



Request for Comments

NJCEP Proposed Fiscal Year 2020 Fourth Budget Revision

The Fiscal Year 2020 (FY20) *New Jersey's Clean Energy Program* (NJCEP) budget was approved through a June 21, 2019 Board Order (Docket No. QO19050645), tried up and revised through a January 8, 2020 Board Order, revised for a second time through an April 6, 2020 Board Order, extended through a July 2, 2020 Board Order, extended for a second time through a July 15, 2020 Board Order and extended and revised through a July 29, 2020 Board Order. The New Jersey Board of Public Utilities (NJBP) extended the budget to align with the State's current FY20 budget ending September 30, 2020. The extension provided the NJBP and its Clean Energy Program with additional time to assess the NJCEP budget under the current health crisis. Staff now proposes a fourth revision to the FY20 Budget (Proposed Revised Budget), reallocating funds among various programs, all as described in more detail below.

FISCAL YEAR 2020 PROPOSED FOURTH BUDGET REVISIONS

The COVID-19 pandemic created an environment of significant uncertainty regarding program participation levels. When initial budget forecasts were completed, much of the State was shut down and many unknowns existed regarding when and to what extent businesses would reopen and when projects could restart. Therefore, these forecasts assumed that the COVID-19-induced slowdown, which began in March, would significantly decrease participation levels and as the State reopened would rise slowly from that point forward. However, program participation in some cases remained unaffected and rebounded sooner and faster than the levels previously estimated.

Staff has conducted a thorough review of all NJCEP programs and initiatives and proposes the funding changes below to ensure appropriate levels of funding and continuity of program delivery through September 30, 2020. Specifically, some program spending is tracking above and other program spending is tracking below original projections.

Despite the pandemic, the marketplace was creative in finding ways to continue to advance energy efficiency opportunities. Applications for the new electric vehicle incentive program has continued to outpace expectations despite the challenging fiscal climate. Additionally, the residential new construction program experienced growth over previous years. Although the commercial and industrial program experienced a slight slowdown, it rebounded sooner than expected. Lastly, the Local Government Energy Audits program experienced a large increase in applications, particularly because schools and other government buildings have remained closed.

Staff recommends that funds be made available to account for the increased uptake by shifting funds from other line items that are under-utilized or will not be needed before September 30, 2020. For example, we are recommending that we move funds from several programs, including

Microgrids and Energy Storage, which are two critical clean energy programs that are currently under development and review. Thus, this Proposed Revised Budget reallocates these funds so that other programs can remain operational through the remainder of this fiscal year. Further details about the Proposed Revised Budget are set forth below.

Staff requests comments on the Proposed Revised Budget prior to presenting it to the Board for consideration. The schedule and process for submitting comments is set forth at the end of this Request for Comments.

ALLOCATIONS AND RATIONALE

Increases

The Proposed Revised Budget increases the budgets for the programs below in the following amounts and for the following reasons:

Residential Existing Homes: As a result of current applications and spending trends, Staff recommends increasing the budget by \$2,700,000 in order to ensure that the program will continue accepting and processing applications through September 30, 2020.

Residential New Construction: Staff has continued to review new and current applications and proposes increasing the budget by \$700,000.

Commercial and Industrial Buildings: In order to support an unexpected rebound and increase in new applications, Staff recommends increasing the budget by \$5,010,000.

Local Government Energy Audits: Due to an increase in applications, Staff recommends adding an additional \$550,000 to continue the program through September.

Sponsorships: In order to continue to fund yearly memberships that are due each July, Staff recommends increasing this budget item by \$60,000 to cover these costs.

Electric Vehicles: Robust participation in this program has exceeded prior forecasts, given ongoing application trends, and Staff recommends adding \$1,700,000 to ensure the program can continue to process applications.

Deductions

The Proposed Revised Budget decreases the budgets for the programs below in the following amounts and for the following reasons:

Energy Efficiency Products: Due to the Appliance Recycling program and the Retail Lighting initiative being on hold for a period of time due to COVID-19 related issues, Staff recommends reducing the budget by \$500,000 so that funding can be used for the continuation of other programs.

Direct Install: Due to market trends and forecasted expenditures for the remainder of the fiscal year, Staff recommends reducing the budget by \$1,250,000.

Renewable Storage: The FY20 budget had reserved \$140,000 for one remaining project that has since expired; Staff recommends adding this funding to allow for continuation of other programs.

Microgrids: The next phase for the Microgrid program, previously anticipated for award in FY20 will not issue before September 30th; therefore, \$4,000,000 will not be utilized during this fiscal year and can be made available for other programs.

