



Agenda Date: 9/10/25
Agenda Item: 8C

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

CLEAN ENERGY

IN THE MATTER OF THE IMPLEMENTATION OF)	ORDER ADOPTING
P.L. 2018, C. 17, THE NEW JERSEY CLEAN)	EVALUATION, MEASUREMENT,
ENERGY ACT OF 2018, REGARDING THE)	AND VERIFICATION
SECOND TRIENNIUM OF ENERGY EFFICIENCY)	FRAMEWORK FOR TRIENNIUM 2
AND PEAK DEMAND REDUCTION PROGRAMS)	
)	DOCKET NO. QO23030150

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BY THE BOARD:

By this decision and Order, the New Jersey Board of Public Utilities ("Board" or "BPU") considers directing each of the State's electric and gas public utilities and State program administrators to conduct evaluation, measurement, and verification ("EM&V") of energy efficiency ("EE") programs in the second three (3)-year cycle of programs ("Triennium 2") implemented pursuant to the New Jersey Clean Energy Act of 2018, N.J.S.A. 48:3-87.8 *et seq.* ("CEA"), according to the EM&V framework described herein.¹

¹ New Jersey's electric and gas public utilities include Atlantic City Electric Company, Butler Power and Light Company, Elizabethtown Gas Company, Jersey Central Power & Light Company, New Jersey Natural Gas Company, Public Service Electric and Gas Company, Rockland Electric Company, and South Jersey Gas Company (individually, "Utility"; collectively, "Utilities").

BACKGROUND AND PROCEDURAL HISTORY

On May 23, 2018, Governor Murphy signed the CEA into law, thereby calling for a significant overhaul of New Jersey's energy systems while growing the economy, building sustainable infrastructure, creating well-paying local jobs, reducing carbon emissions, and improving public health to ensure a cleaner environment for current and future residents.

By Order dated June 10, 2020, the Board established the EM&V administrative structure and an EM&V Working Group ("EM&V WG") which, facilitated by the Statewide Evaluator ("SWE"), brings Board Staff ("Staff"), the New Jersey Division of Rate Counsel, and the Utilities together to collaborate in developing a standard, transparent, and replicable EM&V approach for the EE and peak demand reduction ("PDR") programs established pursuant to the CEA.² As part of this standard statewide approach, the State and Utilities are held to the same accountability standards through collaboratively developed plans, schedules, procedures, guidelines, and requirements for program administrators. The EM&V WG established the following committees to address specific needs: Technical Reference Manual ("TRM") Committee, New Jersey Cost Test Committee, and Guidelines Committee, with each committee comprised of various members of the EM&V WG.

By Orders dated May 24, 2023 and July 23, 2023, pursuant to the CEA, the Board initiated Triennium 2, to run from January 1, 2025 to June 30, 2027.³ By the May 2023 Order, the Board established the EM&V process for the Utilities' energy usage reductions and peak demand reductions. By the July 23, 2023 Order, the Board updated energy savings carryover guidelines and directed Staff to provide corrections, adjustments, and clarifications on the approach, if needed, in consultation with the EM&V WG. By Order dated October 30, 2024, the Board approved the Utilities' proposed Triennium 2 programs.⁴

² In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket Nos. QO19010040, QO19060748, and QO17091004, Order dated June 10, 2020 ("June 2020 Order").

³ In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, Order Directing the Utilities to Propose Second Triennium Energy Efficiency and Peak Demand Reduction Programs, BPU Docket Nos. QO19010040, QO23030150, and QO17091004, Orders dated May 24, 2023 ("May 2023 Order") and July 26, 2023 ("July 2023 Order").

⁴ In re the Petition of New Jersey Natural Gas Company for Approval of New Energy Efficiency, Building Decarbonization Start-Up, and Demand Response Programs and the Associated Cost Recovery Mechanism Pursuant to the Clean Energy Act, N.J.S.A. 48:3-87.8 et seq. and 48:3-98.1 et seq. Second Triennium, BPU Docket No. QO23120868; In re the Petition of Elizabethtown Gas Company for Approval of Triennium 2 Clean Energy Programs and Associated Cost Recovery Pursuant to the Clean Energy Act, BPU Docket No. QO23120869; In re the Petition of South Jersey Gas Company for Approval of Triennium 2 Clean Energy Programs and Associated Cost Recovery Pursuant to the Clean Energy Act, BPU Docket No. QO23120870; In re the Petition of Atlantic City Electric Company for Approval of a Portfolio of Energy Efficiency, Building Decarbonization and Demand Response Programs, a Cost Recovery Mechanism, and Other Related Relief Pursuant to the Clean Energy Act for the Period January 2025 Through June 2027 (Triennium 2), BPU Docket No. QO23120871; In re the Verified Petition of Jersey Central Power & Light Company for Approval of JCP&L's Second Energy Efficiency and Conservation Plan Including Energy Efficiency and Peak Demand Reduction Programs ("JCP&L EE&C Plan II Filing"), BPU Docket No. QO23120872; In re the Petition of Public Service Electric and Gas Company for Approval of its Clean Energy Future-Energy Efficiency II (CEF-EE II) Program on a Regulated Basis, BPU Docket No. QO23120874; In re the Petition of Rockland Electric Company for Approval of its Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO23120875.

Triennium 2 EM&V Framework

The SWE drafted a “Triennium 2 Energy Efficiency Programs Evaluation, Measurement, and Verification Framework” that describes roles and responsibilities of the entities participating in the EM&V of Triennium 2 programs and outlines the activities, products, and processes that guide program EM&V (“Framework”). The SWE revised the Framework in consultation with the EM&V WG and to reflect the Board’s approval of the Utilities’ Triennium 2 programs. The final Framework is attached hereto as Attachment A.

The Framework is a consolidation and refinement of various working documents that the EM&V WG produced throughout Triennium 1. It addresses 1) organization, roles, and responsibilities of the EM&V WG stakeholders; 2) evaluation products including, but not limited to, the Triennial Evaluation Plan, State- and Utility-run evaluation studies, Evaluation Guidelines, the TRM, an Avoided Cost Memo, and quarterly tracking reports; and 3) EM&V WG activities and processes including, but not limited to, meetings of the EM&V WG and its sub-committees, reviews of evaluation products, and data sharing.

Staff Memoranda

In addition to the Framework, following discussion and consultation with the EM&V WG, Staff determined two (2) topics required additional clarification and subsequently prepared two (2) memoranda. The first memo discussed interactive effects (“IE”) (“IE Memo”), and the second memo discussed energy savings carryover (“Energy Savings Carryover Memo”). The IE Memo and Energy Savings Carryover Memo are attached hereto as Attachments B and C, respectively.

Accounting for Interactive Effects

IEs are the energy effects from different energy types that arise from a single measure, mainly used in the context of resulting negative energy effects. A prime example of a measure with an IE is an LED bulb replacing an incandescent or fluorescent bulb. While the LED leads to electrical savings, it emits less heat for which the building’s heating system must compensate during the heating season. If the heating system is natural gas-based, then there is an IE for increased gas consumption. If the heating system is electrical, then there is no IE, but the increase in heating electricity detracts from the lighting savings. Similarly, cooling electricity savings are added to the lighting savings.

The IE Memo clarifies the accounting of IEs for various reporting requirements: quarterly and annual tracking reports, net budget transfers between utilities, quantitative performance indicators, and CEA compliance filings.

Regarding CEA compliance, Staff recommends that negative IEs be excluded at the Utility-level but included at the state-level by summing up the total IEs reported by each Utility.

Energy Savings Carryover

Energy savings carryover ("Carryover") is the amount of energy savings in excess of target savings for a given program year that a Utility may add to the actual achieved savings in the subsequent program year. Carryover provides flexibility for the Utilities to manage program budgets from year to year, while achieving annual savings targets. The Energy Savings Carryover Memo clarifies the policy and calculations, including sample calculations, for Carryover.

Staff recommends that the Board adopt Framework, IE Memo, and Energy Savings Carryover Memo to improve the administration and performance of the Triennium 2 EE and PDR programs.

DISCUSSION AND FINDINGS

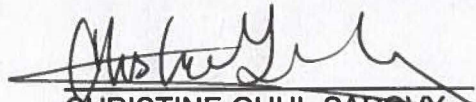
The Board **HEREBY FINDS** that the proposed changes contained within the Framework, IE Memo, and Energy Savings Carryover Memo will improve administration and performance of Triennium 2 EE and PDR programs.

As such, the Board **HEREBY APPROVES** Staff's recommendation that the Board adopt the Framework, IE Memo, and Energy Savings Carryover Memo. The Board **HEREBY ADOPTS** the Framework, IE Memo, Energy Savings Carryover Memo, and the policies, procedures, and calculations therein as its own for the purposes of administration of Triennium 2 and calculation of energy savings. The Board **HEREBY DIRECTS** the Utility and State administrators of Triennium 2 EE and PDR programs to adhere to the guidelines contained therein.

This Order shall be effective on September 17, 2025.

DATED: September 10, 2025

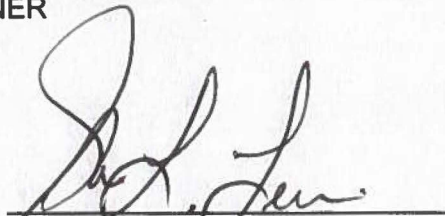
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IN THE MATTER OF THE IMPLEMENTATION OF P.L. 2018, C. 17, THE NEW JERSEY CLEAN ENERGY ACT OF 2018, REGARDING THE SECOND TRIENNIUM OF ENERGY EFFICIENCY AND PEAK DEMAND REDUCTION PROGRAMS

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Triennium 2 Energy Efficiency Programs Evaluation, Measurement, and Verification Framework

Introduction - Energy Efficiency Evaluation

Evaluation, measurement and verification (“EM&V”) is a vital step in the delivery of the State of New Jersey’s Triennium 2 energy efficiency (“EE”) programs (“Triennium 2”). EM&V provides:

- Useful guidance and feedback to ensure that programs improve over time.
- Parameter values for Technical Reference Manual (“TRM”) savings algorithms to reflect attributable behaviors and market conditions that are closest to actual conditions.
- Greater confidence toward achieving EE savings goals.
- A defensible basis for evaluating the cost-effectiveness of the EE programs.

To be effective, evaluation activities and methods need to be consistent. Additionally, results need to be applied in an independent and rigorous manner. This EM&V Framework describes the roles and responsibilities of the entities with responsibility for EM&V of Triennium 2. It outlines the overall framework and minimum requirements for the development and execution of evaluation processes, activities, inputs, and products in New Jersey.

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Glossary

BD = Building Decarbonization

CEA = New Jersey Clean Energy Act of 2018

CUPR = Rutgers Center for Urban Policy Research

DR = Demand Response

EE = Energy Efficiency

EM&V = Evaluation, Measurement and Verification

EST = Evaluation Study Team - Statewide

EUM = Evaluation Use Memo

IE = Independent Evaluator

IMC = Incremental Measure Cost

ISR = In-service Rate

NEBs / NEIs = Non-energy benefits or non-energy impacts

NJCEP = New Jersey's Clean Energy Program

NJCT = New Jersey Cost Test

NTG = Net to Gross

PA = Program Administrator

PDR = Peak Demand Reduction

PDT = Program Design Team

PIM = Performance Incentive Mechanism

RR = Realization Rate = Adjustment to net savings to reflect in-service rates and differences between deemed and verified savings

QPI = Quantitative Performance Indicator

RFQ = Request for Quotation

Statewide Study = An evaluation study not specific to the evaluation of an individual EE program

State-Run Study = Study of a state-run program, such as the New Construction Program

SPA = State Program Administrator

SWE = Statewide Evaluator

TRM = Technical Reference Manual

UIE = Utility Independent Evaluator, contracted by utility

Utilities = NJ's investor-owned utilities (Atlantic City Electric, Elizabethtown Gas, Jersey Central Power and Light, New Jersey Natural Gas, Public Service Electric and Gas, Rockland Electric, South Jersey Gas)

Utility-Run Study = Study of a utility-run program

Organization, Roles, and Responsibilities

Many stakeholders collaborate to achieve effective EM&V for the Triennium EE, demand response (“DR”), and building decarbonization (“BD”) programs. Stakeholders’ roles and responsibilities are described below.

