



Request for Comments

Proposed NJCEP Fiscal Year 2021 True-Up Budget, Budget Revisions and Program Changes

February 23, 2021

The Fiscal Year 2021 (FY21) New Jersey's Clean Energy Program (NJCEP) Budget, approved through a September 23, 2020 Board Order (Docket No. QO20080539), was established, in part, based upon an estimate of expenses and commitments expected to be incurred during Fiscal Year 2020 (FY20). 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 FY20 and commitments existing as of September 30, 2020 are final and known, Board 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 \$31,166,975 available for NJCEP.

Additionally, a review of FY21 first quarter program expenditures shows that spending for some programs is tracking above, and for others tracking below, the original projections. Further, some changes in program rules are now forecasted to alter the original projections while other program budgets have been adjusted due to timeline changes. The Proposed Revised Budget suggests a redistribution of \$24,153,622 to align budgets with program performance and other initiatives. In total, this represents \$55,320,579 in allocations and redistribution of funds for the Proposed FY21 True-Up Budget.

The allocation of the additional funds identified through the true-up, as well as the foregoing re-allocation, is summarized below, including in the Proposed Revised FY21 Budget.

In addition, Staff is proposing several program revisions. Those changes, together with the Proposed Revised FY21 Budget, are collectively referred to as the "Proposal".

Staff is requesting comments on the Proposal 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.

TRUE-UP CALCULATIONS

The following tables shows the derivation of the \$31,166,975 True-up additional carryforward amount:

(In \$)

<i>FY20 Program/Budget Line</i>	<i>FY20 Final Budget</i>	<i>FY20 Actual Expenses</i>	<i>FY20 Actual Year End Commitments</i>	<i>FY20 Actual Expenses plus Year End Commitments</i>	<i>FY20 Budget Less Actual Expenses and Commitments</i>
<i>Total - NJCEP + State Initiatives</i>	560,087,029	335,565,444	166,004,759*	501,570,204	58,516,826
<i>State Energy Initiatives</i>	102,328,074	93,918,789	-	93,918,789	8,409,285
<i>Total NJCEP</i>	457,758,955	241,646,655	166,004,759	407,651,414	50,107,541
<i>Energy Efficiency Programs</i>	380,237,257	210,881,034	139,468,037	350,349,071	29,888,186
<i>Distributed Energy Resources</i>	22,953,909	3,492,531	17,586,331	21,078,862	1,875,047
<i>RE Programs</i>	6,834,010	4,712,441	538,701	5,251,142	1,582,868
<i>EDA Programs</i>	113,236	112,674	-	112,674	563
<i>Planning and Administration</i>	23,570,542	10,727,702	6,428,988	17,156,690	6,413,852
<i>New Initiatives</i>	24,050,000	11,720,274	1,982,701	13,702,975	10,347,025

*FY20 Actual Year End Commitments includes approximately \$34 million for State Facilities Initiative.

<i>FY20 Estimated Uncommitted Carryforward</i>	<i>FY20 Budget Less Actual Expenses and Commitments</i>	<i>Difference Between FY20 Estimated Uncommitted Carryforward and Actuals</i>	<i>Other Revenues (Interest Payments, Application Fees, etc.)</i>	<i>Additional FY20 Carryforward and Other Revenues</i>
33,223,445	58,516,826	25,293,381	5,873,594	31,166,975

Budget Tables

The following table shows the Original Budget (approved by the Board in September 2020), the allocation of the \$31,166,975 in additional carryforward from FY20, the proposed budget revisions, and the resulting Proposed Revised FY21 Budget:

Proposed FY21 True-up Budget (In \$)