Outreach, Website, Other: Due to reductions in Outreach staff participating in conferences and other events and reduced membership, \$475,000 will not be utilized in FY20, and Staff recommends reallocating these funds for the continuation of other programs through September 2020.

Storage: Staff are still in the process of developing recommendations for an energy storage program, and funds of \$4,105,000 will not be needed in FY20. Therefore, Staff recommends reallocating these funds.

R&D Energy Tech Hub: Staff recommends reallocating funds of \$250,000 from the total \$1,500,000, which is not needed for the Tech Hub FY20 budget.

BUDGET TABLES

The following tables show the Proposed Budget Revisions and the resulting Proposed Fourth Revised FY20 Budget:

FY20 Proposed Budget – 4th Revision

<i>FY20 Program/Budget Line</i>	<i>FY20 Budget (3rd Revisions)</i>	<i>Proposed 4th Changes</i>	<i>FY20 Budget Draft 4th Revisions</i>
Total -NJCEP + State Initiatives	\$ 560,087,029.43	\$ -	\$ 560,087,029.43
State Energy Initiatives	\$ 102,328,074.42		\$ 102,328,074.42
Total NJCEP	\$ 457,758,955.01	\$ -	\$ 457,758,955.01
Energy Efficiency Programs	\$ 373,027,257.28	\$ 7,210,000.00	\$ 380,237,257.28
Res EE Programs	\$ 80,554,228.70	\$ 2,900,000.00	\$ 83,454,228.70
Residential Existing Homes	\$ 33,689,970.96	\$ 2,700,000.00	\$ 36,389,970.96
RNC	\$ 16,684,371.82	\$ 700,000.00	\$ 17,384,371.82
EE Products	\$ 30,179,885.92	\$ (500,000.00)	\$ 29,679,885.92
Res Low Income	\$ 45,500,000.00	\$ -	\$ 45,500,000.00
Comfort Partners	\$ 45,500,000.00		\$ 45,500,000.00
C&I EE Programs	\$ 190,384,155.13	\$ 4,310,000.00	\$ 194,694,155.13
C&I Buildings	\$ 140,823,490.07	\$ 5,010,000.00	\$ 145,833,490.07
LGEA	\$ 4,288,266.97	\$ 550,000.00	\$ 4,838,266.97
DI	\$ 45,272,398.09	\$ (1,250,000.00)	\$ 44,022,398.09
Multi-family EE	\$ -		\$ -
Multi-family	\$ -		\$ -
State Facilities Initiative	\$ 56,588,873.44	\$ -	\$ 56,588,873.44
State Facilities Initiative	\$ 56,588,873.44	\$ -	\$ 56,588,873.44
Distributed Energy Resources	\$ 27,093,909.11	\$ (4,140,000.00)	\$ 22,953,909.11
CHP/FC	\$ 22,953,909.11	\$ -	\$ 22,953,909.11
RE Storage	\$ 140,000.00	\$ (140,000.00)	\$ -

