



Request for Comments

Proposed NJCEP Fiscal Year 2020 True-Up Budget and Budget Revisions

The Fiscal Year 2020 (FY20) New Jersey's Clean Energy Program (NJCEP) Budget, approved through a June 21, 2019 Board Order (Docket No. QO19050644), was established, in part, based upon an estimate of expenses and commitments expected to be incurred during Fiscal Year 2019 (FY19). Once actual expenses and commitments become known, the Board typically approves a "True-Up Budget" truing-up for the differences between expenses and commitments estimated for budgetary purposes and the expenses and commitments actually incurred. Consistent with that practice, and now that all expenses actually incurred during FY19 and commitments existing as of June 30, 2019 are final and known, Board Staff (Staff) has developed a proposed budget truing-up the differences between estimated expenses and commitments versus actual expenses and commitments, which results in an additional \$31,768,301 available for NJCEP.

Additionally, a review of FY20 first quarter program expenditures shows that some program spending is tracking above the original projections, while other program spending is tracking below the original projections. Other program budgets have been adjusted due to timeline changes. The Proposed Revised Budget also suggests a redistribution of \$21,975,141 to align budgets with program performance and other initiatives. In total, this represents \$53,743,442 in allocations and redistribution of funds for the Proposed FY20 True-Up Budget.

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.

PROPOSED REVISED BUDGET

Allocations and Rationale

Proposed Increases

Staff proposes to increase the budgets for the programs and initiatives below by the following amounts and for the following reasons:

<u>Program</u>	<u>Reason(s)</u>	<u>Amount</u>
Outreach, Website, Other	Additional outreach initiatives	\$275,000
Electric Vehicles	Electric Vehicle Program State appropriations	\$29,790,000
State Facilities	Increased need for energy efficiency measures in state buildings	\$18,778,443
BPU Program Administration	Division of Clean Energy staffing and resources	\$500,000
Energy Efficiency Products	Increased spending for retail lighting initiatives	\$4,000,000
Clean Energy Website	A Clean Energy Program website is being planned for enhanced web design and cyber security upgrades.	\$400,000

Proposed Deductions

Staff proposes to decrease the budgets for the programs below by the following amounts and for the following reasons:

<u>Program</u>	<u>Reason(s)</u>	<u>Amount</u>
Residential Energy Efficiency	Budgets adjusted based on FY19 actual expenses and forecasts.	\$8,152,104
Commercial & Industrial Buildings	Budgets adjusted based on FY19 actual expenses and forecasts.	\$4,000,000
Multi-family	Due to timing and program launch, the full budget forecasted for FY20 will not be expended.	\$3,000,000
Community Energy Grants	Due to timing and program launch, the full budget forecasted for FY20 will not be expended.	\$3,823,038
Storage	Due to timing and completion of the study, the full budget forecasted for FY20 will not be expended.	\$3,000,000

Program Revisions

To increase participation, Staff proposes to make facilities owned or operated by county entities eligible for the same enhanced incentives for which buildings owned or operated by municipal entities or public K-12 schools are currently eligible. The enhancements are significant (up to double the “base” incentives) and are available for many projects covered by the Multifamily Program or the Commercial and Industrial Programs. The details of the current enhancements are set forth in the current TRC Compliance Filing, which is available here:

http://www.njcleanenergy.com/files/file/Library/6c%20-%20FY20%20TRC%20Compliance%20Filing%20%20v6%20w%20App%20J%20v3_3.pdf

TRC’s compliance filing includes enhanced incentives for new construction single and multi-single family homes and several programs that address multifamily buildings and states, in part, that enhanced incentives are available for eligible buildings that are occupied by low and moderate-income (LMI) residents. TRC proposes to clarify that enhanced incentives will be available to any multifamily building or new construction single or multi-single family home defined as “affordable housing” by the New Jersey Housing and Mortgage Finance Agency, or the US Department of Housing and Urban Development, for example.

Budget Tables

The following table shows the Original Budget (approved by the Board in June 2019), the Proposed Budget Revisions, and the resulting Proposed Revised FY20 Budget:

Proposed FY20 True-Up Budget

<i>Program/Budget Line</i>	<i>FY19 Initial budget per 6/21/19 Order</i>	<i>Budget Revisions</i>	<i>True-up Reallocations</i>	<i>Revised FY20 Total Budget</i>
Total -NJCEP + State Initiatives	\$ 528,318,728.04	\$ 31,768,301.39	\$ 0.00	\$ 560,087,029.43
State Energy Initiatives	\$ 87,089,000.00	\$ -	\$ -	\$ 87,089,000.00
Total NJCEP	\$ 441,229,728.04	\$ 31,768,301.39	\$ 0.00	\$ 472,998,029.43
EE Programs	\$ 356,347,140.32	\$ 1,303,301.39	\$ 6,323,038.00	\$ 363,973,479.71
Res EE Programs	\$ 84,575,652.49	\$ -	\$ (4,152,103.65)	\$ 80,423,548.84
Residential Retrofit	41,182,585.25	-	(8,152,103.65)	33,030,481.60
RNC	17,053,370.24	-	-	17,053,370.24
EE Products	26,339,697.00	-	4,000,000.00	30,339,697.00
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	\$ 180,551,452.42	\$ -	\$ (4,000,000.00)	\$ 176,551,452.42
C&I Buildings	121,238,236.35	-	(4,000,000.00)	117,238,236.35
LGEA	4,682,805.60	-	-	4,682,805.60
DI	54,630,410.47	-	-	54,630,410.47
Multi-family EE	\$ 7,909,605.00	\$ -	\$ (3,000,000.00)	\$ 4,909,605.00
Multi-family	7,909,605.00	-	(3,000,000.00)	4,909,605.00
State Facilities Initiative	\$ 37,810,430.40	\$ 1,303,301.39	\$ 17,475,141.65	\$ 56,588,873.44
State Facilities Initiative	37,810,430.40	1,303,301.39	17,475,141.65	56,588,873.44
Distributed Energy Resources	\$ 30,344,822.65	\$ -	\$ -	\$ 30,344,822.65
CHP - RE Storage	21,204,822.65	-	-	21,204,822.65
RE Storage	140,000.00	-	-	140,000.00
Fuel Cells	5,000,000.00	-	-	5,000,000.00
Microgrids	4,000,000.00	-	-	4,000,000.00
RE Programs	\$ 8,280,623.05	\$ -	\$ -	\$ 8,280,623.05
Offshore Wind	3,280,623.05	-	-	3,280,623.05
Community Solar	3,000,000.00	-	-	3,000,000.00
SREC Registration	2,000,000.00	-	-	2,000,000.00
EDA Programs	\$ 91,007.38	\$ -	\$ -	\$ 91,007.38
Planning and Administration	\$ 18,028,096.65	\$ 675,000.00	\$ 500,000.00	\$ 19,203,096.65
BPU Program Administration	3,055,000.00	-	500,000.00	3,555,000.00
BPU Program Administration	3,055,000.00	-	500,000.00	3,555,000.00
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
Program Evaluation/Analysis	\$ 4,219,428.25	\$ -	\$ -	\$ 4,219,428.25
Outreach and Education	\$ 6,683,668.40	\$ 275,000.00	\$ -	\$ 6,958,668.40
Sustainable Jersey	742,085.00	-	-	742,085.00
NJIT Learning Center	691,583.40	-	-	691,583.40
Conference	750,000.00	-	-	750,000.00
Outreach, Website, Other	4,500,000.00	275,000.00	-	4,775,000.00
Sponsorships	\$ 70,000.00	\$ -	\$ -	\$ 70,000.00
Sponsorships	70,000.00	-	-	70,000.00
New Initiatives	\$ 28,138,038.00	\$ 29,790,000.00	\$ (6,823,038.00)	\$ 51,105,000.00
Community Energy Grants	4,823,038.00	-	(3,823,038.00)	1,000,000.00
Storage	7,105,000.00	-	(3,000,000.00)	4,105,000.00
EV	210,000.00	29,790,000.00	-	30,000,000.00
NJ Wind	4,500,000.00	-	-	4,500,000.00
R&D Energy Tech Hub	4,500,000.00	-	-	4,500,000.00
Workforce Development	2,500,000.00	-	-	2,500,000.00
Curriculum	4,500,000.00	-	-	4,500,000.00

Detailed Budgets

Staff will be submitting, for the Board’s review and approval, detailed budgets allocating the Proposed Revised Budget among the appropriate cost categories for each of the programs listed above.

True-up Calculation

The following table shows the derivation of the \$31,768,301.39 True-up amount:

Clean Energy Program FY20 True-up Summary (\$)

	FY19 Actual	FY20		
		CRA Budget	True-up Funding	Variance
Prior-year commitments	\$ 137,654,048.93	\$ 144,784,694.87	\$ 150,110,200.21	\$ 5,325,505.34
Uncommitted carryforward	38,017,620.69	35,960,862.37	58,669,632.33	22,708,769.96
SBC revenue	344,665,000.00	344,665,000.00	344,665,000.00	-
Other revenue	<u>7,704,518.23</u>	<u>2,908,170.80</u>	<u>6,642,196.89</u>	<u>3,734,026.09</u>
Total Funding Sources	\$ 528,041,187.85	\$ 528,318,728.04	\$ 560,087,029.43	\$ 31,768,301.39
Prior-year commitments	\$ 137,654,048.93	\$ 144,784,694.87	\$ 150,110,200.21	\$ 5,325,505.34
New funding Uses*	<u>186,024,474.41</u>	<u>296,445,033.17</u>	<u>322,887,829.22</u>	<u>26,442,796.05</u>
CEP Total Funding Uses	\$ 323,678,523.34	\$ 441,229,728.04	\$ 472,998,029.43	\$ 31,768,301.39
State Budget Allocations	\$ 145,693,032.18	\$ 87,089,000.00	\$ 87,089,000.00	\$ -
Total Funding Uses	\$ 469,371,555.52	\$ 528,318,728.04	\$ 560,087,029.43	\$ 31,768,301.39
Uncommitted Resources	\$ 58,669,632.33	\$ 0.00	\$ 0.00	\$ 0.00

* funding supports new commitments, pay-as-you-go incentives, program operating expenses

PROCESS AND SCHEDULE FOR SUBMITTING COMMENTS

Staff requests comments on the above proposal prior to presenting it to the Board. Comments should be submitted to publiccomments@njcleanenergy.com by 5 pm on December 20, 2019 with the subject heading “Request for Comments - Proposed NJCEP FY20 True-Up Budget and Budget Revisions.”