: Staff agrees that, as part of the ongoing planning processes, the appropriateness of providing rate-payer subsidies for any specific technology, including, CHP-FC, should continuously be evaluated.

Acoustical Testing Pilot

Comment: Jeanne Fox supported the newly proposed Acoustical Testing Pilot and suggested that funding be allocated to public entities. Ms. Fox suggested that private businesses can utilize the many energy efficiency programs that are being proposed.

Response: Staff appreciates the comment and will take the suggestion under consideration as the pilot moves forward.

Working Groups

Comment: EEA-NJ encouraged the initiation of the EE working groups outlined in the Board's June 10, 2020 Order establishing a framework for EE in New Jersey. In particular, EEA-NJ noted that they were very encouraged by the Board's plan to establish multiple working groups and asked that Staff make information available about how to participate on them.

Response: Staff appreciates the support for and enthusiasm about the working groups and has been working on the plan to launch them. Staff expects to be able to announce proposed plans very soon for the establishment, operation, and facilitation of each of the working groups.

Savings Goals

Comment: Rate Counsel commented that it is difficult to reconcile some of the significant changes in projected savings with the relatively modest program changes proposed by Staff. It asked whether some or all of them were the result of the shortened FY21.

Response: FY21 program savings targets reflect a nine-month fiscal year and are modeled based upon approved program changes as well as continued impacts of COVID-19. When compared to FY20 program targets and performance, some will more closely resemble a nine-month continuation of the 15-month FY20, while others may reflect significant differences. The differences have a variety of causes. In the specific cases identified by Rate Counsel, Energy Efficient Products ("EEP") gas savings targets are dramatically increased based on new measures in FY21 that have significant gas heating/water heating impacts (e.g., weatherization products and low-flow showerheads). Regarding Pay for Performance-New Construction ("P4P-NC") (and similar programs with relatively low project volumes and multi-year project implementation timelines), the ebb and flow of projects across different fiscal years accounts for most of the differences among fiscal years. For example, there were 11 projects expected to be installed in P4P-NC in FY20 versus four in FY21. These projections are based on projects in the current pipeline, their current statuses, and typical project lifecycles in past program years. If a project in the current pipeline takes significantly more or less time to proceed through the program than is expected, it may be installed in the prior or next fiscal year and for a program with such low volume, the impact of one project can be substantial.

Electric Vehicles

Comment: ChargEVC noted in their comments that they supported the BPU offering the initial program to individuals. They noted that the law creating the program provides that the BPU may create a charger program but that additional work should be done to determine if it was necessary. ChargEVC also noted that the utilities may be better positioned to offer a charger incentive. ChargEVC also requested that monthly updates on the incentives be provided to the public.

Response: Staff notes that, prior to the launch of any charger incentive program, a public stakeholder process must be undertaken. Staff also notes that the Board is currently proceeding with two utility EV filings, both of which propose charger programs. Staff notes that, when the post-purchase program is launched, a dashboard will be launched to provide funding information.

Comment: Rate Counsel noted that this budget is the first to contain a Compliance Filing for the Charge Up New Jersey Program, which launched in May. Rate Counsel noted that the Board released a Straw Proposal in May on the requirements necessary for utilities to build a publicly accessible EV charging infrastructure. They noted that there are two current filings on this subject and that the Board has not yet made any final action on them.

Response: Staff notes that, on March 19, 2020, a Charge Up Compliance Filing was filed along with the FY20 “True-Up” Budget and was adopted on April 8, 2020. Staff notes that the two filings referenced continue on their public schedule and further notes that the Board will consider Staff recommendations on the light-duty publicly-accessible EV charging at the Board’s September 23rd meeting.

Comment: PSE&G noted that utilities have a unique opportunity to incentivize EV adoption and suggested that they should be authorized to create an in-home EV charger incentive and TOU rate. PSE&G commented that, if PSE&G is not permitted to do so, the Division of Clean Energy should.

Response: Staff notes that PSE&G has proposed its own program through its EV filing and that filing is currently undertaking a public review process. Staff also notes that, in order for the BPU to undertake an EV charger program, a public stakeholder process must occur.

Comment: CEV noted that the BPU should permit business entities to participate in the EV rebate program.

Response: Staff acknowledges the impact that converting fleets can have on EV adoption. Currently, the BPU has the “Clean Fleet Electric Vehicle Incentive Program,” which is accessible to local and state governments to support the purchase of an electric vehicle and charging equipment for their fleet.

Comment: Multiple organizations noted that, given the extraordinary fiscal times, they are pleased to see $23 million allocated to the program but reminded the BPU that the establishing legislation calls for $30 million each year and that they are hopeful that it will be fully funded in FY22.

Response: Staff notes that the FY21 budget as presented is for nine months. This comment will be taken into consideration by the BPU going forward.

Solar Transition/SREC Registration

Comment: Rate Counsel provided its support for the FY21 budget, which will support administering the Transition Incentive Program for its SREC Program and the ongoing process to establish the new Successor Program.

Response: Staff appreciates Rate Counsel's support.

Community Solar

Comment: Rate Counsel inquired about why the Community Solar pilot program does not include a separate budget line in the FY21 budget. Also, they reiterated their concern over how the costs should be monitored to ensure that the permanent program does not result in excessive costs to ratepayers.

Response: Staff appreciates Rate Counsel's comments and are continually looking for ways to improve the cost structure, with input from stakeholders, for the Community Solar program. Additionally, funding for this program is supported via the BPU's Program Administration line in the FY21 budget.