Microgrids	\$ 4,000,000.00	\$ (4,000,000.00)	\$ -
RE Programs	\$ 6,834,010.47	\$ -	\$ 6,834,010.47
Offshore Wind	\$ 4,369,975.49		\$ 4,369,975.49
Community Solar	\$ -		\$ -
SREC Registration	\$ 2,464,034.98		\$ 2,464,034.98
EDA Programs	\$ 113,236.20	\$ -	\$ 113,236.20
Green Growth Fund			
Planning and Administration	\$ 23,985,541.96	\$ (415,000.00)	\$ 23,570,541.96
BPU Program Administration	\$ 4,443,750.00	\$ -	\$ 4,443,750.00
BPU Program Administration	\$ 4,443,750.00		\$ 4,443,750.00
Marketing	\$ 4,000,000.00	\$ -	\$ 4,000,000.00
New Marketing Contract	\$ 4,000,000.00		\$ 4,000,000.00
CEP Website	\$ 400,000.00		\$ 400,000.00
CEP Website	\$ 400,000.00		\$ 400,000.00
Program Evaluation/Analysis	\$ 7,060,022.96	\$ -	\$ 7,060,022.96
Program Evaluation	\$ 6,895,942.96		\$ 6,895,942.96
Research and Analysis	\$ 164,080.00		\$ 164,080.00
Outreach and Education	\$ 8,039,769.00	\$ (475,000.00)	\$ 7,564,769.00
Sustainable Jersey	\$ 867,085.00		\$ 867,085.00
NJIT Learning Center	\$ 691,583.40	\$ -	\$ 691,583.40
Conference	\$ 750,000.00		\$ 750,000.00
Outreach, Website, Other	\$ 5,731,100.60	\$ (475,000.00)	\$ 5,256,100.60
Sponsorships	\$ 42,000.00	\$ 60,000.00	\$ 102,000.00
Sponsorships	\$ 42,000.00	\$ 60,000.00	\$ 102,000.00
New Initiatives	\$ 26,705,000.00	\$ (2,655,000.00)	\$ 24,050,000.00
Community Energy Grants	\$ 100,000.00	\$ -	\$ 100,000.00
Community Energy Grants	\$ 100,000.00		\$ 100,000.00
Storage	\$ 4,105,000.00	\$ (4,105,000.00)	\$ -
Storage	\$ 4,105,000.00	\$ (4,105,000.00)	\$ -
Electric Vehicles*	\$ 14,000,000.00	\$ 1,700,000.00	\$ 15,700,000.00
Charge Up New Jersey	\$ 4,000,000.00		\$ 4,000,000.00
Plug In EV Incentive Fund	\$ 10,000,000.00	\$ 1,700,000.00	\$ 11,700,000.00
NJ Wind	\$ 4,500,000.00	\$ -	\$ 4,500,000.00
NJ Wind	\$ 4,500,000.00	\$ -	\$ 4,500,000.00
R&D Energy Tech Hub	\$ 1,500,000.00	\$ (250,000.00)	\$ 1,250,000.00
R&D Energy Tech Hub	\$ 1,500,000.00	\$ (250,000.00)	\$ 1,250,000.00
Workforce Development	\$ 2,500,000.00	\$ -	\$ 2,500,000.00
Workforce Development	\$ 2,500,000.00	\$ -	\$ 2,500,000.00
Curriculum	\$ -	\$ -	\$ -
Curriculum	\$ -	\$ -	\$ -

DETAILED BUDGETS

Fiscal Year 2020 Detailed Budgets – 4th
Proposed Reallocation

		Cost Category Budgets					
Program/Budget Line	Total Budget	Administration	Sales, Marketing, Website	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing and QA	Evaluation
Total -NJCEP + State Initiatives	560,087,029.42	30,094,524.53	12,415,959.90	7,971,665.63	482,997,336.64	15,110,898.14	11,496,644.58
State Energy Initiatives	102,328,074.42	0.00	0.00	0.00	102,328,074.42	0.00	0.00
Total NJCEP	457,758,955.00	30,094,524.53	12,415,959.90	7,971,665.63	380,669,262.22	15,110,898.14	10,496,644.58
EE Programs	373,027,257.27	19,161,887.96	1,901,091.90	1,484,165.63	336,962,623.03	13,450,842.61	66,646.14
Res EE Programs	83,454,228.70	6,844,074.38	217,534.50	510,000.00	68,414,675.34	7,467,944.48	0.00
Residential Retrofit	36,389,970.96	3,626,810.34	108,767.25	501,000.00	29,582,973.70	2,570,419.67	0.00
RNC	17,384,371.82	1,958,825.95	54,383.55	9,000.00	14,327,321.30	1,034,841.02	0.00
EE Products	29,679,885.92	1,258,438.09	54,383.70	0.00	24,504,380.34	3,862,683.79	0.00
Res Low Income	45,500,000.00	2,870,758.50	1,248,488.10	886,665.63	38,786,019.66	1,641,421.97	66,646.14
Comfort Partners	45,500,000.00	2,870,758.50	1,248,488.10	886,665.63	38,786,019.66	1,641,421.97	66,646.14
C&I EE Programs	194,694,155.13	9,447,055.08	435,069.30	87,500.00	180,383,054.58	4,341,476.16	0.00
C&I Buildings	145,833,490.07	7,090,450.92	326,301.90	37,500.00	134,757,420.93	3,621,816.31	0.00
LGEA	4,838,266.97	1,128,645.02	54,383.70	25,000.00	3,134,312.47	495,925.78	0.00
DI	44,020,398.09	1,227,959.14	54,383.70	25,000.00	42,491,321.18	223,734.07	0.00
Multi-family EE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Multi-family	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Facilities Initiative	56,588,873.44	0.00	0.00	0.00	56,588,873.44	0.00	0.00
State Facilities Initiative	56,588,873.44	0.00	0.00	0.00	56,588,873.44	0.00	0.00
Distributed Energy Resources	22,953,909.11	814,031.29	54,383.70	12,500.00	21,785,970.79	287,023.33	0.00
CHP - FC	22,953,909.11	814,031.29	54,383.70	12,500.00	21,785,970.79	287,023.33	0.00
RE Storage	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Microgrids	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RE Programs	6,834,010.46	1,011,619.08	54,383.70	25,000.00	0.00	1,373,032.20	4,369,975.48
Offshore Wind	4,369,975.48	0.00	0.00	0.00	0.00	0.00	4,369,975.48
Community Solar	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SREC Registration	2,464,034.98	1,011,619.08	54,383.70	25,000.00	0.00	1,373,032.20	0.00
EDA Programs	113,236.20	113,236.20	0.00	0.00	0.00	0.00	0.00
Planning and Administration	23,570,541.96	4,443,750.00	10,406,100.60	0.00	1,600,668.40	0.00	7,060,022.96
BPU Program Administration	4,443,750.00	4,443,750.00	0.00	0.00	0.00	0.00	0.00
BPU Program Administration	4,443,750.00	4,443,750.00	0.00	0.00	0.00	0.00	0.00
Marketing	4,000,000.00	0.00	4,000,000.00	0.00	0.00	0.00	0.00
New Marketing Contract	4,000,000.00	0.00	4,000,000.00	0.00	0.00	0.00	0.00