Board and Board Staff – Statewide Evaluation Oversight

Board Staff (“Staff”) oversees the statewide evaluation process. While Staff makes policy recommendations, the Board is the ultimate arbiter of policies pertaining to Triennium programs. Staff works with the Utilities, the SWE, and other stakeholders to obtain general agreement on evaluation policies. If any of the parties disagree with each other, Staff conveys the parties’ various positions and provides recommendations for resolution to the Board. BPU provides contract oversight to the SWE and EST. Staff has responsibility for recommendations to the Board related to fundamental EE program design changes, influence of process recommendations that Utilities are reluctant act upon, and use of evaluation findings in the New Jersey Cost Test (“NJCT”).

Statewide Evaluator (SWE) – Evaluation Management and Technical Guidance

The SWE team develops the EM&V framework, manages the EM&V processes, provides technical guidance, administers evaluation planning at the State- and Utility-level, reviews evaluation methodologies, and oversees evaluation quality assurance.

The SWE consults and reports to Staff, which directs SWE activities and ensures the timely delivery of quality work products. The SWE facilitates the EM&V Working Group (“EM&V WG”), as well as TRM, NJCT, and Guideline Committees. Key responsibilities of and deliverables from the SWE are:

- Lead master evaluation work plan;
- Develop Three-Year Statewide Evaluation Studies Plan, including State and Utility evaluation studies, and prepare annual updates;
- Develop evaluation study guidelines covering State and Utility study standards and content (“Evaluation Guidelines”);
- Facilitate EM&V WG and TRM, Guidelines, and other Committee meetings;
- Provide project development and technical evaluation oversight to utility independent evaluators (“UIEs”) and the EST related to State and Utility evaluation study progress, methods, results, and schedule. Includes regular, in-depth meetings with UIEs and the EST to monitor progress;
- Oversee evaluation and verification of the results of the State and Utility programs;
- Oversee and lead in updates of the TRM and participate in updates to the NJCT;
- Draft an annual report covering Utility and State evaluation work and program performance; and
- Develop, monitor, make recommendations on, and refine the evaluation framework.

Program Design Team (PDT) – Program Planning Advice

The PDT provides ongoing oversight of program design and delivery, track performance metrics in real time, and advise on course corrections. The PDT is a role distinct from the EST and IUEs. . They assemble information on program portfolios, goals, costs, and cost-effectiveness and cost reasonableness for Staff. They recommend program design and delivery improvements based on

the evaluation studies recommendations and their in-depth industry experience and expertise. In addition, the PDT reviews and assesses the Utility program filings. Their analysis helps BPU to ensure that there are consistent, efficient, cost-effective, and defensible Utility and State program portfolios to achieve goals.

EM&V Working Group – EM&V Oversight

The SWE leads and facilitates the EM&V WG, which includes Staff, Rate Counsel, the Utilities, and other stakeholders. Invited attendees may include technical evaluation contractors, program implementation contractors, and representatives from other EE working groups as appropriate to provide guidance and input on the relevant issues. The EM&V WG establishes committees as needed on targeted issues. The current committees are the TRM, NJCT, and Guidelines Committees.

The EM&V WG is responsible for:

- Overseeing the evaluation framework and processes;
- Providing input on the Evaluation Studies Plan;
- Reviewing or providing input into key evaluation studies as appropriate;
- Reviewing policy and technical issues related to evaluation, including issues identified in the committees;
- Providing recommendations to Staff on the development of a standard, transparent, and replicable evaluation framework;
- Sharing associated data and tracking best practices from other jurisdictions;
- Reviewing and voting on TRM updates and TRM policy issues; and
- Facilitating the necessary stakeholder processes related to the State's EM&V policies.

The EM&V WG is highly deliberative regarding EM&V plans and policy. Additionally, it makes recommendations for Staff consideration. In turn, Staff develops recommendations on the State's policy position via internal consultation with subject matter experts and senior leadership. In the rare case where an equitable resolve is unavailable, the Board will rule on petitions put forward by the Utilities.

The EM&V WG shall work toward a consensus for changes to either the Evaluation Studies Plan and the EM&V Framework. Staff shall approve the changes to the Evaluation Studies Plan. Significant changes to the EM&V Framework that extend beyond Staff's delegated authority shall be elevated for the Board's consideration and adjudication.

Utilities – Program Development and Delivery

The Utilities are responsible for the design, implementation, and evaluation of their programs, as well as reporting on compliance to the Board. The Utilities contract directly with their own UIEs, which provide evaluation services and support to the Utilities in fulfilling their EM&V obligations. When possible, Utilities are encouraged to conduct evaluations jointly. The Utilities ensure that their UIEs comply with the Evaluation Studies Plan priorities and principles, that UIEs' scopes are consistent with the Plan, and that the studies are carried out in a manner to comply with the policies, processes, and schedules in the Study Guidelines and Evaluation Framework. For the purposes of this framework document, the Utilities are treated as the responsible Program Administrators ("PAs") for utility programs, although some may contract out for delivery of some programs.

The Utilities, with support from program implementers, as applicable, are responsible for reporting Utility savings and tracking progress toward compliance goals. Tracking systems may accurately calculate and record savings according to the guidance provided by the Board and relevant evaluation documents and processes. The Utilities are also responsible for providing data in a timely manner (under 60 days from date of request) for evaluation purposes to analysts who conduct evaluation studies, including their own UIEs, or other utility UIEs, or the State EST, or other

contracted entities, as directed by Staff. The non-disclosure agreements (“NDAs”) provide procedures and conditions for secure data transfer conditions. The Utilities facilitate and promote participant cooperation with evaluation site visits and surveys, as well as work with contractors and other trade allies who are active in their programs.

Utility Independent Evaluators (UIEs) – Utility Program Evaluation

UIEs, under contract with the Utilities, conduct impact and process evaluations and other evaluation and market studies as prioritized in the Evaluation Studies Plan. They conduct other priority Utility evaluation studies and assess the cost effectiveness of proposed Triennium programs. UIEs are responsible for developing and implementing evaluation scopes of work that meet the policies, processes, and schedules in the Study Guidelines and are responsive to the varied needs of the Utilities. They meet regularly with the SWE to accommodate real-time oversight of the study planning, content, methods, results, recommendations, schedule and other key aspects associated with program and measure performance monitoring. They support EM&V efforts for Utility participation in PJM markets, track progress toward compliance goals, and develop program evaluation recommendations that inform program and portfolio design and are critical to updates in the TRM values and algorithms. To conform with overarching evaluation principles, Utility UIEs are required to provide findings that are independent of Utility influence and must certify that within reports. UIEs also provide regular updates on evaluation project progress to the Utilities, SWE, and EM&V WG.

State Program Administrator – Program Development and Delivery

The State Program Administrator (“PA”) serves in a similar capacity to the Utilities in developing, implementing, and tracking offerings under New Jersey’s Clean Energy Program (“NJCEP”) and programs co-managed by the State and Utilities. The EST evaluates State programs. The State PA is responsible for providing data for evaluation purposes to analysts who conduct evaluation studies, including the EST or other contracted entities. Appropriate NDAs and secure data transfer conditions must be met. The State PAs facilitate and promote participant cooperation with evaluation site visits and surveys, as well as work with contractors and other trade allies who are active in their programs.

The State PA is responsible for accurately reporting savings and tracking progress toward compliance goals. In this role, the State PA collects tracking data from the Utilities’ programs and appends it to the State program data to generate a statewide progress report. Additionally, the State PA follows guidance provided by the Board and provides any relevant evaluation documents and processes.

Evaluation Study Team – Statewide (EST)

The Board hires one or more qualified consultants or teams of consultants to serve as the State’s primary EE Evaluation Study Team(s) (“EST”) for the duration of the Triennium. The State also contracts with the Rutgers Center for Urban Policy Research (“CUPR”) to provide technical support and advice to BPU on numerous topics.

The EST conducts or manages, as appropriate, a variety of evaluation studies as directed by the Evaluation Studies Plan. The types of studies include impact, process, market, potential, baseline, TRM-related, cost-effectiveness, and other statewide evaluation studies. The EST is responsible

for executing evaluation studies, developing program recommendations to inform program design and coordinating with SWE and EM&V WG on the project progress and deliverables

Evaluation Activities, Products, and Processes

This section describes the activities, products, and processes that guide the EM&V of Triennium 2. Table 1 provides a summary of EM&V products. Each is described in detail in this section. Table 2 is a calendar for ongoing activities associated with the Evaluation Processes.

TABLE 1 - EM&V PRODUCTS

EM&V Product	Description
Triennial Evaluation Studies Plan	Lists the budget, priorities, and timing of evaluation studies for the Triennium. Revised annually.
Evaluation Guidelines	Outlines the minimum standards, activities, methods, products, and timing for evaluation studies. Used in the development of evaluation studies' scopes of work.
Utility-Run Program Evaluation Studies	Process, impact, and other evaluation studies for specific Utility-run programs.
State-Run Program Evaluation Studies	Process, impact, and other evaluation studies for specific State-run programs.
Statewide Evaluation Studies	Statewide studies support the TRM, NJCT, and overall program planning.
Evaluation Use Memo	The memo links Utility study results to commitment to action.
TRM Update Template	The template itemizes and assembles all TRM update recommendations produced in Utility and State program evaluations. Used in TRM update process assessment and prioritization of TRM gaps, and creation of statewide values for some entries.
Annual TRM	Compendium of algorithms and parameter assumptions to estimate gross and net savings from EE measures.
Avoided Cost Memo	Lists the data sources and avoided costs for each component of the NJCT.
Triennial NJCT Memo	The NJ-specific version of the Social Cost Test as defined in the California Standard Practice Manual. The memo describes the components of the cost test.
Annual Evaluation Report	Summarizes major insights from evaluation studies, program performance, and recommendations to improve EM&V, TRM, and program delivery and performance.
Quarterly and Annual Progress Reports	Quarterly performance tracking of key metrics. Annual report has additional metrics including NJCT and Quantitative Performance Indicators ("QPIs").

TABLE 2 - CALENDAR OF EM&V WG ACTIVITIES.

Task	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Evaluation Studies Plan												
Quarterly Progress Reports			*									
Evaluation Use Memo and TRM Template												
TRM Update and Approval												
Annual Evaluation Report												
Avoided Cost Memo						**						
NJCT Memo						**						
Ongoing Activities												
EM&V Working Group	Every other week											
Utility-SWE and UIE Meetings	Every other week											
TRM Committee	Every other week											
NJCT Committee	As needed											
Guidelines Committee	Periodically or as needed											

* The Quarterly Tracking Report posted in September represents the Annual Tracking Report, which is due 150 days after the end of the program year. The other Quarterly Tracking Reports are due 60 days after the end of the quarter.

** The Avoided Cost Memo and NJCT Memo are revised once a triennium in time for the Board Order authorizing the next triennium, in this case December 2025.

Evaluation Studies Plan

Description

The Evaluation Studies Plan is a list of evaluation studies for Utility-run programs, State-run programs, and statewide studies for the Triennium. The Plan includes priorities, estimated budgets, and frequency for each study. The SWE develops and writes the Evaluation Studies Plan. The SWE coordinates with the EM&V WG, NJCT Committee, and TRM Committee to identify and prioritize the studies. The SWE seeks input from stakeholders to determine the final timeline of each study. The SWE also works with the UIEs and oversees the development of each individual Utility's list of studies and aggregates the overall list of Utility evaluation studies. After Staff approves the Plan, the SWE coordinates with each Utility and UIE to conduct the studies. Similarly, the SWE coordinates with Staff and the EST to conduct the State-run and statewide studies.

The studies and their frequency are based on interpretation of the schedules and study planning tables included in the Evaluation Guidelines. The Plan is strategically designed in the selection and frequency of studies; not every program is evaluated every year. Instead, the frequency of (Utility and State) studies is guided by criteria including the importance of the program as a share of portfolio savings, the inventory of recent evaluations of the program conducted and their statistical reliability, gaps in the previous evaluation work, the stage of the program (e.g., pilot, growing), age and quality of the existing TRM algorithms and parameters, and other criteria.

The study budgets also affect the development of the Plan. The SWE will estimate expected cost ranges for Utility- and State-run studies as well as develop specific budgets for each statewide study. These study costs will be compared to the overall program budgets for reasonableness (e.g., in the range of 1% to 4%). The SWE will recommend opportunities for jointly conducted Utility evaluation studies that can reduce costs but still provide Utility-level results, and other recommendations for economies and coordination and improved value for evaluation at the State- and Utility-level.

Annual Update Process for the Evaluation Plan

The Evaluation Studies Plan is developed prior to the start of the Triennium and sets the initial evaluation strategy. The Plan informs the Triennium EM&V budgets for the Utilities and EST. The SWE, with input from the EM&V WG, updates the plan annually to reflect changing priorities and needs. This update occurs prior to the start of each program year and is approved by Staff. The updated budgets are expected to remain consistent with the Triennium EM&V budgets for the Utilities' and State's program evaluators.