Offshore Wind

Comment: Rate Counsel expressed its support for the FY21 budget for the continued growth of NJCEP's Offshore Wind ("OSW") solicitations, including the development and evaluation of its OSW Renewable Energy Certificate applications and guidance documents that provide a framework for ensuring that ratepayers and the state receive the greatest economic benefits.

Response: Staff appreciates Rate Counsel's support.

Sustainable Jersey

Comment: The New Jersey League of Municipalities and the School Boards Association supported the proposal to continue funding Sustainable Jersey.

Response: Staff appreciates the support.

BOARD STAFF RECOMMENDATIONS

The CRA Straw Proposal sets out in detail the rationale utilized by Staff in developing the Proposed FY21 Funding Level. Having reviewed and considered the comments regarding the Proposed FY21 Funding Level, Staff recommends that the Board set, adopt, and approve the Proposed FY21 Funding Level and Proposed FY21 Utility Payments.

DISCUSSION AND FINDINGS

The CRA Straw Proposal recognizes the value of renewable energy and 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.

The CRA Straw Proposal, including the FY21 Funding Level, was distributed to the BPU listserv and posted on the NJCEP website. Staff accepted oral comments at a public hearing and solicited written comments from stakeholders and the public. Accordingly, the Board **HEREBY FINDS** that the process utilized in developing the Proposed FY21 Funding Level was appropriate and provided stakeholders and interested members of the public with adequate notice and opportunity to comment.

The Board has reviewed the CRA Straw Proposal, including, without limit, the Proposed FY21 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 FY21 Funding Level and agrees with and accepts Staff's recommendations. The Board **HEREBY FINDS** that the Proposed FY21 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 FY21 Funding Level.

The Board has reviewed Staff's recommendation for allocating the funding to the state's electric and natural gas public utilities. The Board **HEREBY FINDS** that the recommended allocation of the FY21 funding to the electric and natural gas public 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 FY21 Utility Payments (as approved, "FY21 Utility Payments").

The FY21 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 FY21 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 September 9, 2020, Staff circulated its proposed FY21 programs and budget and those programs and budget 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 September 23, 2020.

DATED: September 23, 2020

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BY:

JOSEPH L. FIORDALISO
PRESIDENT

MARY-ANNA HOLDEN
COMMISSIONER

DIANNE SOLOMON
COMMISSIONER

UPENDRA J. CHIVUKULA
COMMISSIONER

ROBERT M. GORDON
COMMISSIONER

ATTEST:

AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCE ANALYSIS FOR THE FISCAL YEAR 2021 CLEAN ENERGY PROGRAM - DOCKET NO. QO20080538

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New Jersey's Clean Energy Program™

DIVISION OF CLEAN ENERGY

Comprehensive Energy Efficiency & Renewable Energy Resource Analysis

Funding Levels – Fiscal Year 2021

September 23, 2020

Contents

LIST OF ACRONYMS

- AEG: Applied Energy Group
- Board or BPU: New Jersey Board of Public Utilities
- C&I: Commercial & Industrial
- CEA: Clean Energy Act of 2018
- CRA: Comprehensive Energy Efficiency & Renewable Energy Resource Analysis
- DCE: Division of Clean Energy
- DEP: Department of Environmental Protection
- ECC: Energy Capital Committee
- EDA: Economic Development Authority
- EDECA: Electric Discount and Energy Competition Act
- EE: Energy Efficiency
- EMP: Energy Master Plan
- ES: Energy Storage
- EO: Executive Order
- FC: Fuel Cell
- FY: Fiscal Year
- HVAC: Heating, Ventilation and Air Conditioning
- NJCEP: New Jersey's Clean Energy Program
- NJIT: New Jersey Institute of Technology
- OSW: Offshore Wind
- OWEDA: Offshore Wind Economic Development Act
- Pilot Program: Community Solar Pilot Program
- RCGB: Rutgers University's Center for Green Buildings
- RE: Renewable Energy
- RFP: Request for Proposal
- SBC: Societal Benefits Charge
- SES: Division of State Energy Services
- SREC: Solar Renewable Energy Certificates
- TRC: TRC Energy Solutions

EXECUTIVE SUMMARY

On February 9, 1999, the Electric Discount and Energy Competition Act was signed into law, which, among other things, created the societal benefits charge to fund programs for the advancement of energy efficiency and Class I renewable energy technologies and markets in New Jersey. EDECA also charged the New Jersey Board of Public Utilities with initiating proceedings and undertaking a comprehensive energy efficiency and renewable energy resource analysis in New Jersey. The comprehensive resource analysis would be used to determine the level of funding for EE and Class I RE programs statewide. Collectively, these programs form New Jersey's Clean Energy Program.™ Over the past 20 years, the programs have significantly reduced energy usage, reduced greenhouse gas emissions, delivered clean, local sources of renewable energy, and resulted in billions of dollars of energy cost savings to New Jersey ratepayers.

From 2001 through 2011 (FY12), the Board established four-year funding levels as envisioned in the Act. Since 2012 the CRA has provided a single year funding level in order to advance the goals of NJCEP.[1]

On January 31, 2018, Governor Phil Murphy signed Executive Order No. 8. (EO8), which directed the BPU and all agencies with responsibility under the Offshore Wind Economic Development Act to "take all necessary action" to fully implement OWEDA and begin the process of moving New Jersey towards a goal of 3,500 megawatts of offshore wind energy generation by the year 2030. On November 19, 2019, Governor Murphy signed Executive Order No. 92 (EO92), which increased the goals for offshore wind energy generation to 7,500 megawatts by 2035.