CEP Website	400,000.00	0.00	400,000.00	0.00	0.00	0.00	0.00
Program Evaluation/Analysis	7,060,022.96	0.00	0.00	0.00	0.00	0.00	7,060,022.96
Program Evaluation	5,895,942.96	0.00	0.00	0.00	0.00	0.00	5,895,942.96
Research and Analysis	164,080.00	0.00	0.00	0.00	0.00	0.00	164,080.00
Outreach and Education	7,564,769.00	0.00	6,006,100.60	0.00	1,558,668.40	0.00	0.00
Sustainable Jersey	867,085.00	0.00	0.00	0.00	867,085.00	0.00	0.00
NJIT Learning Center	691,583.40	0.00	0.00	0.00	691,583.40	0.00	0.00
Conference	750,000.00	0.00	750,000.00	0.00	0.00	0.00	0.00
Outreach, Website, Other	5,256,100.60	0.00	5,256,100.60	0.00	0.00	0.00	0.00
Sponsorships	102,000.00	0.00	0.00	0.00	102,000.00	0.00	0.00
Sponsorships	102,000.00	0.00	0.00	0.00	102,000.00	0.00	0.00
New Initiatives	24,050,000.00	4,550,000.00	0.00	6,450,000.00	13,050,000.00	0.00	0.00
Community Energy Grants	100,000.00	0.00	0.00	0.00	100,000.00	0.00	0.00
Storage	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Electric Vehicles	15,700,000.00	4,000,000.00	0.00	0.00	11,700,000.00	0.00	0.00
Charge Up New Jersey Program	4,000,000.00	4,000,000.00	0.00	0.00	0.00	0.00	0.00
Plug In EV Incentive Fund	11,700,000.00	0.00	0.00	0.00	11,700,000.00	0.00	0.00
NJ Wind	4,500,000.00	50,000.00	0.00	4,450,000.00	0.00	0.00	0.00
R&D Energy Tech Hub	1,250,000.00	0.00	0.00	0.00	1,250,000.00	0.00	0.00
Workforce Development	2,500,000.00	500,000.00	0.00	2,000,000.00	0.00	0.00	0.00
Curriculum	0.00	0.00	0.00	0.00	0.00	0.00	0.00

PROCESS AND SCHEDULE FOR SUBMITTING COMMENTS

Commenters are encouraged to file comments electronically through the Board’s External Access Portal upon obtaining a MyNewJersey Portal ID. Once you establish a MyNewJersey account, an authorization code is required which you can request by emailing the NJBPU’s IT Helpdesk at ITHELPDESK@bpu.nj.gov. Members of the public may file written comments regardless of whether they participated in the public meetings. Written comments may also be submitted electronically to Board.Secretary@bpu.nj.gov in PDF or Word format with the subject “Request for Comments - Proposed NJCEP Fiscal Year 2020 Fourth Budget Revision.” Comments should be submitted by 5 p.m. on Thursday, August 27, 2020.

Please note that these comments are considered “public documents” for purposes of the State’s Open Public Records Act. Stakeholders may identify information that they seek to keep confidential by submitting them in accordance with the confidentiality procedures set forth in N.J.A.C. 14:1-12.3.