Evaluation Guidelines Documents

Evaluation Guidelines outline the minimum standards, activities, methods, products, and timing for evaluation studies. The SWE oversees State and Utility program evaluators to ensure that the studies meet or exceed the requirements of the Guidelines. They are used extensively in the development of the evaluation studies' scope of work.

The SWE develops the Guidelines. The Guidelines Committee, comprised of EM&V WG members and Utility UIEs and the State EST, reviews the draft Guidelines. The SWE incorporates changes, and Staff reviews and approves of the guidelines. The Guidelines are updated on an as-needed basis through the following process, based on suggestions from SWE or EM&V members:

- The SWE drafts the updated guideline;

- Utilities, UIEs, State PA, and EST comment;
- The SWE revises the guideline and facilitates up to two meetings to discuss; and
- The SWE finalizes the guideline for Staff review and approval.

Evaluation Data and Evaluability

Timely Evaluation Data

Conducting reliable evaluation studies requires complete, accurate, and timely data. Some studies are conducted at the Utility- or State-level; others are conducted for multiple Utilities or at the statewide level. Timely execution of these evaluation studies requires delivery of Utility data to support the analytical work. Process and impact evaluations require information including: program tracking data, participation (and non-participant) counts and contact information, measures recommended, measures installed, measure delivery method, billing data, a priori calculations and spreadsheets, audit and other test results and other information. Additional data may be needed for market studies, baseline studies, or potential and other studies. Incomplete data and delayed data delivery results in increased study costs, reliance on inferior data, and results in delays, which in turn may impact follow-on evaluation work that rely on the preceding study's results.

To avoid data delays in Triennium 2, Staff recommends the following new procedures and requirements:

- Use of a universal NDA (attached to this document) to be signed by all Utility and State evaluation contractors (UIEs and EST) as part of their contracting documentation, which will allow access to any Utility's data or State program data for evaluation or research purposes. For already contracted firms, signing this universal NDA must be completed within two weeks of approval of this Evaluation Framework.
- Universal standards for secure transfer of data files and access protocols between Utilities or State sources and the evaluation contractors must be developed, tested, and working within one month after the approval of this Evaluation Framework.
- Standards for delivery of data from PAs. Evaluators must provide written data requests to the PA, with notation from the SWE that the data are being requested for evaluations in the Plan or otherwise authorized by BPU.
- A meeting may be requested by the PA to clarify requests but must happen within two weeks of the request. For process and impact evaluation studies, PAs shall deliver the data requested within 60 days of the clarified request.
- The data delivered shall be complete, reasonably well-documented, and accompanied by a notification to the SWE, thereby assuring that PA compliance with BPU's regulatory reporting requirements are confirmed.
- The evaluators have two weeks to notify the PA and SWE if the data are not complete or accurate. Otherwise, the data is assumed to be adequate. It is expected that shortcomings in data integrity shall be resolved by the PA within two weeks.
- The SWE will track the timeliness and accuracy of the data submissions. Notifications of non-compliance will be documented and sent to Staff for immediate and timely resolution.

Evaluability means that suitable data is collected to support the evaluation and that the savings purported or expect to be delivered by the program (claimed savings) can be verified. For example, EE kits are not "evaluable" if kits are given away without recording information about the recipient. Evaluability is another core requirement for evaluation.

If data needed for evaluation are unavailable to support the evaluation and verification of savings, one or more of the TRM values for savings, in-service rate (“ISR”), or realization rate (“RR”) need to be set to zero, unless some other value can be reasonably justified and agreed by the SWE and BPU. This requirement is reasonably straightforward for direct install programs, and most of the Utility programs met or nearly met evaluability for these programs and measures in Triennium 1. For mid-or upstream programs, or for other types of indirect distribution of program measure for which measures cannot be tracked to the customer account number, some of the Utilities and programs will need to refine the program design to meet evaluability requirements as reviewed by the SWE, and savings claims will need to be closely reviewed or suspended in the meantime.

Evaluation of Utility-Run Programs

Evaluation studies of the Utility-run programs are generally process and impact studies. UIEs conduct these studies. The SWE meets periodically with the Utilities and UIEs to review the Evaluation Studies Plan and confirms which studies to conduct.

The steps to conduct an evaluation study are as follows:

1. To begin an evaluation study, the UIE prepares a draft scope of work according to the Evaluation Guideline specific to the type of study.
2. The SWE reviews and refines the scope for Guideline conformance, best practices, and efficiencies.
3. The SWE, Utility, and UIE meet regularly to monitor progress per the evaluation studies plan. Additionally, they conduct detailed discussions of in-progress work on methods, analyses, and results of the evaluation studies via PowerPoint or other methods. SWE reviews survey instruments and other interim products. The UIE provides a monthly tracking report to the SWE, which presents the information to the EM&V WG through a Gantt chart or dashboard.
4. To ensure evaluation independence, the SWE and the Utilities receive each of the products of the evaluations simultaneously, including draft results, draft reports, and final reports. In addition, the UIE certifies the independent conduct of the study and results in the body of the final report.
5. The SWE also reviews progress of the study and the draft and completed evaluation studies for compliance with Evaluation Guidelines. Reports are edited to incorporate SWE comments into the Final Report. During the conduct of the study and as part of the report, the UIE will be responsible for identifying any evaluated values that may not meet statistical rigor or may have unremediated / unremediable methodological issues or can be categorically addressed in software prior to the next PY (and are verified in writing as completed by the UIE). These may be proposed for consideration as waivers. Any waivers must be identified during the conduct of the study and in the report, identified and justified in a clearly identified section early in the report, and reviewed by the SWE as part of the report review process.
6. Once the studies are substantially or fully completed, the EM&V WG schedules presentations of key results.
7. The UIE prepares and submits to the SWE an Evaluation Use Memo and TRM Update Template.
8. The UIE provides the final study report to the SWE. Staff posts the report on the NJCEP website.

Most Utility process, impact, and net-to-gross (“NTG”) studies are expected to be planned by March and completed by December 15. The EUM and TRM Update Templates are completed

by December 31. These documents guide the TRM updates, which are finalized in May, as well as planning for the start of the program year in July.

Evaluation of State-Run Programs

The EST conducts and manages, as appropriate, evaluation studies of State-run programs, such as impact and process studies. The process to plan, execute, and review the studies are identical to how UIEs conduct an evaluation study of Utility-run programs. However, the timing of State studies will vary with the schedules outlined in the Evaluation Studies Plan. The timing of some will be tied to TRM updates, but generally the studies are not tied to program years. The EUM and TRM Update Templates will be required as determined by the SWE of a subset of these studies. The EUM will be initialized by the EST, completed by the State PA, and submitted to the SWE.

Statewide Studies

Statewide studies support the TRM, NJCT, and overall program planning. Examples include: goal-setting study, TRM updates, baseline, industry standard practice, NTG, non-energy benefits, incremental measure cost, and avoided cost. The EST conducts statewide studies consistent with the Evaluation Studies Plan. The SWE meets with the EST periodically to determine which studies to conduct next from the Evaluation Studies Plan. The SWE also meets regularly with the EST to oversee the development, progress, methods, results, budget, and schedules for the studies.

Evaluation Use Memo

Evaluation is only useful if the study results and recommendations are used. The EUM provides a transparent tracking mechanism to ensure that evaluation study recommendations and results are applied to improve relevant programs, and updates of the TRM and NJCT. The EUM provides feedback to the PAs on recommendations for the programs, and feedback to evaluators and BPU regarding which recommendations are and are not being implemented and when. The EUM is a table with the following columns:

- Study Name
- Recommendations from the study
- Utility's explanation of how the recommendations or results will be utilized or implemented.
- The SWE's review and commentary of the Utility's proposed use.

Each study conducted by the Utility in the program year is recorded in the EUM. The annual memo is completed by the end of the third week of December of each year. EUMs will be posted on the NJCEP website.

The process to develop and use the memo is as follows:

1. The Utility PAs draft the Evaluation Use Memo by the end of the third week of December and submit it to the SWE and EM&V WG.
2. The SWE forwards the EUM to the TRM and NJCT Committees for review of only the recommendations or updates that impact the TRM or NJCT. The committees provide feedback to SWE.
3. The SWE provide comments regarding the draft Evaluation Use Memos in a memo to Staff within three weeks. The SWE presents this memo to the EM&V WG.
4. Once the memo is presented, the PAs have two weeks to respond with comments.

5. The SWE and the PAs discuss any differences and attempt to come to a resolution as needed. If resolution is not achieved, the SWE prepares a summary memo for Staff's consideration, which is forwarded to Staff along with the EUMs by late-February.
6. Staff makes the final decisions on how the recommendations and results will be utilized in the TRM, NJCT, and other applications.
7. Staff provides recommendations for fundamental EE program design changes for Board action in the subsequent triennium.
8. The final EUM documents are returned to the Utilities and State PAs so program recommendations may be integrated into program and process updates.
9. At the time of the filing of annual Utility evaluation plans to the BPU, or one month prior to the annual rollout of programs, whichever is earlier, the Utility and State PAs will add a column to the document that identifies whether the intended recommendation was 1) actually implemented or, 2) if not, the rationale shall be provided. This post hoc EUM will be provided to the SWE and Staff for review. The SWE will identify discrepancies and call important deviations to Staff's attention in a memo. Staff will determine if additional action is required.

Goal-Setting Process

The Evaluation Studies Plan includes one or more studies designed to provide support for and input into the setting of new goals for each triennium. There may be a primary goal-setting study plus additional studies that provide input to the goal-setting model. The study output is goals at the measure-, sector-, Utility program- and State program-levels, with roll-up to the entire state-level. Uncertainty in the market is accounted for by running the goal-setting model under several scenarios of the future.

As guided by the SWE and Staff, the consultants conducting the studies provide updates to the EM&V WG on study design, progress, and results. The EM&V WG, SWE and Staff provide extensive discussion and document review. The results of the goal-setting studies will be used to establish goals and targets for the next triennial portfolio straw proposal.

Technical Reference Manual

Description of the TRM

The TRM is a compendium of algorithms and parameter assumptions to estimate gross and net savings from EE measures. The TRM includes appendices for NTG, RRs, ISRs, and other topics. The TRM is used to estimate energy savings in program filings for EE and other programs, evaluate compliance in meeting the energy savings goals in the New Jersey Clean Energy Act of 2018 ("CEA"), and determine achievement of performance targets for the triennium. The TRM is updated annually. TRM updates include reviews of measures and model equations and parameters to reflect market changes and study results.

TRM Update Process

The TRM Committee, led by the SWE, oversees the TRM updates. The TRM development and approval process is as follows:

1. Each year, the EST, as guided by the SWE, reviews measures and values in the TRM and produces a prioritization memo of updates for consideration by the TRM Committee.
2. The EST, with input from SWE, prepares a list of potential primary research studies based on the prioritization activity. The EST, with input from the SWE, also prepares a list of relevant secondary research studies from other jurisdictions for consideration by the TRM Committee. Committee members, the EST, or the SWE may recommend revising specific

measures, updating parameters or algorithms, adding new measures, or removing dated measures. Recommendation of new measures may be introduced by TRM Committee members, but only after proposed measures have completed and passed the internal vetting and approval process of the Utility or State PAs.

3. Throughout the year, the EST, as guided by the SWE: 1) reviews and updates new inputs, values, algorithms from New Jersey or other studies, or introduces new measures, 2) maintains a tracking spreadsheet, 3) tracks decisions by the TRM Committee, and 4) produces a redline draft TRM of on-going revisions. The tracking spreadsheet is shared quarterly with the EM&V WG.

To facilitate the rapid adoption of new technology, TRM Committee members may introduce new measures and their associated savings algorithms throughout the year. The TRM Committee and EM&V WG will hold a quarterly vote on these “Provisional New Measures” (December, February, May, and September). Staff confirms approval. These Provisional New Measures may then be used in program planning and implementation by Utilities or the State. The Provisional New Measures along with other redlines are added to the tracking spreadsheet and the draft redline TRM.