On May 23, 2018, Governor Murphy signed the Clean Energy Act, which takes several critical steps to improve and expand New Jersey's renewable energy programs and establishes ambitious energy reduction targets. The CEA requires 21% of the electricity sold in the state to be from Class I renewable energy sources by 2020, 35% by 2025, and 50% by 2030. Additionally, the CEA provides a platform to reform the state's solar program by making near-term structural changes to ensure that the program is sustainable over the long term and establishes a community solar energy program to allow all New Jersey residents to benefit from solar energy. Importantly, the CEA also established new energy savings targets of at least 2% annually for electric distribution companies and at least 0.75% for gas distribution companies.

HISTORY/BACKGROUND

[1] In the early years, the budgets and programs were based on calendar years, but in 2012, the Board approved the budgets and programs to be based on fiscal years to align with the overall State budget cycle.

The Board initiated its first CRA proceeding in 1999 and issued the first CRA Order in 2001. The 2001 Order set funding levels, the programs to be funded, and the budgets for each of those programs 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.

From 2001 to 2006, the state's electric and natural gas utilities managed the programs. In 2004, the Board determined that it would manage NJCEP going forward, and in 2005-2006, the Board issued RFPs to contract the necessary administrative services to assist in oversight. In 2006, the Board engaged Honeywell, Inc. to manage the RE and residential EE programs, and the Board engaged TRC to manage the C&I EE programs. In 2007, the Board engaged AEG as the NJCEP Program Coordinator. These contracts, following multiple extensions, terminated on March 31, 2016.

In April 2015, the Board, through the Department of the Treasury, Division of Purchase and Property (Treasury), issued RFP 16-X-23938 seeking proposals for a single Program Administrator to provide the services then being provided by Honeywell, TRC, and AEG (2015 RFP). On December 1, 2015, Treasury awarded the Program Administrator contract to AEG. Subsequently, on January 13, 2017, TRC Environmental Corporation acquired AEG's New Jersey operation, including the NJCEP Program Administrator contract from AEG, and assumed AEG's rights and obligations thereunder. TRC has subcontracted portions of the work under its contract to CLEAResult Consulting, Inc. and Energy Futures Group, Inc. TRC has managed programs since March 1, 2016, which marked the conclusion of the transition period set out in the RFP.

ENERGY MASTER PLAN

On May 23, 2018, Governor Murphy signed Executive Order No. 28 (EO28), directing the BPU to spearhead the committee to develop and deliver the new Energy Master Plan. The committee comprised senior staff designees from the following state agencies: Board of Public Utilities, Department of Community Affairs, Economic Development Authority, Department of Environmental Protection, Department of Health, Department of Human Services, Department of Transportation, Department of Labor and Workforce Development, and Department of the Treasury. The committee was tasked with developing a blueprint for the total conversion of the state's energy production profile to 100% clean energy by January 1, 2050, with specific proposals to be implemented over the next 10 years.

On January 27, 2020, the 2019 EMP was unveiled following months of research, review, and stakeholder input. The EMP outlines seven key strategies to achieve 100% clean energy by 2050: reduce energy consumption and emissions from the transportation sector; accelerate deployment of renewable energy and distributed energy resources; maximize energy efficiency and conservation and reduce peak demand; reduce energy consumption and emissions from the building sector; decarbonize and modernize New Jersey's energy system;

support community energy planning and action in underserved communities; and expand the clean energy innovation economy.

FUNDING LEVELS

The funding recommendations for FY21 considered NJCEP's historic results and forecasts for the year. Staff is recommending that the Board maintain a funding level of $344,665,000 for FY21. Following the enactment of the COVID-19 Fiscal Mitigation Act, L. 2020, c. 19, the FY20 was extended through September 30, 2020. This FY21 CRA reflects that change and provides funding levels for October 1, 2020 through June 30, 2021. The following table summarizes the appropriate funding levels for NJCEP FY21 budget.

Proposed FY21 Funding Levels		
CEP Budget Category	**FY21 SBC Funding**	**Total FY21 Funding**
Energy Efficiency		
Residential	58,803,939	68,171,319
Low Income	34,125,100	34,125,100
Commercial & Industrial	85,702,422	173,322,979
State Facilities	-	24,938,782
Acoustical Testing	1,500,000	1,500,000
Energy Efficiency	**180,131,461**	**302,058,180**
Distributed Energy Resources		
CHP - FC	7,685,179	24,625,265
Microgrids	6,000,000	6,000,000
Distributed Energy Resources	**13,685,179**	**30,625,265**
Renewable Energy		
Offshore Wind	2,000,000	4,162,561
SREC Registration	2,100,000	2,100,000
Renewable Energy	**4,100,000**	**6,262,561**
EDA	**70,000**	**130,393**
BPU Program Administration		
BPU Program Administration	3,555,000	3,555,000
Marketing Contract	4,000,000	7,568,006
CEP Website	-	400,000
Program Evaluation	5,050,000	10,939,450
Outreach & Education	4,512,500	6,567,518
Memberships	60,000	112,546
BPU Program Administration	**17,177,500**	**29,142,520**
BPU Initiatives		
Community Energy Grants	500,000	560,000
Storage	7,000,000	7,000,000
Electric Vehicle Program	20,000,860	23,000,860
NJ Wind	-	4,500,000
R&D Energy Tech Hub	-	1,250,000
Workforce Development	2,000,000	4,500,000
BPU Initiatives	**29,500,860**	**40,810,860**
NJCEP Total	**244,665,000**	**409,029,779**
State Energy Initiatives	**100,000,000**	**100,000,000**
Grand Total	**344,665,000**	**509,029,779**

ENERGY EFFICIENCY

The CEA directs both the Board and the State's investor-owned electric and gas utilities to take action regarding EE. The CEA requires the Board to adopt an electric and gas EE program in order to ensure investment in cost-effective EE measures, ensure universal access to EE measures, and serve the needs of low-income communities.

