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December 1, 2008

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Re: In the Matter of Comprehensive Energy Efficiency and Renewable
Energy Resource Analysis for the 2009-2012 Clean Energy Program
BPU Docket No. EO07030203

Dear Secretary Izzo:

Enclosed for filing on behalf of Public Service Electric and Gas Company, Jersey Central Power and Light Company, Atlantic City Electric Company, Rockland Electric Company, New Jersey Natural Gas Company, South Jersey Gas Company, and Elizabethtown Gas Company (collectively, the "Utilities"), please find an original and ten copies of the Utilities' filing titled "New Jersey's Clean Energy Program 2009 Program Descriptions and Budget -- Utility Residential Low Income Comfort Partners Program & Utility Support for the New Jersey Clean Energy Campaign: Clean Power Choice Program." This filing is made pursuant to the Board of Public Utilities' Order dated September 30, 2008 in the above-referenced matter.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Gregory Eisenstark", written over a horizontal line.

Gregory Eisenstark

Attorney for Public Service Electric and Gas
Company, and on behalf of Jersey Central Power
and Light Company, Atlantic City Electric
Company, Rockland Electric Company, New Jersey
Natural Gas Company, South Jersey Gas Company,
and Elizabethtown Gas Company

Encl.
C: Service List

**Comprehensive Energy Efficiency and Renewable Energy Resource
Analysis for the 2009-2012 Clean Energy Program
BPU Docket No. EO07030203**

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**Comprehensive Energy Efficiency and Renewable Energy Resource
Analysis for the 2009-2012 Clean Energy Program
BPU Docket No. EO07030203**

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**New Jersey's Clean Energy Program
2009 Program Descriptions and Budget**

**Utility Residential Low Income
Comfort Partners Program**

&

**Utility Support for the
New Jersey Clean Energy Campaign:
Clean Power Choice Program**

**Program Description and Budget
December 1, 2008**

Residential Low Income Program “New Jersey Comfort Partners”

Description

The Residential Low Income Program known as Comfort Partners, managed by Atlantic City Electric, JCP&L, New Jersey Natural Gas, Elizabethtown Gas, PSE&G, Rockland Electric Company, and South Jersey Gas, is designed to improve energy affordability for low-income households through energy conservation. To achieve this objective, several market barriers must be overcome. Key among these are: (1) lack of information on either how to improve efficiency or the benefits of efficiency; (2) low income customers do not have the capital necessary to upgrade efficiency or even, in many cases, keep up with regular bills; (3) low income customers are the least likely target of market-based residential service providers due to perceptions of less capital, credit risk and/or high transaction costs; and (4) split incentives between renters and landlords. The Program addresses these barriers through:

- Direct installation of all cost-effective energy efficiency measures.
- Comprehensive, personalized customer energy education and counseling.
- Installation of health and safety measures as appropriate.

Target Market and Eligibility

The Program is targeted at participants in the Universal Service Fund. By definition this target population is characterized by high-energy burdens based on their income. Program participation will be prioritized by energy use with the highest energy users being served first.

The Program is available to any household with income at or below 225% of the federal poverty guidelines. Customers who receive Federal Supplemental Security Income (SSI), Home Energy Assistance (HEAP), Lifeline, Pharmaceutical Assistance to the Aged and Disabled (PAAD), Temporary Assistance to Needy Families (TANF), or Section 8 Housing also may be eligible.

A participant must be a customer of record with a separately metered electric or gas account, and live in a building with 1-14 units. Customers who heat with fuel oil will be eligible for Comfort Partners. In addition, customers who receive natural gas service from an investor owned natural gas NJ utility, and who receive electric service from a municipal electric company will also be eligible for Comfort Partners services. Ineligible customers will be referred to the Department of Community Affairs' Weatherization Assistance Program agencies for services.

Offerings and Customer Incentives

Among the measures to be considered for each home are efficient lighting products; hot water conservation measures (water heater replacement and tank temperature turn-down); replacement of inefficient refrigerators and freezers; energy saving thermostats; insulation up-grades (attic, wall, basement, etc.); blower-door guided air sealing; duct sealing and repair; heating/cooling equipment maintenance, repair and/or replacement; and other “custom” measures.

Failed or failing heating systems can be replaced for efficiency and/or health and safety reasons, on a case-by-case basis. Procedures for HVAC system replacement have been significantly

refined and enhanced to provide clear direction to all contractors. Requests for replacement of oil-fired equipment will be referred to the DCA Weatherization Assistance Program (WAP).