4. In December, the EST prepares a redline version of the TRM incorporating all completed revisions to the TRM’s introductory and measure sections for review by the SWE and the TRM Committee.
5. In January, the SWE, assisted by the EST, commences review of the results of the EUM and TRM Update Template inputs and recommendations from the Utility and State Program Evaluation Studies completed in December. The SWE guides a process for review of the TRM values by the TRM Committee, and the EST produces a tracking spreadsheet, tracks decisions by the TRM Committee, and produces a full redline of the TRM that includes the updates to the main body of the TRM approved by the TRM Committee in December and final updates to the main body and appendices resulting from the review of the EUM and TRM Update Template.
6. The TRM Committee reviews the above documents and works with the EST and SWE to finalize a draft that is voted on by the TRM Committee and then presented to the EM&V WG for review and vote, after a minimum two-week review period.
7. Staff makes final recommendations, noting points of disagreement, for stakeholder feedback and subsequent Board approval in an annual process described below.

Annual TRM Adoption Schedule

TRMs are generally voted on by the Board in May but if a different month is needed for a particular period, the schedule is adjusted for that end date. When the Board approves and adopts a TRM, it becomes the standard for use in all applications as of one week later than the vote, when signatures are affixed. All applications include planning, calculations, net savings applications, tracking, QPI/Performance Incentive Mechanism (“PIM”), NJCT, CEA savings compliance, baseline, and other uses.

- 5 months prior (usually late December):
 - Mid-month, the TRM Committee votes on the redlines in the tracking spreadsheet. One week later and prior to the holidays, the EM&V WG votes on the redlines.
 - New Jersey program evaluation studies are completed. PAs supply EUMs and TRM Update Templates.
- 4 months prior (usually January):
 - Starting in the first or second week of the month, the SWE, assisted by the EST, begins considering and vetting values from the TRM Update Templates. The EST, guided by the SWE, develops a redline TRM.

- 3 months prior (usually February):
 - By the third week of the month, the TRM Committee votes on the redline TRM, including all appendices.
- 2 months prior (usually March):
 - By the end of the first week of the month, Staff releases the TRM and appendices for two to three weeks of public stakeholder review.
- 1 month prior (usually April):
 - By the end of the first week of the month, the SWE and Staff discuss all comments and comment responses and directs the EST regarding final revisions to the TRM.
 - After two weeks of review, the EM&V WG votes on the final version of the Program Year TRM.
- Voting Date (May):
 - After Board approval, the TRM is official and used for all applications when the program year begins, typically July 1. If the Board vote occurs after July 1, then the TRM is official when it is publicly posted on the NJCEP website (<https://njcleanenergy.com/main/public-reports-and-library/market-analysis-protocols/market-analysis-baseline-studies/market-an>).

Note that Provisional New Measures may be added and used as approved (quarterly basis) until they are fully integrated into the TRM in the next approval process.

Use of the TRM

The latest annual TRM is applied for all performance metrics, including:

- CEA savings compliance
- QPI and PIM
- Quarterly tracking reports
- Program planning
- Net savings
- Baselines
- NJCT: The latest annual TRM is used for both triennium planning and reporting.

TRM Update Template

The TRM Update Template is a standardized workbook developed by the SWE in which a UIE uploads ISRs, gross RRs, NTG ratios, and other values and statistics associated with an evaluation study to be inputted to the TRM.

New Jersey Cost Test

Description of NJCT

The NJCT is used to perform benefit-cost analysis of Triennium EE programs. The NJCT is a New Jersey-specific version of the Social Cost Test as defined in the California Standard Practice Manual.¹ Program Administrators use the NJCT to calculate benefit-cost estimates for proposed programs, as well as provide benefit-cost results in annual tracking reports.

¹ National Efficiency Screening Project, "National Standard Practice Manual for Assessing Cost-Effectiveness of Energy Efficiency Resources," available at https://nationalefficiencyscreening.org/wpcontent/uploads/2017/05/NSPM_May-2017_final.pdf.

For documentation, the BPU Office of the Economist writes Triennial NJCT and Avoided Cost Memos. The Triennial NJCT Memo describes each component of the cost test and the rationale for including each. The Avoided Cost Memo describes the methodology, data sources, and actual values for each cost test component. These memos are included as part of the Board's Triennium regulatory framework. Note that these memos do not apply to the calculation of the NJCT for the Triennium 2 annual tracking reports. These calculations should be on the NJCT and avoided cost values as approved for Triennium 2.

NJCT Update Process

The Office of the Economist has primary responsibility for updates to the NJCT and its associated avoided cost values. The NJCT Committee, led by the SWE, meets on an as-needed basis. The NJCT Committee has three responsibilities: provide proposals for updates to the form of and inputs for the NJCT; suggest priority primary or secondary NJCT study topics; and participate in the development and provide input and ongoing monitoring of avoided cost and other studies related to the NJCT.

Progress Reports

Quarterly and Annual Progress Reports

The performance tracking report is a single Microsoft Excel workbook with key performance metrics on participant counts, expenditures, and savings for the Utility-led EE programs. Staff works with the EM&V WG to develop and maintain the workbook. For quarterly progress reports, the Utilities complete a subset of the worksheets in the workbook. For the annual progress report, all worksheets are completed. The additional worksheets cover metrics reported only annually, such as NJCT and QPIs. Per the May 24, 2023 Triennium 2 Board Order,² the Utilities submit a narrative report with the annual progress report workbook. After a quality assurance check, Staff posts the reports on the New Jersey's Clean Energy website (<https://njcleanenergy.com/main/public-reports-and-library/financial-reports/clean-energy-program-financial-reports>).

For State programs, the State PA also posts the NJCEP Quarterly Report. The State PA combines this report with the Utility Progress Reports to create a Statewide Compilation Report. This report is produced semi-annually and is posted at the above link.

Annual Evaluation Report

The Annual Evaluation Report, produced by the SWE, analyzes program performance and provides recommendations on improving program and EM&V execution. The SWE will also arrange for presentation of key metrics from each Utility at least mid-year, with discussion of areas of concern or progress. This will allow for mid-course corrections and continual improvement of programs.

Evaluation Dashboard

To provide timely and concise feedback on the progress of the many Utility and State evaluation studies, the SWE prepares the monthly Evaluation Dashboard for Staff. The SWE combines input from all UIEs and the EST into tables with metrics on study status, delivery dates, budgets,

² In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, Order Directing the Utilities to Propose Second Triennium Energy Efficiency and Peak Demand Reduction Programs, BPU Docket Nos. QO19010040, QO23030150, QO17091004, Order Dated May 24, 2023.

and pending tasks. The dashboard includes a table of priority executive actions for Staff to keep evaluation progressing. The primary audience for the document is BPU, but excerpts are also provided monthly to the EM&V WG.

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE	:	AGREEMENT OF
IMPLEMENTATION OF P.L. 2018, C. 17	:	NON-DISCLOSURE
REGARDING THE SECOND	:	
TRIENNIUM OF ENERGY EFFICIENCY	:	DOCKET NO. QO23030150
AND PEAK DEMAND REDUCTION	:	
PROGRAMS	:	

This Agreement of Non-Disclosure (“Agreement”) is made, as of the 18th day of August 2025, by and among Atlantic City Electric Company, Elizabethtown Gas Company, Jersey Central Power & Light Company, New Jersey Natural Gas Company, Public Service Electric & Gas Company, Rockland Electric Company, and South Jersey Gas Company (each a “Utility” and collectively the “Utility Companies”) and the New Jersey Board of Public Utilities (the “Board”) by and through its staff (“Board Staff”). A Utility, the Utility Companies, the Board, and Board Staff may each be referred to herein as a “Party” or collectively as the “Parties.”

WHEREAS, the Clean Energy Act of 2018, P.L. 2018 c. 17 (N.J.S.A. 48:3-87.8 et seq.) (“CEA”), requires the Board to, among other things, evaluate, measure, and verify energy efficiency programs and peak demand reduction programs implemented by the Utility Companies and to determine the appropriate level of reasonable and prudent costs for each energy efficiency program and peak demand reduction program. See e.g., N.J.S.A. 48:3-87.9(c)-(f); and

WHEREAS, the Utility Companies are required to provide to the Board any data relevant to any inquiry, investigation, or proceeding undertaken by or pending before the Board pursuant to N.J.S.A. 48:2-33 and N.J.S.A. 48:2-36.1; and

WHEREAS, in connection with the above-captioned proceeding before the Board, and in order to comply with the CEA’s directives to evaluate, measure, and verify utility energy usage reductions, peak demand reductions, and the Utility Companies’ energy efficiency programs

(“EM&V”), a Utility or the Utility Companies, or its or their agents, may be requested or required to provide to the Board, Board Staff, and/or its vendors Confidential Information (as defined below); and

WHEREAS, the Parties wish to enter into this Agreement to facilitate the exchange of information while recognizing that, under Board regulations at N.J.A.C. 14:1-12.1 et seq., a request for confidential treatment shall be submitted to the Custodian who is to rule on requests made pursuant to the Open Public Records Act (“OPRA”), N.J.S.A. 47:1A-1 et seq., unless such information is to be kept confidential pursuant to court or administrative order (including, but not limited to, an Order by an Administrative Law Judge sealing the record or a portion thereof pursuant to N.J.A.C. 1:1-14.1, and the Parties acknowledge that an Order by an Administrative Law Judge to seal the record is subject to modification by the Board), and also recognizing that a request may be made to designate any such purportedly confidential information as public through the course of this administrative proceeding; and

WHEREAS, the Parties acknowledge that unfiled discovery materials are not subject to public access under OPRA; and

WHEREAS, the Parties agree that materials provided to the Board, Board Staff, and/or the Board’s vendors by the Utility Companies in response to data or discovery requests by Board Staff and/or the Board’s vendors pursuant to this Agreement are unfiled discovery unless a Utility Company chooses to file the materials with the Board; and

WHEREAS, the undersigned Parties wish to ensure the confidentiality of the Confidential Information consistent with the Parties’ existing obligations to secure data;

NOW, THEREFORE, the Parties hereto, for good and valuable consideration, the sufficiency of which has been acknowledged by the Parties and intending to be legally bound thereby, DO HEREBY AGREE as follows:

1. “Confidential Information” or “Information Claimed to Be Confidential” means information maintained by a Utility or the Utility Companies that it/they consider to be confidential, including certain customer information. “Producing Party” means a Party providing Confidential Information hereunder. “Receiving Party” means a Party receiving Confidential Information hereunder, which includes Board vendors and their EM&V Personnel, as defined below.

2. Any Information Claimed to be Confidential Information that the Producing Party produces to a Receiving Party in connection with the above-captioned proceeding and pursuant to the terms of this Agreement shall be specifically identified and marked by the Producing Party as Confidential Information when provided hereunder. If only portions of data are claimed to be confidential, the Producing Party shall specifically identify which portions of that document are claimed to be confidential. Additionally, any such Information Claimed to be Confidential Information shall be provided in the form and manner prescribed by the Board’s regulations at N.J.A.C. 14:1-12.1 et seq., unless such information is to be kept confidential pursuant to court or administrative order. However, nothing in this Agreement shall require the Producing Party to file a request with the Board’s Custodian of Records for a confidentiality determination under N.J.A.C. 14:1-12.1 et seq. with respect to any Information Claimed to be Confidential Information that is provided in discovery and not filed with the Board.

3. With respect to documents identified and marked as Confidential Information, if the Producing Party’s intention is that not all of the information contained therein should be given

protected status, the Producing Party shall indicate which portions of such data contain the Confidential Information in accordance with the Board's regulations at N.J.A.C. 14:1-12.2 and 12.3. Additionally, the Producing Party shall provide to all signatories of this Agreement the proposed public version of the information. The proposed confidential version of any information for which confidential status is sought will be provided to Board Staff.

4. With respect to all Information Claimed to be Confidential Information, it is further agreed that:

(a) Access to the Confidential Information shall be limited to the Parties and their respective employees, contractors, subcontractors, and consultants whose receipt of the Confidential Information is necessary for EM&V (the "EM&V Personnel") as determined by the Board or Board Staff. Each Receiving Party and the EM&V Personnel shall protect Confidential Information using the degree of care that each Producing Party requires of its vendors and subcontractors, which in no event shall be less than commercially reasonable care, or in the case of the Board, Board Staff, and any other public entity that is part of the State of New Jersey only, the degree of care ordinarily employed by the State of New Jersey to protect its own information. Confidential Information shall be subject to the same information security protections that each Producing Party requires of its vendors and subcontractors, except in cases of the Board, Board Staff, and other public entities as allowed by the preceding sentence. In the event that a Utility refuses to disclose requested Confidential Information to EM&V Personnel because the Utility determines that the degree of care required by the Utility has not been met by EM&V Personnel, the Utility shall, within five (5) business days, submit a detailed report to Board Staff as to the problem and propose a solution. Alternatively, in the event a Receiving Party or EM&V Personnel has attempted to satisfy the information security protection requirements of a Utility, but a Utility

has not disclosed requested Confidential Information to a Receiving Party or EM&V Personnel, the Receiving Party or EM&V Personnel may, after making a good faith effort to address the concerns of the Utility, submit a detailed report to Board Staff as to the problem and propose a solution. Thereafter, the Utility and EM&V Personnel shall cooperate with Board Staff to identify a solution and, with the approval of Board Staff, which approval shall not be unreasonably withheld, conditioned, or delayed, implement the agreed upon solution. In the event that the Utility, Board Staff, and/or the EM&V Personnel cannot agree upon a solution, it is acknowledged that the Board has the authority to determine an appropriate resolution and order the Utility to comply.