Additionally, as previously noted, the CEA requires each electric public utility to achieve annual reductions in the use of electricity of at least 2% and each natural gas public utility to achieve annual reductions in the use of natural gas of at least 0.75% of the average annual usage in the prior three years within five years of implementation of its EE program.

In January 2019, the BPU contracted with Optimal Energy to conduct a market potential study. Staff has worked with the New Jersey Division of Rate Counsel, utilities, and other stakeholders and held four stakeholder meetings to advance the study.

On February 1, 2019, the BPU held a public meeting to solicit responses to 12 questions that would help guide the process and advance the design of the EE programs under the requirements of the CEA.

At the May 28, 2019 Board agenda meeting, the Board approved the following items to advance the goals of the CEA:

- The acceptance of the final "Energy Efficiency Potential in New Jersey" study;
- The adoption of the preliminary quantitative performance indicators related to electric and natural gas usage reduction targets; and
- The structure of the Advisory Group, whose members would provide insight on key elements of program implementation and evaluation for Staff's use in the development of recommendations to the Board.

An extensive public stakeholder process continued in the late summer, fall, and winter with 10 additional stakeholder and technical working group meetings, as well as regular meetings with the Energy Efficiency Advisory Group. Significant stakeholder comment was received, reviewed, and incorporated and helped to refine three straw proposals (Program Administration, Cost Recovery, and Utility Targets), as well as a full straw proposal which resulted in Staff recommendations to the Board for the next generation of EE programs. On June 10, 2020, the Board approved an expansive EE program which highlighted an enhanced role for utilities and addressed issues such as utility-specific energy usage and peak demand reduction targets, program structure, cost recovery, utility filing requirements, program timeframes, evaluation, and reporting requirements. Staff is continuing to work with New Jersey's investor-owned utilities, the New Jersey Division of Rate Counsel, and other stakeholders to ensure that the new framework is put into place fully, properly, and with minimal ratepayer impact. Utilities are preparing their filings for programs to start on July 1, 2021.

Staff anticipates utilizing FY21 to carefully prepare for the transition of the EE programs, as well as the anticipated needed growth in evaluation, measurement, and verification needed to ensure energy savings. Staff will also work to facilitate working groups to assist in the implementation of State and utility EE programs. Staff will finally work to procure appropriate studies and evaluations to assist in the determination of energy savings, cost effectiveness, code compliance, EE baselines, and other relevant assessments.

The FY21 NJCEP proposal provides continuation of funding for programs for residential, governmental, commercial, and industrial markets, including special incentives for overburdened communities, with a particular focus on outreach and education to ensure equity in access to EE and development of a diverse EE workforce.

RENEWABLE ENERGY

Solar Transition

Pursuant to the CEA, the Board is transitioning from its legacy solar incentive program (SREC registration program or SRP) to a new Successor Solar Program. A rule amendment approved by the Board on December 18, 2018 and published in the New Jersey Register on January 22, 2019 established that no new SREC registration program applications shall be accepted following a determination by the Board that 5.1% of the kilowatt hours sold in the state by each electric power supplier and each basic generation provider comes from solar electric power generators connected to the state's electric distribution system (5.1% milestone). By Orders dated October 29, 2018 and February 27, 2019, the Board reduced the SREC term (or Qualification Life) to 10 years for all applications submitted after October 29, 2018.

A proceeding is currently ongoing to provide options and recommendations as to how the Board can modify or replace the existing SREC program. A Staff straw proposal was published on December 26, 2018, which included seven "Transition Principles" and a proposed timeline for the transition process. A stakeholder notice published on April 8, 2019 accelerated the proposed timeline and announced additional stakeholder workshops. The Board undertook a subsequent rulemaking to amend the SREC registration processes to address the closure of the legacy SREC program and the methodology by which the Board would forecast and announce the attainment of the 5.1% milestone for closure. The rule amendments adopted on February 3, 2020 provided for registration lengths, which conclude upon attainment of the 5.1% milestone, and directed Staff to produce monthly reports on the status of the state's progress toward closure. Monthly reports on SREC program closure were issued for January, February, and March.

In December 2019, the Board approved a Transition Incentive Program designed to provide a bridge between the legacy SREC program and a successor incentive program. The transition incentive was further amended by orders issued in January and February 2020 and the subject of proposed rules approved by the Board on March 27, 2020.

Also, at the March 27, 2020 agenda, the Board approved a waiver of the Board's SREC registration rules in light of the COVID-19 response to allow registrants an additional 90 days to submit post-construction certification documents following the state's attainment of the 5.1% milestone. The March report on the progress toward the 5.1% milestone projected closure as early as May 2020 as a result of consistently declining retail sales figures since the summer of 2019. At the April 6 agenda meeting, the Board announced that the attainment of the 5.1% milestone was imminent given the additional decline in retail electricity sales anticipated with the COVID-19 response and directed Staff to close the SREC market to new entrants on April 30, 2020.