<i>FY21 Program/Budget Line</i>	<i>Initial FY21 Budget</i>	<i>Additional FY20 Carryforward and Other Revenues*</i>	<i>Line Item Transfers</i>	<i>Revised FY21 Budget</i>
Total -NJCEP + State Initiatives	509,029,779	31,166,975	0	540,196,754
State Energy Initiatives	100,000,000	15,409,285	0	115,409,285
Total NJCEP	409,029,779	15,757,690	0	424,787,469
Energy Efficiency Programs	302,058,180	7,627,099	1,500,000	311,185,279
Res EE Programs	68,171,319	0	-1,100,000	67,071,319
Residential Retrofit	27,824,379	0	2,500,000	30,324,379
RNC	12,656,413	0	-1,500,000	11,156,413
EE Products	27,690,527	0	-2,100,000	25,590,527
Res Low Income	34,125,100	0	0	34,125,100
Comfort Partners	34,125,100	0	0	34,125,100
C&I EE Programs	173,322,979	7,627,099	2,600,000	183,550,078
C&I Buildings	130,584,866	7,627,099	11,100,000	149,311,965
LGEA	4,231,673	0	-500,000	3,731,673
DI	38,506,440	0	-8,000,000	30,506,440
State Facilities Initiative	24,938,782	0	0	24,938,782
Acoustical Testing Pilot	1,500,000	0	0	1,500,000
Distributed Energy Resources	30,625,265	0	-1,938,956	28,686,309
CHP – FC	24,625,265	0	-1,240,000	23,385,265
Microgrids	6,000,000	0	-698,956	5,301,044
RE Programs	6,262,561	6,093,566	9,278,622	21,634,749
Offshore Wind	4,162,561	6,093,566	9,278,622	19,534,749
Solar Registration	2,100,000	0	0	2,100,000
EDA Program	130,393	0	0	130,393
Clean Energy Manufacturing Fund	130,393	0	0	130,393
Planning and Administration	29,142,520	0	-1,839,666	27,302,854
BPU Program Administration	3,555,000	0	0	3,555,000
Marketing	7,568,006	0	0	7,568,006
CEP Website	400,000	0	0	400,000
Program Evaluation/Analysis	10,939,450	0	-1,579,666	9,359,784
Outreach and Education	6,567,518	0	-535,000	6,032,518
Sustainable Jersey	988,435	0	0	988,435
NJIT Learning Center	1,029,083	0	0	1,029,083
Conference	750,000	0	0	750,000

Outreach, Website, Other	3,800,000	0	-535,000	3,265,000
Memberships	112,546	0	275,000	387,546
BPU Initiatives	40,810,860	2,037,025	-7,000,000	35,847,885
Community Energy Grants	560,000	0	0	560,000
Storage	7,000,000	0	-7,000,000	0
Electric Vehicle Program	23,000,860	2,037,025	0	25,037,885
Charge Up New Jersey	3,433,739	0	-1,000,000	2,433,739
Plug In EV Incentive Fund	19,567,121	2,037,025	1,000,000	22,604,146
NJ Wind	4,500,000	0	0	4,500,000
R&D Energy Tech Hub	1,250,000	0	0	1,250,000
Workforce Development	4,500,000	0	0	4,500,000

PROPOSED BUDGET REVISIONS

Allocations and Rationale

Proposed Increases

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

<u>Program</u>	<u>Reason(s)</u>	<u>Amount in \$</u>
Residential Retrofits	Increased participation	2,500,000
C&I Buildings	General increased participation, especially regarding Enhanced Incentives for prescriptive lighting, which have recently been eliminated. Includes funding for over \$5,100,000 in projects anticipated to be approved in FY20 that were delayed until FY21	18,727,099 (Includes 7,627,099 in Additional FY20 Carryforward)
Offshore Wind	The increased budget will ensure adequate funding is available to support programmatic needs, including the development of OSW component manufacturing location, the development of the New Jersey wind	15,372,188 (Includes 6,093,566 in Additional FY20 Carryforward)

	port and support for transmission analysis.	
Memberships	Staff recommends reallocating some funds from the "Outreach, Website & Other" (managed by TRC) budget line to the "Membership" budget line to be managed by BPU staff to allow for participation in organizations specific to state entities.	275,000
Plug In EV Incentive Fund	Staff is recommending reallocating funds from Charge Up New Jersey, administrative budget line, to the Plug In EV Incentive Fund budget line. Additionally, some funding was uncommitted in FY20; therefore, such funding is being reallocated to the FY21 EV program budget to ensure continuity over FY20 and FY21.	3,037,025 (Includes 2,037,025 in Additional FY20 Carryforward)