(b) With the exception of the Board, Board Staff, or any other public entity that is barred or otherwise limited by law or public policy from indemnifying third parties, each vendor who is a Receiving Party under this Agreement shall complete an Acknowledgement of Indemnification, attached hereto as Attachment 2.

(c) All Confidential Information that is transmitted or sent wirelessly across public networks shall be encrypted, using industry standard encryption tools. In the event that the Receiving Party becomes aware of any event or circumstance that resulted in the unauthorized access to or acquisition, use, or disclosure of Confidential Information (a "Security Incident"), the Receiving Party shall promptly provide the Producing Party with written notice of the occurrence of the Security Incident and shall thereafter provide such information regarding the Security Incident as the Producing Party may request. Notice of a Security Incident shall be sent to the person(s) listed on "Attachment 3" attached hereto for each Producing Party. Each Producing Party may change the person listed on Attachment 3 by providing written notice to the other parties.

(d) Receiving Parties shall not disclose the contents of the data or documents produced pursuant to this Agreement to any person(s) other than their EM&V Personnel. All EM&V Personnel of any Party to this Agreement who are to receive copies of data or documents produced pursuant to this Agreement shall have previously executed a copy of the Acknowledgement of Agreement attached hereto as "Attachment 1," which executed Acknowledgement of Agreement shall be forthwith provided to the Parties.

(e) No other disclosure of Confidential Information shall be made to any person or entity except with the express written consent of the Producing Party or its counsel or upon further determination by the Custodian or order of the Board, the Government Records Council, or of any court of competent jurisdiction that may review these matters.

(f) The obligations of a Receiving Party under this Agreement shall not apply with respect to Confidential Information received by the Receiving Party if the Receiving Party can establish by documentary evidence that such Confidential Information: (i) is or has become generally known to or readily ascertainable by the public without the fault or omission of the Receiving Party; (ii) was known to the Receiving Party prior to the first disclosure of such information by the Producing Party; (iii) was received by the Receiving Party without restrictions as to its use from a third party who is lawfully in possession and not restricted as to the use thereof; (iv) is required to be disclosed by law or by order of a court of competent jurisdiction; or (v) was independently developed by the Receiving Party through persons who have not had either direct or indirect access to or knowledge of similar information provided by the Producing Party.

(g) If the Receiving Party is requested or required by oral questions, interrogatories, requests for information or documents, subpoena, Civil Investigative Demand, or similar process or otherwise compelled by a court of competent jurisdiction to disclose any Confidential

Information supplied to the Receiving Party under this Agreement, the Receiving Party shall provide the Producing Party with notice of such request(s) not less than 10 days prior to any disclosure so that the Producing Party may seek an appropriate protective order. If the Receiving Party is required to disclose Confidential Information in less than 10 days, the Receiving Party shall provide the Producing Party with as much notice as reasonably possible. The notice shall state the information to be provided, the identity of the requesting party, and the scheduled date of disclosure. If the request to disclose Confidential Information is made in writing, copy of the request shall be provided with the notice to the Producing Party.

(h) Notwithstanding the restrictions set forth in Paragraphs 4(a)-(e) and elsewhere in this Agreement, the Utility Companies authorize Board Staff, the Board, and/or any EM&V Personnel that have signed Attachment 1 to this Agreement, for purposes of compliance with the CEA, to use, analyze, process, publish, or otherwise incorporate any Confidential Information disclosed under this Agreement, provided that such Confidential Information is only disclosed in an aggregated or anonymized format that cannot be used to identify individual customers of the Utility Companies. The restrictions set forth in Paragraphs 4(a)-(e) shall not apply to the authorization set forth in Paragraph 4(h).

5. The undersigned Parties have executed this Agreement for the exchange of Confidential Information only to the extent that it does not contradict or in any way restrict any applicable Agency Custodian, the Government Records Council, an Administrative Law Judge of the State of New Jersey, the Board, or any court of competent jurisdiction from conducting appropriate analysis and making a determination as to the confidential nature of said information, where a request is made pursuant to the Open Public Records Act (“OPRA”), N.J.S.A. 47:1A-1 et seq. Absent a determination by any applicable Agency Custodian, Government Records Council,

an Administrative Law Judge, the Board, or any court of competent jurisdiction that data or a document(s) is to be made public, the treatment of the data or documents exchanged during the course of, or pursuant to EM&V, is to be governed by the terms of this Agreement. To the extent that information of a Producing Party that may be Confidential Information is sought through an OPRA request, the provisions of Section 4(e) above shall be applicable to the extent that those provisions do not contradict OPRA, N.J.A.C. 14:1-12.1 et seq., or any other applicable law or legal authority governing the processing of, or response to, an OPRA request. In relation to an OPRA request, the Producing Party may seek a protective order or take such other steps as it deems advisable to protect its interests.

6. In the absence of a decision by the Custodian, Government Records Council, an Administrative Law Judge, or any court of competent jurisdiction, the acceptance by the undersigned Parties of information which the Producing Party has identified and marked as Confidential Information shall not serve to create a presumption that the material is in fact entitled to any special status in these or any other proceedings. Likewise, the affidavit(s) submitted pursuant to N.J.A.C. 14:1-12.8 shall not alone be presumed to constitute adequate proof that the Producing Party is entitled to a protective order for any of the information provided hereunder.

7. Except as specifically authorized by Paragraph 4(h), in the event that Board Staff or the Board seek to use the Confidential Information in this matter or a subsequent related proceeding, the Parties shall seek a determination by the trier of fact as to whether the portion of the record containing the Confidential Information should be placed under seal. Furthermore, if Board Staff or the Board wish to challenge the Producing Party's designation of the material as Confidential Information, Board Staff or the Board shall provide reasonable notice to the Producing Party of such challenge and the Producing Party may make a motion seeking a

protective order. In the event of such challenge to the designation of material as Confidential Information, the Producing Party, as the provider of the Confidential Information, shall have the burden of proving that the material is entitled to protected status. However, all Parties shall continue to treat the material as Confidential Information in accordance with the terms of this Agreement, pending resolution of the dispute as to its status by the trier of fact.

8. Confidential Information that is placed on the record in a subsequent related proceeding under seal pursuant to a protective order issued by the Board, an Administrative Law Judge, provided that the Board has not modified or rejected an order by the Administrative Law Judge, or any court of competent jurisdiction shall remain with the Board under seal after the conclusion of such subsequent related proceeding. If such Confidential Information is provided to appellate courts for the purposes of an appeal(s) from such subsequent related proceeding, such information shall be provided, and shall continue to remain, under seal.

9. This Agreement shall not:

(a) Operate as an admission for any purpose that any documents or information produced pursuant to this Agreement are admissible or inadmissible in any proceeding;

(b) Prejudice in any way the right of the Parties, at any time, on notice given in accordance with the rules of the Board, to seek appropriate relief in the exercise of discretion by the Board for violations of any provision of this Agreement.

10. Within forty-five (45) days of the final Board Order resolving the above-referenced proceeding, all documents, materials and other information designated as “Confidential Information,” regardless of format, shall be destroyed or returned to counsel for the Producing Party. In the event that such Board Order is appealed, the documents and materials designated as

“Confidential Information” shall be returned to counsel for the Producing Party or destroyed within forty-five (45) days of the conclusion of the appeal.

Notwithstanding the above return requirement, the Board and Board Staff may maintain in their files copies of all pleadings, briefs, transcripts, discovery and other documents, materials and information designated as “Confidential Information,” regardless of format, exchanged or otherwise produced during these proceedings, provided that all such information and/or materials that contain Information Claimed to be Confidential shall remain subject to the terms of this Agreement. In addition, within thirty (30) days of a written demand by the Board or Board Staff, and only after authorization by the applicable Board contract manager, if any, the EM&V Personnel and any other Receiving Party shall return or destroy all data, documents, and any other tangible items in its or their possession which contain any part of the Confidential Information received from a Producing Party under this Agreement, regardless of format. Upon the request of the Board or Board Staff, any such destruction shall be certified by each Receiving Party (to the best knowledge of the signatory) in writing to Board Staff within thirty (30) days of such request by the Board or Board Staff and authorization by the applicable Board contract manager, if any. In the event that a Receiving Party discovers Confidential Information that was neither returned nor destroyed, each Receiving Party agrees to promptly either return or destroy such subsequently discovered Confidential Information and promptly notify the Producing Party as to the discovery of the Confidential Information. The Producing Party may request EM&V Personnel who received Confidential Information who have not returned such material to counsel for the Producing Party as required above to certify in writing to counsel for the Producing Party that the terms of this Agreement have been met upon resolution of the proceeding.

11. The execution of this Agreement shall not prejudice the rights of any Party to seek relief from discovery under any applicable law providing relief from discovery.

12. The undersigned certify that they are authorized to execute this Agreement on behalf of their respective companies and organizations. This Agreement may be executed in two or more counterparts, each of which will be considered an original instrument, but all of which will be considered one and the same agreement. Signatures to this Agreement transmitted by electronic mail in PDF form or by any other electronic means intended to preserve the original graphic and pictorial appearance of such signature and document, will have the same effect as physical delivery of the paper document bearing the original signature.

13. Nothing contained in this Agreement shall be deemed to create any relationship of agency, joint venture, or partnership. The liability of the Parties under this Agreement shall be several and not joint.

IN WITNESS THEREOF, the undersigned Parties do HEREBY AGREE to the form and execution of this Agreement.

Atlantic City Electric Company

By: _____

Name: Neil Hlawatsch

Title: Assistant General Counsel

Elizabethtown Gas Company

By: _____

Name: Sheree L. Kelly

Title: Regulatory Affairs Counsel

Jersey Central Power & Light Company

By: _____

Name: Michael J. Martelo

Title: Counsel for Jersey Central Power & Light Company

New Jersey Natural Gas Company

By: _____

Name: Andrew K. Dembia

Title: Regulatory Affairs Counsel

Public Service Electric & Gas Company

By: _____

Name: Stacey Mickles

Title: Associate Counsel, Regulatory

Rockland Electric Company

By: _____

Name: Ben Falber

Title: Counsel for Rockland Electric Company


South Jersey Gas Company

By: _____

Name: Sheree L. Kelly

Title: Regulatory Affairs Counsel

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF THE STATE OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities

By:  _____

Name: Steven A. Chaplar

Title: Deputy Attorney General

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE	:	AGREEMENT OF
IMPLEMENTATION OF P.L. 2018, C. 17	:	NON-DISCLOSURE
REGARDING THE SECOND	:	
TRIENNium OF ENERGY EFFICIENCY	:	DOCKET NO. QO23030150
AND PEAK DEMAND REDUCTION	:	
PROGRAMS	:	

ATTACHMENT 1

ACKNOWLEDGMENT OF AGREEMENT

The undersigned is an employee, contractor, subcontractor, or consultant of [FULL LEGAL NAME OF PARTY] who has received or is expected to receive Confidential Information¹ under the Agreement of Non-Disclosure (the “Agreement”). The undersigned acknowledges receipt of the Agreement and agrees to be bound by the terms of the Agreement.

ACKNOWLEDGED AND AGREED:

Dated: _____ By: _____
(Name, Title, and Affiliation)

¹ Defined to include certain customer data maintained by a Utility or the Utility Companies. Each of the following is defined to be a “Utility,” and collectively, are defined to be the “Utility Companies”: Atlantic City Electric Company, Elizabethtown Gas Company, Jersey Central Power & Light Company, New Jersey Natural Gas Company, Public Service Electric & Gas Company, Rockland Electric Company, and South Jersey Gas Company.