On May 1, 2020, the Transition Incentive Program opened to new projects and projects with a valid SRP registration that did not energize prior to the 5.1% milestone (and were not granted a COVID-19 waiver). The Transition Incentive Program will remain open to new registrants until the Successor Incentive Program, currently in development, is launched.

A Board consultant is in the process of finalizing a capstone report detailing suggestions for the Board to consider as the Successor Incentive Program is developed. Staff released the draft capstone report for public comment on August 11, 2020 and held initial stakeholder meetings in August 2020. Following this period of stakeholder engagement, the consultant is finalizing and will submit the final capstone report in the fall of 2020. Concurrently, Staff will be developing a Staff straw proposal on the Successor Program, to be further informed by the capstone report and additional stakeholder feedback. Staff will launch a series of stakeholder engagement sessions on specific topics relevant to the Successor Solar Program, with the intent of submitting an order for Board consideration in the fall of 2020 to launch the Successor Solar Program.

Community Solar

On January 17, 2019, the Board approved the Community Solar Energy Pilot Program following substantial public input and launched it on February 19, 2019 upon the publication of rules in the New Jersey Register. The Pilot Program establishes a capacity limit of at least 75MW per year for three years, at least 40% of which must be allocated to projects serving overburdened communities. Pursuant to the CEA, the Pilot Program will be replaced within three years by a permanent Community Solar Program.

In addition to the Pilot Program rule, the Board approved and released the Program Year 1 Community Solar Energy Pilot Program application form on March 29, 2019. The Program Year 1 application period opened on April 9, 2019 and closed on September 9, 2019. The Board received 252 applications, representing over 650MW. On December 20, 2019, the Board granted conditional approval to 45 projects, representing almost 78MW. All 45 projects have committed to allocating at least 51% of project capacity to low- and moderate-income subscribers. The Board conducted stakeholder engagement in the summer of 2020 to evaluate the Program Year 1 process and will issue the Program Year 2 application form in the fall of 2020.

Offshore Wind

Governor Phil Murphy signed EO8 on January 31, 2018. The purpose of EO8 was to reinvigorate the implementation of the State's OWEDA. EO8 directed the BPU and all agencies with responsibility under OWEDA to "take all necessary action" to fully implement OWEDA and begin the process of moving New Jersey towards a goal of 3,500 megawatts of offshore wind energy generation by the year 2030. EO8 also required an initial solicitation of 1,100 MW as the first step towards achieving the goal and required the development of an Offshore Wind Strategic Plan (OSWSP).

In 2018, the Interagency Agency Taskforce on Offshore Wind was developed to assist in the development of the OSWSP. In FY19, a consultant for the OSWSP was retained and work began. In September 2018 the BPU issued a solicitation for 1,100 MW of offshore wind energy generation, and in June 2019 the BPU approved an application for a 1,100 MW offshore wind generation project submitted by Ocean Wind.

On November 19, 2019, Governor Murphy signed EO92, increasing the State's offshore wind energy generation goal to 7,500 MW by 2035. Governor Murphy found that, as a result of efforts by the State following EO8, "offshore wind development is a growing economic sector in the State with increases in supply chain presence, private investment in ports, workforce development efforts, and research and development for offshore wind industry and labor." Governor Murphy found that expanding the offshore wind goal will ensure that the State can "meet the State's goals of 50 percent renewable energy by 2030 and 100 percent clean energy by 2050, in addition to creating a significant number of good-paying jobs."

The OSWSP consultant's scope of work was revised to account for the increased goal, and additional modeling and analysis was completed. A draft OSWSP was released to the public for comment in July 2020, and the final OSWSP is expected to be adopted by the BPU in Q3 2020.

On February 28, 2020, Governor Murphy announced the offshore wind solicitation schedule to meet the 7,500 MW goal by 2035. Governor Murphy called on the BPU to once again take all necessary actions to implement the schedule. In April 2020, a consultant was retained, and the BPU anticipates releasing the second solicitation for approximately 1,200 to 2,400 MW. A Draft Solicitation Guidance Document was released for public comment in July 2020, and the release of the solicitation is expected in Q3 2020 after approval by the BPU. Applications are expected in Q4 2020, with awards considered by the BPU in Q2 2021.

In addition to the above, the Rutgers' Department of Marine and Costal Sciences (DMCS) will continue assisting the BPU and the OSW industry with offshore wind modeling.

DISTRIBUTED ENERGY RESOURCES

In FY20, the first phase of the BPU's Town Center Distributed Energy Resources (TCDER) Microgrid Incentive Program was completed. Phase I consisted of TCDER Microgrid feasibility studies. The BPU funded 13 feasibility studies, which Staff reviewed and accepted. Also, in FY20, the BPU launched Phase II of the TCDER Incentive Program. Phase II consists of incentives for a detailed design of the TCDER Microgrid, with the approved feasibility study participants eligible for Phase II incentives (one feasibility study participant voluntarily withdrew from consideration, leaving 12 eligible applicants for Phase II incentives). Eleven applications were received in May 2020, and in FY21 the BPU will review applications and consider awards for detailed design.

