



Agenda Date: 3/9/22
Agenda Item: 8E

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
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CLEAN ENERGY

IN THE MATTER OF THE UNITED STATES)	ORDER
DEPARTMENT OF ENERGY – STATE ENERGY)	
PROGRAM – JULY 1, 2021 – JUNE 30, 2022)	DOCKET NO. QO20020109
)	
MODIFICATION OF PROGRAMS AND FUNDING)	
ALLOCATION)	DOCKET NO. QO21020626

Parties of Record:

Michael Ambrosio, TRC Environmental Corporation
Brian O. Lipman, Esq., New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“Board” or “BPU”) considers the Division of Clean Energy 2021–2022 State Energy Program (“SEP”) Plan modification for submission to the United States Department of Energy (“USDOE”).¹ Board Staff (“Staff”) seeks approval to modify the original Scope of Work to include the development of the State’s Energy Security Plan and Emergency Response Plan Update, which will replace the State’s Energy Assurance and Emergency Response Plan, and to reallocate \$250,000 in unexpended Non-IOU Program funds to this new program. All other programs will continue as originally proposed.

BACKGROUND AND PROCEDURAL HISTORY

The SEP was established in 1996 by consolidating two (2) existing programs: (1) the State Energy Conservation Program (“SECP”) and (2) the Institutional Conservation Program (“ICP”).² Both the SECP and ICP were established 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 the USDOE to lead and administer the conservation effort. The SECP was established under the Energy Policy and Conservation Act of 1975, which provided funding to states for a variety of energy efficiency and renewable energy

¹ The SEP runs from July 1 of one calendar year through June 30 of the following calendar year.

² 61 Fed. Reg. 35,890 (July 8, 1996).

activities.³ The ICP provided schools and hospitals with technical analyses of their buildings and identified the potential savings from proposed energy conservation measures.⁴ In creating the SEP, the USDOE combined the SECP and ICP to make it easier for states to apply for grants and to enable both the USDOE and the states to more efficiently manage the grants.⁵ Thus, the USDOE currently provides federal financial assistance and technical support to the states for energy programs by means of the SEP.⁶ The SEP seeks to promote the efficient use of energy and reduce the rate of growth of energy demand through the development and implementation of specific state energy programs. States must comply with USDOE rules governing these financial awards.

To be eligible for SEP grant funding, a state must submit an annual application to the USDOE that is executed by the state's Governor or his/her designee. 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 the state. The USDOE must approve the activities that the state is planning to undertake for the fiscal year concerned.

New Jersey is allocated federal monies each year in support of its USDOE-approved State Plan. In accordance with the formula provided in 10 C.F.R. § 420.11, New Jersey's 2021–2022 SEP allocation is \$1,474,770. Pursuant to USDOE regulations, New Jersey is required to match its allocation either through cash, in-kind contribution, or both, in an amount totaling no less than 20% of the federal allocation.⁷ Therefore, New Jersey's required match is \$294,954. New Jersey's 20% match for these federal funds comes from Staff salaries for time spent managing the grant and New Jersey's Clean Energy Program ("NJCEP").

STAFF RECOMMENDATION

Staff seeks to modify the scope of the 2021–2022 SEP Plan to allow the State to partner with a State University to develop the State's Energy Security Plan, replacing the State's current Energy Assurance and Emergency Response Plan. The modification would also allow all \$250,000 unexpended Non-IOU Program funds to be reallocated to the State Energy Assurance and Emergency Response Plan.

The proposed program modification would add the following Market Title:

Market Title: State Energy Security Plan Development
Budget: Federal Funding: \$250,000; State Match: \$50,000

Program Description: In 2012, New Jersey developed its first State Energy Assurance Plan in concert with Federal requirements as part of the SEP and American Reinvestment and Recovery Act. The purpose of this plan is to understand the overall capabilities of, threats and hazards against, and strategies for emergencies facing the energy systems and supply chains within New Jersey. There has been much change within the last 10 years, with additional changes to be expected as New Jersey pursues its Energy Master Plan ("EMP") initiatives. Therefore, the

³ 61 Fed. Reg. 35,890 (July 8, 1996).