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE	:	AGREEMENT OF
IMPLEMENTATION OF P.L. 2018, C. 17	:	NON-DISCLOSURE
REGARDING THE SECOND	:	
TRIENNium OF ENERGY EFFICIENCY	:	DOCKET NO. QO23030150
AND PEAK DEMAND REDUCTION	:	
PROGRAMS	:	

ATTACHMENT 2

ACKNOWLEDGMENT OF INDEMNIFICATION

[FULL LEGAL NAME OF VENDOR] (“Receiving Party”) has been retained by the New Jersey Board of Public Utilities or one of its vendors to evaluate, measure, and verify utility energy usage reductions, peak demand reductions, and the Utility Companies’ energy efficiency programs or research related to such (“EM&V”) and has received or is expected to receive Confidential Information² under the Agreement of Non-Disclosure (the “Agreement”). As a Receiving Party under this Agreement, you shall indemnify, defend, and hold harmless any Producing Party and its respective affiliates, directors, officers, employees, contractors, and agents from and against any and all claims, complaints, suits, proceedings, demands, disputes, actions, or allegations of any kind arising out of or relating to the Receiving Party’s actions or omissions in connection with this Agreement (each a “Claim”), including but not limited to all Claims arising out of the loss or unauthorized access to or access, use, disclosure, modification, or destruction of Confidential Information or any personal information in the Receiving Party’s custody or under its control and shall indemnify and hold harmless any Producing Party from all losses, liabilities, liens, damages,

² Defined to include certain customer data maintained by a Utility or the Utility Companies. Each of the following is defined to be a “Utility,” and collectively, are defined to be the “Utility Companies”: Atlantic City Electric Company, Elizabethtown Gas Company, Jersey Central Power & Light Company, New Jersey Natural Gas Company, Public Service Electric & Gas Company, Rockland Electric Company, and South Jersey Gas Company.

finances, penalties, fees, costs, and expenses (including reasonable attorney's fees) arising from or relating to any Claim.

The Receiving Party acknowledges receipt of the Agreement and agrees to be bound by the terms of the Agreement.

ACKNOWLEDGED AND AGREED:

[FULL LEGAL NAME OF VENDOR]

By: _____

Name: _____

Title: _____

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE	:	AGREEMENT OF
IMPLEMENTATION OF P.L. 2018, C. 17	:	NON-DISCLOSURE
REGARDING THE SECOND	:	DOCKET NO. QO23030150
TRIENNium OF ENERGY EFFICIENCY	:	
AND PEAK DEMAND REDUCTION	:	
PROGRAMS	:	

ATTACHMENT 3

NOTIFICATIONS

Notice of a Security Incident shall be sent to the person(s) listed below for each Producing Party.

Any notice, statement, or other communication which is required or permitted hereunder shall be in writing and shall be sufficient in all respects if delivered personally or by certified United States mail, postage prepaid, return receipt requested, email or by a recognized next-day courier service, in each case addressed to the recipient Party at its address set forth below; provided, however, that, if requested by a Party, any such notice by electronic mail must include notice by overnight mail, personal service or US mail, postage prepaid, return receipt requested. The address of a Party may be changed, or a request for notice in a form other than or in addition to notice by electronic mail may be made, from time to time by giving notice in the manner prescribed in this paragraph. All such notices or communications will be effective: (i) if by email, upon mailing; (ii) upon receipt, if personally delivered; and (iii) on the first (1st) business day following the date of dispatch, if delivered by a nationally recognized next-day courier service. If the sender of an electronic mail notice receives a reply indicating that the electronic mail address set forth below is no longer valid, the sender of the email must notify the recipient and request an alternative email for the purpose of providing adequate notice hereunder.

If to Atlantic City Electric Company:

Neil Hlawatsch
Assistant General Counsel, ACE
Mailstop 92DC42
500 N. Wakefield Drive
P.O. Box 6066
Newark, DE 19714-6066
667-313-0551
Neil.Hlawatsch@ExelopCorp.com

Colleen Foley
Saul Ewing LLP
One Riverfront Plaza
1037 Raymond Blvd., Suite 1520
Newark, NJ 07102-5426
973-286-6711
Colleen.Foley@Saul.com

If to Elizabethtown Gas Company:

Attn: Sheree L. Kelly
SJI Utilities, Inc.
520 Green Lane
Union, NJ 07083
skelly@sjindustries.com

With a copy to:

Attn: Maureen Minkel
SJI Utilities, Inc.
1 South Jersey Place
Atlantic City, NJ 08401
mminkle@sjindustries.com

If to Jersey Central Power & Light Company:

FirstEnergy Service Company
Anthony D. Brown
Director, Energy Efficiency Implementation
341 White Pond Drive
Akron, OH 44320
adbrown@firstenergycorp.com

With a copy to:

FirstEnergy Service Company
Michael J. Martelo
Attorney
341 White Pond Drive
Akron, OH 44320
mmartelo@firstenergycorp.com

If to New Jersey Natural Gas Company:

New Jersey Natural Gas Company
Michael Kaufmann
Managing Director Information Security, NJR
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719
mkaufmann@njresources.com
cybersecurity@njresources.com

If to Public Service Electric and Gas Company:

Public Service Electric and Gas Company
Attn: Lauren Thomas
80 Park Plaza
Newark, New Jersey 07101
Lauren.Thomas@pseg.com

Public Service Electric and Gas Company
Attn: Tim Fagan
80 Park Plaza
Newark, New Jersey 07101
Tim.Fagan@pseg.com

If to Rockland Electric Company:

Rockland Electric Company
Attn: Sebrina M. Greene
4 Irving Place
18th Floor
New York, NY 10003
greenes@coned.com

If to South Jersey Gas Company:

Attn: Sheree L. Kelly
SJI Utilities, Inc.
520 Green Lane
Union, NJ 07083
skelly@sjindustries.com

With a copy to:

Attn: Maureen Minkel
SJI Utilities, Inc.
1 South Jersey Place
Atlantic City, NJ 08401
mminkle@sjindustries.com

If to New Jersey Board of Public Utilities:

New Jersey Board of Public Utilities
Attn: Stacy (Ho) Richardson
44 South Clinton Ave.
Trenton, NJ 08625
stacy.richardson@bpu.nj.gov

With a copy to:

Department of Law & Public Safety, Division of Law
Attn: Steven Chaplar, Deputy Attorney General
P.O. Box 112
Trenton, NJ 08625
steven.chaplar@law.njoag.gov

Memorandum
Accounting for Interactive Effects in Triennium 2
July 2025

Introduction

This memo addresses the policy for the accounting and application of IEs.

Glossary

Direct Energy Effects – The energy effects (i.e., energy savings) that arise from the direct or primary energy type of a measure. For example, the direct energy effect of LED lighting is electricity savings. For weatherization, both electricity cooling and gas heating savings would be the anticipated direct energy effects.

Energy Effect – Energy effect is the change in energy consumption that arises from an energy efficiency measure. If the energy effect is positive, then it is energy savings. If the effect is negative, then the effect is an interactive effect.

Follow the Measure – When a measure with IEs is handed over from a lead Utility to a partner Utility, the impacts, both direct and indirect effects go to the partner Utility.

Indirect Energy Effects – The energy effects (positive or negative savings) that do not arise from the direct or primary energy type of a measure. A lighting retrofit would have both a positive indirect energy effect in the reduction of the cooling load and a negative energy effect in the higher heating load.

Interactive Effects (“IEs”) – The energy effects from different energy types that arise from a single measure, mainly used in the context of resulting negative energy effects. (i.e., negative indirect energy effects).

Lead Utility – The electric or gas public utility (“Utility”) administering the installation of energy efficiency measures on behalf of the customer. This entity may install both electric and gas measures. The lead Utility will transfer energy effects for their partner utility’s fuel.

Partner Utility – The utility for whom the lead Utility has installed measures. In the case where a gas water heater is installed by an electric distribution company, the partner Utility would be the gas distribution company.

Quantitative Performance Indicators (“QPIs”) – Four of the six QPIs are impacted by IEs: QPI_1 = annual savings, QPI_3 = Lifetime savings, QPI_4 = OBC and LMI annual savings, and QPI_5 = small business annual savings.

Background

This table lists the various accounting functions impacted by IEs and prioritizes the desirability to account for the IEs.

Function	Desirability	Rationale
Public reporting of outcomes must footnote the total IE accumulated during the reporting period.	High	Interactive effects (IEs) are real, and to not acknowledge them in public reporting would knowingly misrepresent program achievements. The Utility claiming the direct energy effects shall report the amount of negative indirect effects that resulted from the IEs in the quarterly reports. The IEs will be included in the QPIs in the annual reports.
Program planning and cost-benefit analysis	High	IEs should be accounted for in both plan design during development and in reporting to confirm that measures and programs pass cost-benefit analysis tests.
Determination of compliance with legislatively mandated kWh and therm goals	Medium	<p>The Clean Energy Act does not address the issue of IEs. Arguments can be made both for and against accounting for IEs for this purpose.</p> <p>The argument in favor revolves around the fact that IEs are real, so this is most consistent with the intent of the legislation to consider them.</p> <p>The argument against revolves around the fact that legislation does not address the issue of IEs. It sets kWh and Therm goals separately, without accounting for the interaction between the two. It also applies to all Utilities, including electric-only ones, for whom no straightforward mechanism for considering IEs is available. Nor would it be fair to hold combined Utilities and electric-only Utilities to a different standard for purposes of assessing compliance with the law.</p> <p>A counterpoint to the above argument against counting IEs for the purpose of assessing compliance with the law is that, while there is no fair or manageable way to consistently count IEs at the <i>Utility</i> level, it is fairly straightforward to do so at the <i>statewide</i> level.</p> <p>In discussions on this topic, ratepayer impact should also be considered.</p>
Performance Incentive Mechanisms ("PIMs")	Medium-High	<p>For the purpose of the PIMs, IEs should follow the measure, and these IEs will be accounted for by the Utility claiming the direct energy effects in the respective calculations for Net Source MMBtus used to determine the QPIs. If the IEs do not follow the measure, the implementing Utility would be unfairly penalized and disincentivized to install measures on behalf of their partner. This would negatively impact program participation and customers.</p> <p>All except one QPI is expressed in MMBtu, and the program effects, including (or net of) IEs for the implementing Utilities, can be calculated fairly easily. This allows incentives consistent with the savings impacts, including IEs.</p>
Net Transfers	Medium	The negative indirect effects follow the measures and may or may not be transferred by the lead Utility to the partner Utility. As a consequence, we require that the total be footnoted during reporting by the Utility claiming the direct energy effects to aid in transparency.

Policy on Interactive Effects

Purpose

This policy addresses the issue of how to handle the IEs of gas and electric measures, with measures leading to interactive positive savings on one fuel but negative savings in another, and how it should be handled for the Triennium 2 programs, for public reporting, planning, cost-benefit analysis, and QPIs and PIM applications.

IEs should not be confused with measures that have positive savings for both fuel sources, such as home insulation, air sealing, and other building envelope measures. While lighting is the most obvious example of a measure with IEs, the principle holds for other measures with IEs. IE calculations are included in the NJ Technical Reference Manual (“TRM”), and Utilities should follow the TRM algorithms for the specific measure. An example will be provided later in this document.

It is important to understand that Building Decarbonization measures are not an example of IEs but are fuel switching. As such, they are not addressed in this IE policy. The Building Decarbonization Program is also not a core Utility program, and, as such, savings will not be shared between Utilities. Each Utility with Building Decarbonization measures will calculate the changes in electric and fossil fuel usage and determine the net MMBtu savings from the measure.

Lastly, the IE policy is not intended to address or outline incentive calculation splits between lead and partner Utilities. The Joint Utilities (“JU”) have developed a methodology to determine incentive allocations, where the allocation will be based on the ratio of site MMBtu savings of each fuel compared to the total. After careful consideration, it was determined that the IEs would not be included in the allocation.

Objectives

This policy has three key objectives. The first is to make sure that the public reporting outcomes at the state level are correct and do not omit or double-count savings effects. The second is that the method be implementable and transparent, and that it addresses program planning and cost-benefit analysis in a supportable way. The third is to reinforce the attributable savings effects in the incentive mechanisms to the extent feasible.

Policy

- The IEs will follow the measure. Whether the implementing (lead) Utility is an electric or gas Utility is not relevant. For example, if a measure has positive electric savings and negative gas savings due to IEs, both the positive and negative savings will follow the measure to the electric Utility.
- The partner Utility negatively affected by the measure’s negative IE will have no reporting responsibility.
- The Utility claiming the direct energy effects is required to account for the negative IEs in their calculation of QPIs used for the PIM for those QPIs framed in terms of source MMBtu.
- The Utility will sum up and report total negative IEs in the quarterly tracking reports. The negative IEs from all Utilities will be summed up in the Statewide Compilation Report to calculate statewide impacts to determine statewide compliance with the Clean Energy Act (“CEA”) targets. Negative IEs do not need to be accounted by a Utility in assessing compliance with the law.