In FY19, the Board retained Rutgers University to conduct an analysis of energy storage (ES) in New Jersey pursuant to the Clean Energy Act. The contract for the requested analysis commenced on November 1, 2018, and Board accepted the final report at the June 12, 2019 Board meeting.

In the 5th quarter of FY20, the BPU initiated a proceeding to establish a process and mechanism for achieving the State's energy storage goals, focusing on achieving 2,000 MW of energy storage by 2030 and strategically adding storage as expeditiously as possible. The FY21 budget includes funding for grants and administration of this program. The BPU will review subsequent details on program requirements and applications.

ELECTRIC VEHICLES

On January 17, 2020, the Governor signed into law P.L. 2019, c. 362 (N.J.S.A.48:25-1 et seq.) ("the Electric Vehicle Act"), which established the State's goals for the use of plug-in EVs and the development of supporting plug-in EV charging infrastructure.[2] In particular, the Act authorized the Board to adopt policies and programs to accomplish the State's goals and authorized the use of SBC funds to effectuate those policies and programs, which include:

1. There shall be at least 330,000 registered light-duty, plug-in electric vehicles in New Jersey by December 31, 2025 and at least 2 million electric vehicles registered in New Jersey by December 31, 2035.
2. At least 85% of all new light-duty vehicles sold or leased in New Jersey shall be plug-in electric vehicles by December 31, 2040.
3. At least 25% of State-owned non-emergency light duty be plug-in electric vehicles by December 31, 2025.

[2] N.J.S.A. 48:25-3.

4. At least 25% of State-owned non-emergency light-duty vehicles shall be plug-in electric vehicles by December 31, 2025.
5. At least 1,000 Level Two chargers shall be available for public use across the state by December 31, 2025.
6. The Department of Environmental Protection, in consultation with the Board, shall establish goals for vehicle electrification and infrastructure development for medium and heavy duty vehicles by December 31, 2020.

In FY21, NJCEP will continue to advance those goals in a variety of different ways. Staff has also begun the process for stakeholder input on the subject of EV charging and plans for multiple opportunities for input on public charging investment, medium and heavy duty charging, and mechanisms for rate recovery and rate setting for EVs.

The Electric Vehicle Act also created the Charge Up New Jersey Program to encourage the purchase or lease of new light duty plug-in electric vehicles in the state and assist New Jersey residents in making the switch to driving electric vehicles by offering a financial incentive directly linked to a vehicle's EPA-rated all-electric range. Staff launched Phase 1 of the program, the post-purchase incentive, in May 2020. Staff intends to launch Phase 2 in early FY21 and Phase 3, which includes an incentive for residential chargers, later in the fiscal year.

The BPU intends to fulfill the State's EV goals and implement an incentive program which moves the state forward on transportation electrification, while decreasing greenhouse gas emissions, for the light duty sector.

STATE ENERGY SERVICES

The State Facilities Initiative (SFI) identifies and implements EE projects in the state at governmental and or quasi-governmental mandated agencies and facilities to implement energy reduction, energy savings, and EE projects with the objective of producing energy and cost savings. The Energy Capital Committee (ECC), consisting of members from the Department of Treasury, including the Office of Management and Budget and the Division of Property Management and Construction (DPMC) Energy Initiatives Group, along with the BPU's Division of State Energy Services (SES) and BPU fiscal division, coordinates and recommends approval of these projects based on evaluation of capital costs and anticipated energy savings. The SFI funds are allocated for and spent on projects identified by the SES and the ECC.

Through a November 13, 2019, Board Order (Docket No. QO19101423), the Board and DPMC entered into a Memorandum of Understanding for the purpose of setting roles and responsibilities of the parties and governing SFI funding allocation and spending.

Projects will focus on: (a) improvements, upgrades, and replacements of air handling and movement systems; (b) lighting and equipment upgrades and replacements; (c) boiler, chiller, and HVAC replacements; (d) lighting and building controls; (e) RE and EE systems at State facilities; and (f) injection of funding for State facility projects outside of the ECC domain that have an EE or RE component but are stalled due to lack of funding.

OUTREACH AND EDUCATION

In FY21, outreach and education will play a key role in driving energy savings and educating all customer markets of the benefits and cost savings associated with energy reduction plans.

The Division of Clean Energy postponed the Clean Energy Conference, which was to have occurred in April 2020, due to the health crisis. The conference will help educate the public about the benefits derived from NJCEP and the opportunities available through the program. The conference will deliver a platform that will inform industry, government, and trade stakeholders about upcoming changes and enhancements to New Jersey's clean energy initiatives, increasing national recognition of New Jersey as a leader in clean energy.

The DCE looks forward to continuing to improve the visibility and exposure of NJCEP and to advance the State's clean energy goals through a variety of efforts, including outreach through its program administrator, as well as strategic partnerships with academic and non-profit partners such as the New Jersey Institute of Technology and Sustainable Jersey.

EVALUATION

Evaluation and related research provide crucial insights into and analysis of clean energy markets and programs. The BPU is the lead agency tasked with the development and implementation of the EMP and NJCEP. As such, the BPU is required to track and report on progress in meeting the EMP goals, as well as to evaluate current and proposed NJCEP programs in terms of their achievement of energy savings, rate impact, and costs versus benefits of specific programs operated through ratepayer funds. The BPU is also required to establish baselines related to efficiency, RE generating sources, and emerging technologies and to evaluate the market potential for current and emerging clean energy technologies.