Proposed Deductions

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

<u>Program</u>	<u>Reason(s)</u>	<u>Amount in \$</u>
RNC	Budgets adjusted to reflect updated forecast of participation levels	1,500,000
EEP	Budgets adjusted to reflect updated forecast of participation levels	2,100,000
LGEA	Budgets adjusted to reflect updated forecast of participation levels	500,000
DI	Budgets adjusted to reflect updated forecast of participation levels	8,000,000
CHP-FC	Budgets adjusted to reflect updated forecast of participation levels	1,240,000
Microgrids	Some funding will not be needed and can be reallocated to other programs/initiatives.	698,956
Program Evaluation/Analysis	This funding was anticipated to be utilized in FY21 but will not be spent this year.	1,579,666
Outreach, Website, Other	Budgets adjusted to reflect updated forecast of participation levels	535,000
Storage	This funding was anticipated to be utilized in FY21 but will not be spent this year.	7,000,000
Charge Up New Jersey	Staff is recommending reallocating funds from Charge Up New Jersey, administrative budget line, to the Plug In EV Incentive Fund budget line.	1,000,000

Comfort Partners Program Budget Reallocation

Staff is recommending a reallocation within the Comfort Partners Program budget amongst the previously approved allocations to each utility. The total budget for the Comfort Partners program will remain unchanged. The reallocation is being proposed as a result of the fluctuation of program demand in response to current participation rates. Some service areas have experienced an influx of work compared to original forecasts, while others have seen a slight reduction. To ensure the continuity of the Comfort Partners program, this request of budget reallocation amongst the utilities will ensure that the impacted program contractors can continue their work

unimpeded. This budget change would align the Comfort Partners' budgets to ensure that funds are properly allocated in needed utility territories and to ensure that all funding will be utilized.

FY21 Approved Comfort Partners Budget

<u>Utility</u>	<u>Total</u>	<u>Admin and Program Development</u>	<u>Sales, Marketing, Call Centers, Web Site</u>	<u>Training</u>	<u>Rebates, Grants and Other Direct Incentives</u>	<u>Rebate Processing, Inspections, Other QC</u>	<u>Evaluation & Research</u>
ACE	\$1,600,275	\$192,504	\$26,212	\$26,249	\$1,285,253	\$70,057	\$0
JCP&L	\$3,754,265	\$348,441	\$83,506	\$69,006	\$3,007,974	\$141,984	\$103,354
PSE&G- Elec	\$7,793,912	\$380,580	\$225,792	\$195,026	\$6,731,765	\$260,749	\$0
RECO	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NJNG	\$4,295,568	\$261,232	\$80,707	\$81,707	\$3,735,340	\$136,582	\$0
Elizabethtown	\$2,668,110	\$185,370	\$51,108	\$51,282	\$2,275,588	\$104,762	\$0
PSE&G-Gas	\$11,690,869	\$570,870	\$338,688	\$292,539	\$10,097,648	\$391,124	\$0
SJG	\$2,322,101	\$258,539	\$42,328	\$41,775	\$1,901,946	\$77,513	\$0
TOTAL	\$34,125,100	\$2,197,536	\$848,341	\$757,584	\$29,035,514	\$1,182,771	\$103,354
PSE&G – Combined	\$19,484,781	\$951,450	\$564,480	\$487,565	\$16,829,413	\$651,873	\$0

FY21 Proposed Comfort Partners Reallocations

<u>Utility</u>	<u>Total</u>	<u>Admin and Program Development</u>	<u>Sales, Marketing, Call Centers, Web Site</u>	<u>Training</u>	<u>Rebates, Grants and Other Direct Incentives</u>	<u>Rebate Processing, Inspections, Other QC</u>	<u>Evaluation & Research</u>
ACE	\$1,600,275	\$192,504	\$26,212	\$26,249	\$1,285,253	\$70,057	\$0
JCP&L	\$3,800,305	\$354,201	\$84,266	\$63,266	\$3,045,974	\$142,744	\$109,854
PSE&G- Elec	\$6,798,960	\$372,192	\$195,404	\$176,638	\$5,812,365	\$242,361	\$0
RECO	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NJNG	\$4,295,568	\$258,232	\$83,707	\$81,707	\$3,735,340	\$136,582	\$0
Elizabethtown	\$2,522,850	\$182,680	\$48,418	\$48,592	\$2,141,088	\$102,072	\$0
PSE&G-Gas	\$12,601,441	\$602,788	\$337,606	\$309,457	\$10,943,548	\$408,042	\$0
SJG	\$2,505,701	\$261,939	\$45,728	\$45,175	\$2,071,946	\$80,913	\$0
TOTAL	\$34,125,100	\$2,224,536	\$821,341	\$751,084	\$29,035,514	\$1,182,771	\$109,854
PSE&G – Combined	\$19,400,401	\$974,980	\$533,010	\$486,095	\$16,755,913	\$650,403	\$0