Implementation

- As part of plan development, the electric Utility conducts its cost-benefit analysis for the program or measures, including both the electric and gas IEs, using its own avoided cost for its fuel and the state-average avoided cost for the other fuel. The Utility's program reports will include the positive savings brought by its programs, as well as the total of the negative savings (IEs).
- Combined fuel Utilities will track four items: electric savings from programs, gas savings from programs, and (negative) electric and gas IEs, as relevant. The Utility will use its appropriate avoided cost for cost benefit computations.
- Calculations for QPIs 1, 3, 4, and 5 will include savings and IEs for all measures via translation of the gas and electric savings values to Source MMBtu.
- For assessing compliance with the law, negative IEs are excluded at the Utility level but will be included at the state level by summing up the total IEs reported by each Utility.

Rationale

The above policy and implementation plan achieves the objective of ensuring that IEs are reported in compliance reporting as well as accounted for in the QPIs.

- Compliance reporting: At the state level, the electric or gas savings are the sum of the positive electric savings and the negative IEs reported by the Utilities. Thus, the total values achieved at the statewide level will be appropriately represented using this method.
- PIMs: IEs should follow the measure and be accounted for by each Utility in respective calculations for net source MMBtus used to determine QPIs. This straightforward approach (translating net gas and electric savings to source MMBtu for the purposes of QPI calculation) allows four of the five (and 90% of the weighted) incentive metrics to reflect the attributable savings. Accounting difficulties at the Utility level are minimized. This approach has the effect of helping avoid over-investment in measures that bring negative savings through both the cost-effectiveness calculations and the QPIs.

Summary for Tri2

This policy is for Triennium 2. We expect there will be a more expansive / inclusive framework and reporting system introduced in Triennium 3 that will support improved methods for inclusion of these effects. If this policy changes and IEs are required to also be included in kWh, kW, and therms targets, then electric and gas targets need to be reduced to accommodate these changes and budgets increased for the Utilities to meet these targets.

Lighting Measure Example

Policy

- The IEs will follow the lighting measure, and as such whether the implementing (lead) Utility is an electric or gas Utility is not relevant. In the lighting example, the electric Utility will accept both the positive electric savings and the negative gas IE savings.
- The gas Utility affected by the measure may ignore the negative therms IE and will have no reporting or QPI requirement. The negative therms will be passed to the electric Utility via the Statewide Coordinator (“SWC”) system.
- IEs are included in the electric Utility’s calculation of QPIs used for the PIM for those QPIs framed in terms of Source MMBtu.
- Negative IEs will be included in assessing compliance with the law at the statewide level, but not the Utility level.

Implementation

- As part of plan development, the electric Utility conducts its cost-benefit analysis for the lighting measures including both the positive electric and negative gas effects, using its own avoided cost for electricity and the state avoided cost for gas. The electric Utility’s reports identify the positive electric savings brought by its programs, as well as the total of the negative gas savings (IEs).
- Calculations for QPIs 1, 3, 4, and 5 will include positive kWh savings and negative therms savings (IEs) for the lighting measures via translation of the electric and gas savings values to Source MMBtu.
- For assessing compliance with the CEA, negative IEs are excluded at the Utility level but are included at the state level by summing up the total IEs estimated by Utility. For the lighting example, the electric Utility will include the positive kWh associated with the air conditioning benefit of less heat being emitted from the light fixture, but the gas Utility will not include the additional therms required to heat the premise due to the loss of heat from the light fixture. The electric Utilities will provide the information on negative therms savings in its reports so Board staff can report total statewide results.
- Each Utility claiming the direct energy effects shall report in the quarterly tracking report the amount of negative indirect effects that resulted during the reporting period at the portfolio-level. The State program administrator will use the quarterly compliance filings to compile statewide figures in the semi-annual compilation report.

Simple Quantitative Example

This lighting example below illustrates how the savings and IEs will be calculated, reported, transferred, and included in cost-benefit analysis (“CBA”) and QPIs.

The lighting measure savings and IEs are calculated via the NJ TRM protocols, including the application of in-service rates (“ISR”), realization rates (“RR”), and net-to-gross (“NTG”) values from the TRM appendices.

Once savings and IEs are calculated, they can be reported, transferred, and included in CBA and QPIs described in the memo above, required in the Quarterly and Annual reporting tables, and outlined visually in Table 1 below.

Table 1 – Lighting Savings Calculation Example for Transferring, Reporting, & Including IEs in CBA & QPIs

	Net Realized Site ¹	Source MMBtu ²	
Annual Savings			
Annual Energy Savings Electric MWh	3.3	27.9	A
Demand Savings Electric MW	0.0007		
Annual Gas Energy Savings Therms	(70.5)	(7.4)	B
Lifetime Savings			
Lifetime Energy Savings Electric MWh	16.4	131.1	C
Lifetime Gas Energy Savings Therms	(352.5)	(37.1)	D
QPIs			
QPI 1: Annual Energy Savings Source MMBtu		20.5	A+B
QPI 2: Demand Savings Electric MW	0.0007		
QPI 3: Lifetime Energy Savings Source MMBtu		94.0	C+D
QPI 4: LMI/OBC Lifetime Energy Savings Source MMBtu		94.0	C+D
QPI 5: SBDI Lifetime Energy Savings Source MMBtu		94.0	C+D

¹Net Realized Site Savings: Electric and gas savings, including IEs calculated by the implementing Utility per the TRM, including ISR, RR, and NTG values from the appendices. If the gas company is the implementing Utility, these are also the electric and negative gas IE savings values that are transferred via the SWC system to the partner electric Utility. As outlined in the memo above, the IEs follow the measure. The net realized site savings including IEs are the reported savings and included in the cost benefit analysis.

²Source MMBtus: Electric and gas energy savings converted to source MMBtus per Board Order methodology, required to calculate and report annual QPIs. Source MMBtus are not transferred via the SWC but are calculated by each Utility for annual reporting.

Regarding the energy and dollar transfer between partner utilities, the gas company sends 3,300 kWh of electric savings and 70.5 therms of negative gas impact to the electric company. In turn, the electric company pays \$200 to the gas company (Table 2).

Table 2 - The transfer of energy savings, IEs, and dollars between partner utilities.

Measure	Incentive dollar Amount transferred via Statewide Coordinator	kWh Load Reduction	Increase Therm Load
Lighting	\$200	3,300	(70.5)

Memorandum
Energy Savings Carryover Calculations
April 2025

Introduction

The July 2023 Board Order established a process to carryover savings from one program year to the next to avoid penalties under the Performance Incentive Mechanism. On January 6, 2024, the joint utilities (“JU”) requested clarification on the calculations and whether carryover savings may be applied between Program Year (“PY”) 3 and PY4. This memo is Staff’s response to the JU’s inquiry.

Background

For background, Staff provides the relevant language from the July 2023 Order:

For **Triennium 1**, the Board approved a stipulation of settlement that allowed the utilities, in the interest of promoting customer adoption of EE and ensuring EE Program continuity, to apply energy savings in excess of annual compliance goals (“Carryover Savings”) toward goals and QPIs for Program Years 2023, 2024, and 2025, without alleviating the utilities’ minimum energy savings obligations under the CEA. The Board allows Carryover Savings to be applied to only the immediately subsequent Program Year, with the Carryover Savings being the first savings counted prior to application of any EE savings captured in the subsequent Program Year. Carryover Savings applied to Program Year 2025 is limited to no more than 10% of any utility’s Program Year 2025 annual compliance goal based solely on the savings calculation using the primary metric for Program Year 2025. Should a utility seek to apply Carryover Savings in excess of 10% of its Program Year 2025 annual compliance goal, the Carryover Savings shall be adjusted based on information reported in each utility’s Triennium 1 progress report. Such adjustment shall be based on a ratio of the savings reported after application of the Program Year 2024 secondary metric for key measures, as defined by the TRM Committee of the EM&V Working Group, compared against the savings reported using the Program Year 2024 primary metric used for compliance.¹ (emphasis added)

¹ In re the Implementation of P.L. 2018, C.17, The New Jersey Clean Energy Act of 2018, Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, Order Directing the Utilities to Propose Second Triennium Energy Efficiency and Peak Demand Reduction Programs, BPU Docket Nos. QO19010040, QO23030150, QO17091004, Order dated July 26, 2023.

The July 2023 Order further states:

For **Triennium 2**, the Board will continue to allow the utilities to “bank” and carry over portfolio savings achievements in excess of their annual targeted goals in a given year and apply such achievements to the immediately subsequent future program year according to the parameters outlined below. The intent of this approach is to encourage acceleration of EE project adoption, support coordinated program delivery between gas and electric utilities, and promote continuity of market offerings. Carried over achievements will continue to be reported in the year incurred and included during that period for EM&V and cost-effectiveness. Under this approach, QPI performance incentives or penalties will continue to be calculated based on a utility’s total weighted performance. However, the Board allows the utilities to elect energy and demand QPI results in excess of their annual target to be “banked” for use in a subsequent year prior to calculation of performance for each QPI element. Utilities will identify banked QPI achievements and exclude those results to calculate adjusted QPI performance in their annual compliance reports. The final QPI performance for each year, including such adjustments (either added or removed from a given year), will be utilized for the purposes of applying incentives and penalties. As a continuation of the approach adopted in Triennium 1, Carryover Savings applied to each program year will be limited to no more than 10% of any utility’s annual compliance goal based on the savings calculation using the Triennium 2 TRM. Should a utility seek to apply Carryover Savings in excess of 10% of its annual compliance goal, the Carryover Savings shall be adjusted based on information reported in each utility’s annual progress report for the applicable year. Such adjustment shall be based on a ratio of the savings reported after application of the primary metric (as defined in Table 1 of the Evaluation Framework cited above) for key measures (as defined by the Technical Reference Manual Committee) compared against the savings reported using the secondary metric used for compliance in that program year. . . . Banked QPI achievements should only be utilized to offset a penalty and not to earn incentives. The utilities have the opportunity to elect bank QPI achievements at the end of a program year, and that election will not be reversible. (emphasis added)

Policy

- 1) Carryover savings is allowed between PY3 and PY4 (i.e., between Triennium 1 and 2).

The first sentence in the July 2023 Order states, *“For Triennium 1, the Board approved a stipulation of settlement that allowed the utilities, in the interest of promoting customer adoption of EE and ensuring EE Program continuity, to apply energy savings in excess of annual compliance goals (“Carryover Savings”) toward goals and QPIs for Program Years 2023, 2024, and 2025, without alleviating the utilities’ minimum energy savings obligations under the CEA.”* Program Years 2024 and 2025 are equivalent to PY3 and PY4, respectively. Therefore, carryover is allowed between PY3 and PY4 and hence between Tri 1 and 2.

- 2) Banked savings can only be used in the subsequent year.

The example provided by the JU shows that unused savings may be carried over past the subsequent year. The July 26, 2023 Order states that *“The Board allows Carryover Savings to be applied to only the **immediately subsequent Program Year**, with the Carryover Savings being the **first savings counted** prior to application of any EE savings captured in the subsequent Program Year.”* (emphasis added) Staff interprets “immediately subsequent Program Year” to mean that the banked savings if not used or needed in the immediately subsequent year is then forfeited. The intention of “first savings counted” is to add the banked savings to the achieved savings to allow the utility to avoid penalties and meet the CEA compliance target.

- 3) The excess amount in a given year is the actual achievement minus the annual compliance goal.

Staff interprets the statement *“carry over portfolio savings achievements in excess of their annual targeted goals in a given year”* to mean that the excess in a given year is the actual achievement minus the annual compliance goal. The utility may bank an amount up to this excess amount to carry over into the next year.

- 4) Carryover is only to offset a penalty.

The July 26, 2023 Order states, “Banked QPI achievements should only be utilized to offset a penalty and not to earn incentives.”

- 5) PY4 excess savings are not prorated when calculating carryover for PY5.

Neither the October 25, 2023 Order authorizing the extension of Triennium 1 by six months nor the December 18, 2024 Order addresses any adjustments to PY4 carryover savings to pro-rate savings to represent a full year.² Staff clarifies that the actual PY4 excess savings without proration can be carried over into PY5.

- 6) Adjustment of carryover beyond 10% is no longer applicable.