The CEA required the Board to establish an independent advisory group to study the evaluation, measurement, and verification process for EE and peak demand reduction programs. In FY20, Staff convened the Energy Efficiency Advisory Group, which played a key role in establishing the new EE framework.

Rutgers University’s Center for Green Buildings will continue to support the BPU’s DCE to manage program evaluation and the NJ Energy Data Center and to perform cost-benefit analyses and other related research activities.

The EE transition framework established by the Board on June 10, 2020 required enhanced evaluation, measurement, and verification to ascertain both costs and savings, among other targets. Over the next quarter, DCE Staff will work to procure a statewide evaluator to assist in the independent evaluation of State and utility programs and to help lead the Evaluation, Measurement, and Verification Working Group as required by the Board on June 10, 2020.

FISCAL YEAR 2021

In developing the funding recommendations for FY21, Staff considered the program's historic results and current trends. The following table shows NJCEP program expenses, commitments, and energy savings/generation since FY19:

NJ Clean Energy Program
Historical Results

Category	FY14	FY15	FY16	FY17	FY18	FY19
Expenses:						
Energy Efficiency	$ 178,097,682	$ 187,876,975	$ 158,597,561	$ 154,637,292	$ 141,866,785	$155,100,858
DER	1,474,906	2,448,358	4,958,392	21,116,544	5,611,076	$6,950,828
Renewable Energy	4,193,890	4,699,543	4,247,762	2,372,698	1,968,807	$2,617,286
EDA Programs	5,524,016	2,877,474	202,606	2,550,186	134,654	$98,749
NJCEP Admin	5,511,570	5,435,669	7,574,044	7,460,631	7,004,563	$8,732,720
TRUE Grant	7,419,100	-	3,000,000	3,291,331	-	
NJCEP Total Expenses	**$ 202,221,164**	**$ 203,338,018**	**$ 178,580,365**	**$ 191,428,681**	**$ 156,585,885**	**$173,500,440**
Year-end Commitments:						
Energy Efficiency	$ 95,187,314	$ 102,018,033	$ 83,573,517	$ 103,660,829	$ 116,223,497	$132,443,047
DER	6,050,795	9,361,807	31,490,510	25,075,756	19,732,356	$14,231,341
Renewable Energy	7,755,043	7,233,804	7,442,096	-	-	$572,829
EDA Programs	8,106,179	13,438,007	9,123,680	3,010,804	-	$0
NJCEP Admin	-	-	552,330	2,185,196	1,698,195	$2,976,858
TRUE Grant	1,874,500	-		-	-	
Total Commitments	**$ 118,973,832**	**$ 132,051,651**	**$ 132,182,133**	**$ 133,932,585**	**$ 137,654,049**	**$ 150,224,074**
Total Program Need:						
Energy Efficiency	$ 273,284,995	$ 289,895,008	$ 242,171,078	$ 258,298,120	$ 258,090,282	$ 287,543,904
DER	7,525,702	11,810,165	36,448,902	46,192,300	25,343,433	21,182,168
Renewable Energy	11,948,933	11,933,347	11,689,858	2,372,698	1,968,807	3,190,115
EDA Programs	13,630,195	16,315,480	9,326,286	5,560,990	134,654	98,749
NJCEP Admin	5,511,570	5,435,669	8,126,374	9,645,827	8,702,758	11,709,578
TRUE Grant	9,293,600	-	3,000,000	3,291,331	-	-
NJCEP Total Need	**$ 321,194,996**	**$ 335,389,669**	**$ 310,762,498**	**$ 325,361,266**	**$ 294,239,934**	**$ 323,724,514**
Savings:						
Electric (Lifetime MWh)	6,040,321	6,596,626	5,196,520	8,702,258	4,741,803	7,660,502
Gas (Lifetime Dtherm)	16,657,595	14,611,466	19,448,885	17,537,782	18,961,253	13,831,065
Demand Reduction (kW)	80,245	113,442	69,668	76,104	52,461	75,304
Generation (MWh)	5,346,105	4,853,617	7,800,616	9,338,166	8,564,608	8,240,121

SBC COLLECTION SCHEDULE

For FY21 the allocation of the funding to utilities is based on the statewide Universal Service Fund proceeding that forecasts electric and natural gas operating jurisdictional revenues and normalized monthly sales, which are provided below.

NJ Utility Jurisdictional Operating Revenue and Volume					
Gas Operating Jurisdictional Revenues*			**Electric Operating Jurisdictional Revenues**		
	$000			$000	
Public Service Gas	1,680,257	56.1%	Public Service Electric	3,609,065	55.9%
NJNG	598,361	20.0%	JCP&L	1,681,619	26.0%
Elizabethtown	298,786	10.0%	Atlantic Electric	997,569	15.4%
South Jersey	417,182	13.9%	Rockland Electric	173,732	2.7%
Total	2,994,586	100.00%	Total	6,461,985	100.00%
*Excludes therms related to LCAPP legislation					
Calculation of Allocation between Gas and Electric					
Gas Revenue	2,994,586	**32%**			
Electric Revenue	6,461,985	**68%**			
Total Revenue	9,456,572				
source: 6/22/18 PSE&G USF filing					

