



Agenda Date: 1/26/22
Agenda Item: 8F

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE IMPLEMENTATION OF P.L.) ORDER
2021, C. 200 REGARDING ESTABLISHMENT OF THE)
SCHOOL AND SMALL BUSINESS ENERGY)
EFFICIENCY STIMULUS PROGRAM) DOCKET NO. QO21081073

Party of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

I. BACKGROUND

On August 24, 2021, Governor Murphy signed L. 2021, c. 200 into law (“Law”), creating the School and Small Business Energy Efficiency Stimulus Program Fund (“Fund”) within the New Jersey Board of Public Utilities (“Board”) to effectuate the following: 1) the School and Small Business Ventilation and Energy Efficiency Verification and Repair (“SSB-VEEVR”) Program; and 2) the School and Small Business Noncompliant Plumbing Fixture and Appliance (“SSB-NPFA”) Program. The SSB-VEEVR and SSB-NPFA Programs (“Programs”) provide “grants to boards of education and small businesses for the installation of certain HVAC systems and energy efficient and water-conserving appliances to improve air quality and energy efficiency in school districts under the jurisdiction of a board of education and small businesses, including school districts and small businesses in underserved communities.”¹ The Law mandated that the Board “begin to solicit applications . . . on or before October 1, 2021 and begin to approve applications for a grant no later than December 1, 2021.”²

On October 6, 2021, the Board approved a Memorandum of Understanding (“MOU”) with the New Jersey Department of Community Affairs (“DCA”) to provide the Board with the \$180 million in

¹ N.J.S.A. 48:3-106.2(a). N.J.S.A. 48:3-106.1 defines an “underserved community” as “a school district in which at least 75% of public school students are eligible to receive free or reduced-price meals under the National School Lunch Program established pursuant to the ‘Richard B. Russell National School Lunch Act,’ Pub.L.79-396 (42 U.S.C. 1751 et seq.).”

² N.J.S.A. 48:3-106.2(c).

Federal funds to implement the Programs.³ Pursuant to the MOU, the DCA will also provide the Board with additional monies from Federal funds for administrative expenses, with a cap of 2.5% of the total budgets for the Programs, or \$4.5 million. Per Federal Government guidelines, funding received under the MOU must be obligated by December 31, 2024 and expended by December 31, 2026.

Also on October 6, 2021, the Board approved the Programs as proposed by Board Staff (“Staff”).⁴ N.J.S.A. 48:3-106.4(b)2 provides that “[t]he board shall adjust energy efficiency savings targets, as necessary, to ensure that energy savings created through the expenditures made pursuant to [this Law] are not double counted in any public utility energy efficiency program.” In the Order, the Board directed Staff to present their recommendations on the energy efficiency (“EE”) savings targets to the Board prior to February 2022.

II. STAFF RECOMMENDATIONS

The issue of energy savings under the Programs is limited to the replacement path of the SSB-VEEVR Program, which incentivizes the purchase of new HVAC equipment for schools and small businesses. The SSB-VEEVR Program will pay up to 75% of total project costs, and the school or small business can further apply for an incentive from its electric or natural gas utility company (“Utility”) to apply towards their 25% cost share of the project. If the Utility incentive comprises an amount greater than 25% of the project’s costs, then the cost share provided by the SSB-VEEVR Program will be reduced proportionately.⁵

In the Board Order issued on June 10, 2020, the Board determined that the Utilities should count toward their energy reduction targets all energy savings achieved through their energy efficiency and peak demand reduction programs.⁶ The Board directed the Utilities to base their energy use reduction quantitative performance indicators on the “Utility Program Annual Energy Savings Targets,” which encompass savings anticipated to come from the Utility-administered and co-managed programs, but exclude savings that come from programs administered, led, or sponsored by the State, so that the Utilities do not receive incentives or penalties based on those programs.⁷ Comfort Partners, the low-income residential energy efficiency program, is currently the sole energy efficiency program that is co-managed by the Utilities and the State.

The Programs are, therefore, in a category of programs not specifically addressed in the June 10, 2020, Order in that they are State-administered and overlap with Utility programs that offer EE incentives. Staff is currently engaged in discussions with the New Jersey Division of Rate Counsel and the Utilities about how to best proceed on this issue. As such, Staff requests an extension of

³ In re the Establishment of the School and Small Business Energy Efficiency Stimulus Program, BPU Docket No. QO21081073, Order dated October 6, 2021 (Agenda Item 8C).

⁴ In re the Establishment of the School and Small Business Energy Efficiency Stimulus Program, BPU Docket No. QO21081073, Order dated October 6, 2021 (Agenda Item 8D).

⁵ Staff notes that, in the initial proposal for the Programs, utility incentives would have been deducted from the Program’s 75% cost share; this was changed based upon stakeholder comments so that the participating school or small business can apply the utility incentive to its 25% cost share.

⁶ In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO19010040, Order dated June 10, 2020 (“June 2020 Order”).

⁷ Ibid.

time to allow further discussions regarding this issue of first impression prior to returning to the Board with recommendations.

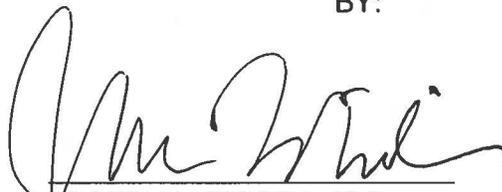
III. DISCUSSION AND FINDINGS

After careful consideration of L. 2021, c. 200 and Staff's recommendations, the Board **HEREBY APPROVES** Staff's request for an extension of time to allow for further discussions and **HEREBY DIRECTS** Staff to present their recommendations regarding the treatment of energy savings resulting from HVAC replacements implemented through the SSB-VEEVR Program prior to September 2022.

This Order shall be effective on February 2, 2022.

DATED: January 26, 2022

BOARD OF PUBLIC UTILITIES
BY:



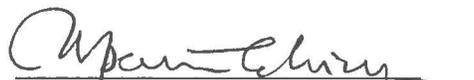
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COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE IMPLEMENTATION OF P.L. 2021, C. 200 REGARDING THE
ESTABLISHMENT OF THE SCHOOL AND SMALL BUSINESS ENERGY EFFICIENCY
STIMULUS PROGRAM

DOCKET NO. QO21081073

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