PROPOSED PROGRAM REVISIONS

Board Staff is proposing to make the following program changes, the details of which are reflected in the Draft FY21 Compliance Filings, released with this request:

- Large Energy Users Program (LEUP)
 - Add a requirement capping overall total energy savings for lighting to 50%. It is designed to encourage comprehensive projects and to better align LEUP’s lighting incentives with SmartStart’s generally lower lighting incentives, thereby maximizing energy savings using limited funds.
- Combined Heat and Power-Fuel Cells (CHP-FC)
 - Maintain the status quo of the existing design by re-defining the categories of Fuel Cells (FCs) from FCs with Heat Recovery versus FCs without Heat Recovery to, respectively, ≥ 60% FCs versus ≥ 40% FCs.

- Add flexibility to the time periods for which COVID-19-impacted participants must collect operating data in order to qualify for Incentive #3¹. Experience has shown that COVID-19 and the restrictions related to it have made it difficult or impossible for many participants to collect twelve (12) months of continuous operating data that reflect normal operating conditions. The added flexibility would authorize the Program Manager to work with the applicant towards other reasonable methods of demonstrating whether the applicable performance thresholds have been met.
- Comfort Partners Program
 - Staff is recommending that Comfort Partners pilot a location-based automatic eligibility in six (6) low-income neighborhoods, equitably distributed geographically throughout the state. Eligibility in the six pilot locations would be based on census tract data, while customers not located in the pilot areas would continue to have to meet the traditional eligibility requirements based on income level and participation in assistance programs. This pilot aims to address barriers and obstacles low-income customers may have applying for Comfort Partners by having automatic eligibility based on their location while also increasing participation in areas of most need.

ELECTRIC VEHICLES - APPROVED PROGRAM REVISIONS

The FY21 Electric Vehicle Program Compliance Filing is reflective of action previously taken by the Board through the following Board Orders.

- [I/M/O the Electric Vehicle Program Compliance Filing](#) (July 15, 2020)
- [I/M/O the Electric Vehicle Program Compliance Filing](#) (December 16, 2020)
- [I/M/O the Electric Vehicle Program Compliance Filing](#) (January 27, 2021)

FY21 Proposed Detailed Budgets (In \$)

Program/Budget Line	Total Budget	Cost Category Budgets					
		Administration	Sales, Marketing, Website	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing and QA	Evaluation
Total -NJCEP + State Initiatives	540,196,754	22,287,848	13,261,176	10,160,584	463,538,612	16,944,147	14,004,387
State Energy Initiatives	115,409,285	0	0	0	115,409,285	0	0