The December 18, 2024 Order states, *“Staff therefore recommends that the TRM be revised annually, rather than triennially, by the TRM Committee for consideration by the Board at a time agreed to by the EM&V Working Group prior each Program Year. Each annual update would be used to calculate savings for the subsequent program year of Triennium 2 and subsequent Triennia.”*

“Staff further recommends that the Annual TRM should now be referred to as the “PY TRM” to align the TRM with the program year to which it is applied. The PY TRM would be used for all performance tracking purposes, including CEA compliance savings, QPIs, NJCT, and quarterly performance tracking reports. By replacing the Triennial TRM with annual TRM updates, the distinction between Category 1

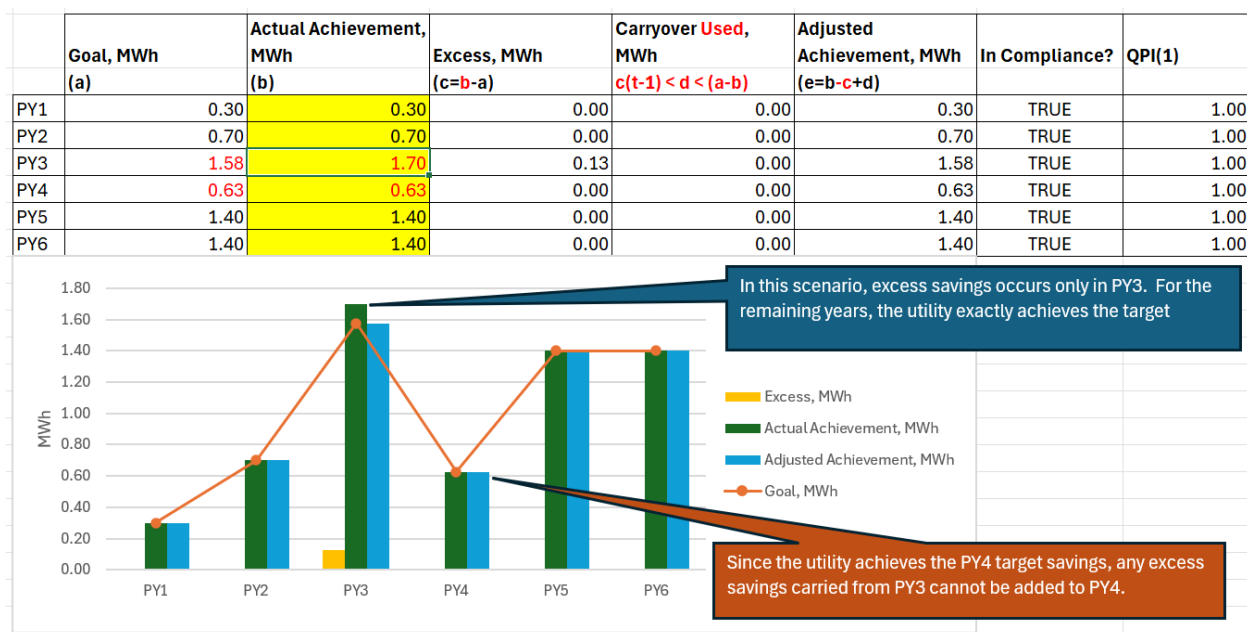
² In re the Implementation of P.L. 2018, c.17, The New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO23030150, Order dated October 15, 2023.

and 2 savings would no longer be needed, and Staff therefore recommends the distinction between Category 1 and Category 2 be removed from future TRM update processes.”³

The elimination of Category 1 and 2 updates, and by implication the primary and secondary metric referenced in the July 26, 2023 Order, means the adjustment to savings in excess of 10% no longer applies to PY4. As such, Staff clarifies that there is no 10% limit for carryover savings, nor an adjustment for carryover savings more than 10%.

Numerical Examples

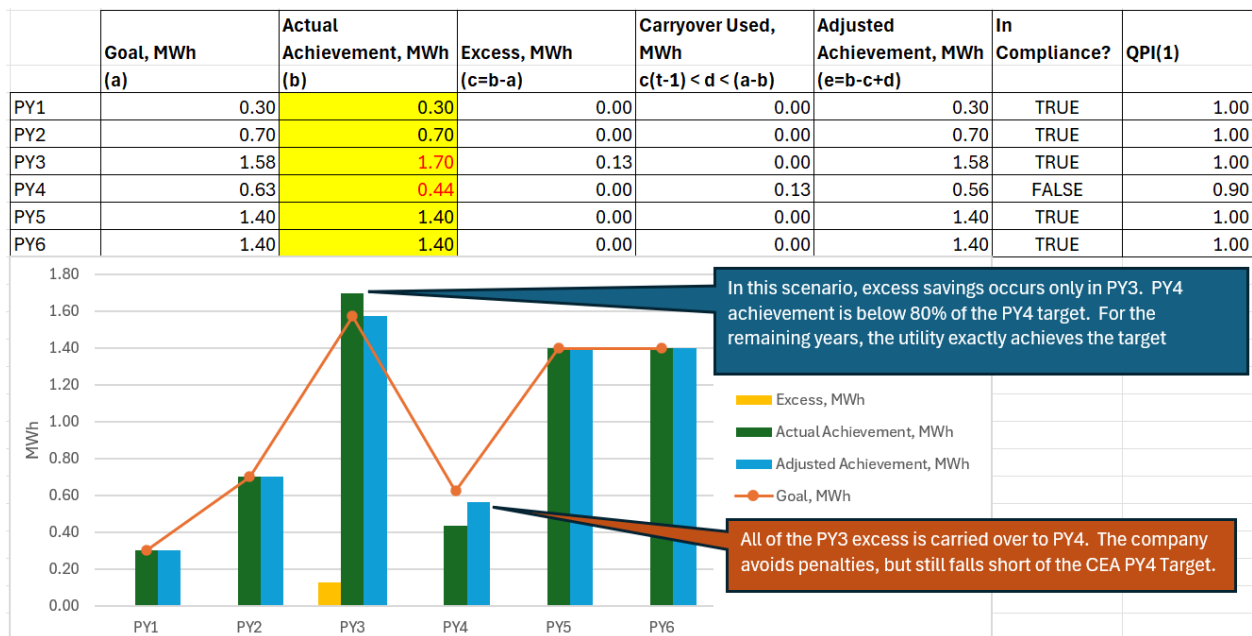
The following numerical examples show how the calculations work. In the first case, there is an excess in PY3 and the actual achievement in PY4 meets the CEA target. The PY3 banked savings are not needed and therefore forfeited.



The equation $c(t-1) < d < (a-b)$ under the Carryover Used heading represents that the amount of carryover used is between the banked savings (t-1) and the amount of shortfall in year t. In this case, the shortfall is zero, and therefore none of the banked savings can be added to the PY4 achievement.

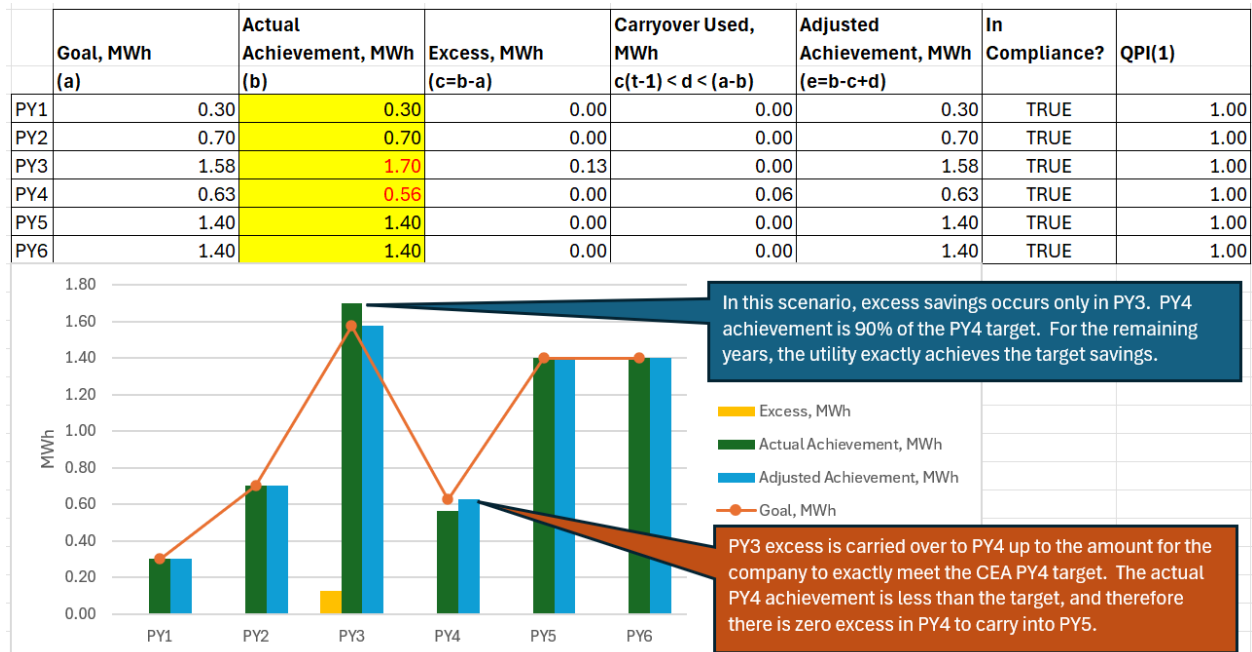
Now consider a case where the utility has an excess in PY3 and a shortfall in PY4 sufficient to trigger a penalty (i.e., the achievement is less than 80% of the target).

³ In re the Implementation of P.L. 2018, c. 17, The New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reduction Programs, Order Adopting an Updated Technical Reference Manual Process for the Energy Efficiency Programs, BPU Docket No. QO23030150, Order dated December 18, 2024.



The PY3 excess added to the PY4 achievement is sufficient for the utility to avoid penalties, but insufficient to be in compliance with the CEA.

In the next example, there is a PY3 excess and a small shortfall in PY4, such that the utility is not subject to a penalty.



In this case, the banked excess in PY3 is added to the PY4 achievement up to an amount that allows the utility to reach the CEA compliance target, but no more. The remainder of the banked access is forfeited.

Other Policy Clarifications

In addition to clarifying the calculations for determining carryover, Staff addresses three additional items for clarification.

- 7) Utilities' actual program year achievements, without any carryover savings, should be included in quarterly and annual tracking reports.

The July 2023 Order states, *"Carried over achievements will continue to be reported in the year incurred and included during that period for EM&V and cost-effectiveness."* Staff clarifies that actual achievements should be reported in quarterly and annual tracking reports so that NJCT and other performance tracking are based on actual performance. In addition, data provided for EM&V studies should also be actual performance. Carryover-adjusted performance only applies to CEA compliance, QPIs, and PIM.

- 8) Carryover savings for is for QPI₁ to QPI₅, but not QPI₆.

Table 2 of the July 26, 2023 Order is the following:

QPI	Description	Weight	Unit
1) Annual Energy Savings	Verified first year energy savings from measures completed in the given program year	30%	Source MMBtu
2) Annual Demand Savings	Verified peak demand savings from measures completed in the given program year	10%	Peak MW or peak-day therm
3) Lifetime Energy Savings	Verified lifetime energy savings from measures completed in the given program year	20%	Source MMBtu
4) LMI and OBC Lifetime Energy Savings	Verified lifetime energy savings from measures completed in the given program year from LMI and OBC customers	10%	Source MMBtu
5) Small Business Lifetime Energy Savings	Verified lifetime energy savings from measures completed in the given program year from small business customers	10%	Source MMBtu
6) Cost to Achieve	Total EE portfolio costs divided by total portfolio verified lifetime energy savings	20%	Total EE portfolio \$ / Lifetime source MMBtu

Staff clarifies that carryover savings may be applied to QPI₁ to QPI₅, but not to QPI₆.

- 9) Per the Triennium 2 stipulations, *"The Signatory Parties agree that the Company may petition the Board to carry over energy savings in excess of annual compliance goals, from Triennium 1 into Triennium 2 and from any Triennium 2 program year to another Triennium 2 program year, **in excess of the parameters established by the 2023 Framework Orders.** The Company shall notify Staff and Rate Counsel in its compliance reports the date of its waiver petition and the outcome."*⁴ (emphasis added)

⁴ See, for example, In re the Petition of New Jersey Natural Gas Company for Approval of New Energy Efficiency, Building Decarbonization Start-Up and Demand Response Programs and the Associated Cost Recovery Mechanism