Projected Sales Volumes **Estimates of Normalized Jurisdictional Sales** **Units in (000s)**	2018 **October**	2018 **November**	2018 **December**	2019 **January**	2019 **February**	2019 **March**	2019 **April**	2019 **May**	2019 **June**	2019 **July**	2019 **August**	2019 **September**	**Total**
Gas Therms*													
NJNG	33,907	65,944	109,906	136,489	113,581	92,653	49,118	27,041	19,974	19,675	19,428	19,006	706,723
SJG	19,856	38,821	60,533	91,291	90,529	82,830	59,080	31,547	21,949	24,302	23,119	21,879	565,738
PSE&G	121,891	224,099	365,055	463,473	479,540	411,044	270,743	158,472	122,661	101,727	92,746	96,799	2,908,250
ETG	20,458	38,076	59,143	79,071	81,670	69,219	48,310	28,915	18,236	18,402	16,074	16,433	494,007
Total	196,112	366,940	594,638	770,323	765,321	655,747	427,251	245,975	182,820	164,107	151,367	154,117	4,674,718
Electric MWH													
PSE&G	3,151,972	2,951,581	3,354,645	3,534,714	3,398,390	3,259,907	2,960,422	2,947,589	3,550,873	4,262,165	4,225,464	3,833,547	41,431,270
JCP&L	1,492,596	1,514,791	1,726,757	1,746,784	1,574,309	1,567,437	1,399,128	1,528,122	1,817,589	2,155,187	2,039,450	1,619,277	20,181,427
ACE	637,406	609,249	659,499	750,198	719,617	654,466	597,301	580,341	690,045	902,280	981,497	913,372	8,695,271
RECO	114,169	115,890	120,677	128,894	120,141	114,557	103,551	107,959	125,218	158,975	157,425	146,294	1,513,750
Total	5,396,143	5,191,511	5,861,578	6,160,590	5,812,458	5,596,367	5,060,402	5,164,012	6,183,725	7,478,607	7,403,836	6,512,491	71,821,717
	*Gas sales exclude wholesale therms												

Staff utilized the revenue and sales projection from the tables above to develop the proposed monthly utility payments. The table on the next page sets out the proposed monthly payments to the Clean Energy Trust Fund due from each utility. This fund accounts for revenues collected from the SBC on monthly utility bills. Funds generated from this charge are used to support clean energy initiatives. SBC funds collected in July, August, and September 2020 will be utilized in the FY21 budget.

Monthly Utility Funding Levels

FY21	Jul (FY20)	Aug (FY20)	Sep (FY20)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
ACE	$2,958,794.29	$3,218,566.32	$2,995,170.56	$2,090,210.27	$1,997,875.68	$2,162,656.28	$2,460,080.26	$2,359,800.69	$2,146,154.61	$1,958,695.23	$1,903,080.66	$2,262,824.70	$28,513,909.55
JCP&L	$7,067,382.79	$6,687,853.00	$5,310,003.45	$4,894,585.61	$4,967,368.42	$5,662,456.53	$5,728,129.94	$5,162,542.43	$5,140,007.47	$4,588,081.29	$5,011,084.02	$5,960,316.77	$66,179,811.72
PS-Electric	$13,976,677.48	$13,856,324.79	$12,571,134.29	$10,336,082.24	$9,678,952.32	$11,000,697.53	$11,591,188.69	$11,144,149.50	$10,690,027.74	$9,707,943.11	$9,665,862.89	$11,644,177.65	$135,863,218.23
RECO	$521,317.72	$516,234.90	$479,733.64	$374,387.94	$380,031.52	$395,729.26	$422,674.80	$393,971.58	$375,660.29	$339,568.94	$354,023.84	$410,620.30	$4,963,954.73
NJN	$459,373.11	$453,598.63	$443,744.06	$791,651.64	$1,539,646.21	$2,566,061.68	$3,186,700.78	$2,651,864.12	$2,163,246.51	$1,146,789.30	$631,338.36	$466,359.18	$16,500,373.58
Etown	$429,645.12	$375,291.58	$383,673.42	$477,648.07	$888,988.56	$1,380,855.41	$1,846,129.18	$1,906,809.95	$1,616,107.24	$1,127,929.34	$675,099.91	$425,769.39	$11,533,947.17
PS-Gas	$2,375,093.95	$2,165,418.49	$2,260,045.25	$2,845,879.51	$5,232,197.42	$8,523,219.23	$10,821,041.05	$11,196,175.64	$9,596,957.48	$6,321,228.53	$3,699,970.79	$2,863,849.73	$67,901,077.07
SJG	$567,407.24	$539,772.93	$510,826.20	$463,602.35	$906,380.90	$1,413,308.55	$2,131,436.20	$2,113,657.88	$1,933,901.56	$1,379,395.63	$736,562.46	$512,456.05	$13,208,707.95
Total	$28,355,691.70	$27,813,060.64	$24,954,330.87	$22,274,047.63	$25,591,441.03	$33,104,984.47	$38,187,380.90	$36,928,971.79	$33,662,062.90	$26,569,631.37	$22,677,022.93	$24,546,373.77	$344,665,000.00

CONCLUSION

In May 2018, Governor Murphy's EO28 directed the State to achieve 100% clean energy by 2050. Staff's FY21 CRA straw proposal is intended to recognize the value of energy efficiency, renewable energy, and distributed energy resources as foundational energy resources that, when delivered cost-effectively, reduce the cost of energy for all ratepayers while providing additional benefits, including the health benefits associated with improved air quality, lower environmental compliance costs, increased grid reliability, and economic development opportunities in the form of jobs and a more competitive business environment. This proposal recommends that the State continue to make the investments necessary to keep New Jersey on the path toward achieving the Governor's clean energy goals.