⁴ Ibid.

⁵ Id. at 35,891.

⁶ 10 C.F.R. § 420 et seq.

⁷ 10 C.F.R. § 420.12(a).

Board, in partnership with one of its State Universities, seeks to develop a comprehensive, forward-leaning State Energy Security Plan to replace the current Energy Assurance and Emergency Response Plan. The new plan will protect New Jersey residents from current and emerging threats. New guidance to plan components, and digitizing its use to maximize its effectiveness, are anticipated requirements in order to receive future Federal funding.

Due to the immediacy of need and the duration of an undertaking with this level of complexity, Staff recommends that the execution of this program be broken into three (3) phases, with the first occurring in the remaining period of Fiscal Year 2022 and the last two (2) in Fiscal Year 2023. Phase 1 entails Project Kickoff, Team Formation, Information Analysis, and Plan Structuring and Course of Action Development. Phase 2 entails Draft Plan Development and Final Plan Socialization and Validation. Phase 3 includes Plan Operationalization and Digitization.

Once complete, this effort will assist the State in understanding its current and projected energy infrastructure capabilities, threats, and hazards. It will lay out strategies for collectively working with public and private stakeholders to anticipate, mitigate, or respond to strategic energy incidents impacting the energy assurance of the State using a planning framework that is collaborative and adaptive. It will be beneficial in other sectors for study, analysis, and supporting planning, such as State mitigation, preparedness, response, and recovery initiatives.

In addition, the proposed program modification would include a revised budget for the following Market Title:

Market Title: Non-IOU Program

Budget: Federal Funds: \$416,786.66; State Match: \$83,357.00

Program Description: The Non-IOU Program complements the NJCEP by extending its offerings to customers who do not pay a Societal Benefits Charge and therefore do not qualify for State-funded clean energy programs. The program offers incentives for energy efficiency measures for both the residential and commercial and industrial sectors.

DISCUSSION AND FINDINGS

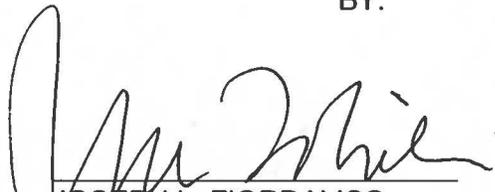
The 2021–2022 SEP Plan aligns with both SEP and EMP goals. It includes development and implementation of a program to incorporate health and safety measures into energy efficiency upgrades for low- to moderate- income residents, as well as the development of roadmaps to achieve both the benchmarking requirements and the decarbonization goals set forth in the Clean Energy Act of 2018 and the EMP. The current Plan also has continued a program that expands the eligibility of customers served by NJCEP.

The Board **HEREBY FINDS** that the modifications to the 2021–2022 SEP Plan described above will enable the SEP to more effectively achieve its goals: contributing to conservation of energy, reducing the rate of growth of energy demand and resource dependence on oil, advancing State and Federal energy conservation and efficiency goals, and protecting New Jersey residents from energy supply disruption risks and vulnerabilities. The Board **HEREBY APPROVES** the modified 2021–2022 SEP Plan. The Board **HEREBY DIRECTS** Staff to submit the modified Scope of Work to the USDOE for approval and to take appropriate measures to implement the programs subject to and consistent with the USDOE’s approval of the modification.

This Order shall be effective on March 16, 2022.

DATED: March 9, 2022

BOARD OF PUBLIC UTILITIES
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 UNITED STATES DEPARTMENT OF ENERGY – STATE ENERGY
PROGRAM – JULY 1, 2021 – JUNE 30, 2022

MODIFICATION OF PROGRAMS AND FUNDING ALLOCATION

DOCKET NOS. QO20020109 AND QO21020626

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