¹ TRC Revised Energy Efficiency and Renewable Energy Compliance Filing

Total NJCEP	424,787,469	22,287,848	13,261,176	10,160,584	348,129,327	16,944,147	14,004,387
EE Programs	311,185,279	13,574,763	1,212,908	1,194,584	284,849,415	10,243,755	109,854
Res EE Programs	67,071,319	4,128,865	130,523	315,000	56,313,927	6,183,004	0
Residential Retrofit	30,324,379	2,187,463	65,261	301,500	25,703,953	2,066,202	0
RNC	11,156,413	1,180,984	32,631	13,500	9,284,865	644,433	0
EE Products	25,590,527	760,418	32,631	0	21,325,109	3,472,369	0
Res Low Income	34,125,100	2,224,536	821,341	751,084	29,035,514	1,182,771	109,854
Comfort Partners	34,125,100	2,224,536	821,341	751,084	29,035,514	1,182,771	109,854
C&I EE Programs	183,550,078	5,721,362	261,044	128,500	174,561,192	2,877,980	0
C&I Buildings	149,311,965	4,296,689	195,782	103,500	142,290,891	2,425,103	0
LGEA	3,731,673	682,542	32,631	12,500	2,693,895	310,105	0
DI	30,506,440	742,131	32,631	12,500	29,576,406	142,772	0
State Facilities Initiatives	24,938,782	0	0	0	24,938,782	0	0
Acoustical Testing Pilot	1,500,000	1,500,000	0	0	0	0	0
Distributed Energy Resources	28,686,309	493,774	32,631	12,500	22,710,702	5,436,702	0
CHP - FC	23,385,265	493,774	32,631	12,500	22,710,702	135,658	0
Microgrids	5,301,044	0	0	0	0	5,301,044	0
RE Programs	21,634,749	787,679	32,631	16,000	15,000,000	1,263,690	4,534,749
Offshore Wind	19,534,749	0	0	0	15,000,000	0	4,534,749
Solar Registration	2,100,000	787,679	32,631	16,000	0	1,263,690	0
EDA Programs	130,393	130,393	0	0	0	0	0
Planning and Administration	27,302,854	3,555,000	11,983,006	0	2,405,064	0	9,359,784
BPU Program Administration	3,555,000	3,555,000	0	0	0	0	0
Marketing	7,568,006	0	7,568,006	0	0	0	0
CEP Website	400,000	0	400,000	0	0	0	0
Program Evaluation/Analysis	9,359,784	0	0	0	0	0	9,359,784
Outreach and Education	6,032,518	0	4,015,000	0	2,017,518	0	0
Sustainable Jersey	988,435	0	0	0	988,435	0	0
NJIT Learning Center	1,029,083	0	0	0	1,029,083	0	0
Conference	750,000	0	750,000	0	0	0	0
Outreach, Website, Other	3,265,000	0	3,265,000	0	0	0	0
Memberships	387,546	0	0	0	387,546	0	0

BPU Initiatives	35,847,885	3,746,239	0	8,937,500	23,164,146	0	0
Community Energy Grants	560,000	0	0	0	560,000	0	0
Storage	0	0	0	0	0	0	0
Electric Vehicles	25,037,885	2,433,739	0	0	22,604,146	0	0
Charge Up NJ Program	2,433,739	2,433,739	0	0	0	0	0
Plug In EV Incentive Fund	22,604,146	0	0	0	22,604,146	0	0
NJ Wind	4,500,000	250,000	0	4,250,000	0	0	0
R&D Energy Tech Hub	1,250,000	62,500		1,187,500			
Workforce Development	4,500,000	1,000,000	0	3,500,000	0	0	0

REVISED COMPLIANCE FILINGS

The following draft revised Compliance Filings incorporating program changes discussed above have been released along with this Request for Comments.

- Division of Clean Energy Compliance Filing
- Comfort Partners Program Compliance Filing
- Program Administrator (TRC) Filing
- Charge Up New Jersey Compliance Filing

PROCESS AND SCHEDULE FOR SUBMITTING COMMENTS

Staff will be holding an informational session on the proposed true-up budget and proposed program revisions.

When: Mar 4, 2021 11:30 AM Eastern Time (US and Canada)

Topic: Clean Energy True Up Budget

Please click the link below to join the webinar:

<https://zoom.us/j/93178796658>

Or iPhone one-tap:

US: +13017158592,,93178796658# or +13126266799,,93178796658#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 301 715 8592 or +1 312 626 6799 or +1 646 558 8656 or +1 253 215 8782 or
+1 346 248 7799 or +1 669 900 9128

Webinar ID: 931 7879 6658

International numbers available: <https://zoom.us/j/93178796658>

Commenters are encouraged to file their 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 BPUIHELPDESK@bpu.nj.gov. Members of the public may file comments regardless of whether they participated in the public meetings. 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 FY21 True-Up Budget, Budget Revisions and Program Changes."

Please note that these comments are considered "public documents" for purposes of the State's Open Public Records Act. Commenters 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.

Any questions may be submitted via email to: publiccomments@njcleanenergy.com (Subject: Request for Comments - Proposed NJCEP FY21 True-Up Budget, Budget Revisions and Program Changes.)

Comments will be accepted through 5:00 p.m. on Tuesday, March 9, 2021.