Measure Selection

All cost-effective efficiency measures will be installed in each home. Cost-effectiveness will be assessed on a measure and site-specific basis. All efficiency measures and energy education services will be provided free of charge. The selection of measures designed to reduce heating and cooling will be guided by a spending calculation based on past energy consumption which is a guide for contractors and is not an absolute or prescriptive target or cap. If the site needs are greater than the calculated spending guideline, the contractor will confer with the appropriate utility after documenting reasons for going beyond the spending guideline. The utility will decide to what extent additional work can be performed.

Refrigerator or freezer replacement will be based on on-site monitoring of the energy use of the existing unit. Consumption thresholds for cost-effective replacement vary according to size. Any refrigerator or freezer with measured consumption above the threshold values is eligible for free replacement with a new energy-efficient model. These values and procedures will be updated periodically to reflect changes in refrigerator costs and/or efficiency.

The cost-effective installation of energy-efficient lighting products will be based upon the wattage and the estimated average daily burn time for the existing lamp.

Domestic hot water and other custom measures will be installed according to program guidelines for determining measure cost effectiveness.

Delivery Methods

Electric and gas utilities with overlapping service territories will jointly deliver efficiency, health and safety and education services so that customers receive both gas and electric efficiency measures simultaneously. Selection of program delivery contractors and program delivery costs will be shared between the participating gas and electric utilities. Four-year implementation contracts will be competitively bid and negotiated in early 2009. Utilities will provide contract extensions as necessary to support program continuity. If program expansion is needed during the four-year contract period, the utilities may competitively bid contracts to secure additional vendors.

During 2009 the utilities will pursue "Green Job" partnerships with organizations such as the Department of Labor and local job training agencies. These efforts will be contracted through and coordinated with the assistance of OCE staff, to provide the necessary funding for training for the development of additional resources of technically qualified personnel. Comfort Partners contractors will be encouraged to hire trained candidates graduating from these programs.

Pilot programs to address neighborhood canvassing, mold/moisture remediation, roof repairs, electrical repairs, lead & asbestos remediation will also be considered with BPU OCE staff contracting directly with organizations. The utilities will be piloting new measures such as, cool roofs, reflective window film, and gravity film exchange, etc. The utilities may consider a pilot program for customers having homes with extremely high use or unexplained high use. These

homes will receive deep energy reductions using a 3-4 hour comprehensive investigative audit and energy education, state of the art insulation techniques, and other custom energy saving applications and practices to radically reduce the energy use.

The utilities are using the JCP&L web-based CP System as the statewide platform to track all program participants, measures and energy savings. The system is used by all utilities, BPU Clean Energy staff, multiple program delivery vendors and inspection vendors. Maintenance and enhancements to the system will be paid by JCP&L and are incorporated in the budget in Appendix B.

Quality Assurance Provisions

A minimum of 15 percent of randomly selected treated homes will be subject to verification and inspection by an independent contractor(s) hired by the utilities. A competitively bid contract for this work could begin in 2009.

Budgets

A detailed budget for this program for 2009 is attached in Appendix B. Allocation of costs in different cost categories may appear to be inconsistent among utilities; for example PSE&G covers the cost of statewide printing and JCP&L covers the cost for statewide CP System administration; etc.. In addition, PSE&G has included \$87,800 (\$52,680 for electric and \$35,120 for gas) within the "Administration and Program Budget" category for income verification for the Residential Home Energy Tune-Up Sub-Program of its Carbon Abatement Program. See Joint Position dated November 20, 2008, BPU Docket No. EO08060426, Attachment 1, Para. 9.

The utilities do not expect to spend the entire budget allocation during 2009. The intent is to develop a path and funding for the implementation of pilot programs for job training, home rehabilitation, and the expansion of contractor resources in order to expand the program in future years.

Goals and Energy Savings

Goals

The statewide goal for the Comfort Partners Program is 7,777 participants.

The Electric service customer goal is 7,777.

The Gas service customer goal is 7,225, which is a subset of the electric goal.

The 2006 APPRISE Inc. evaluation of the Universal Service Fund recommends "high use households should be targeted by the Comfort Partners and WAP programs to ensure that clients have affordable bills." (Executive Summary page iv) It further recommends that "The BPU should work with the utilities to standardize their system for referring USF clients to the Comfort Partners program and establish official guidelines for coordinating these two benefits." (Executive Summary page xxii)

The Comfort Partners program has served more than 44,000 homes since it began in 2001. In order to reach the above goals for 2009, the utilities again strongly recommend that in approving

the Comfort Partners program, the Board also directs that participation in either the Comfort Partners or Weatherization Assistance Program (WAP) be an eligibility requirement for receiving monthly USF subsidy and arrears forgiveness. This requirement should not, however, preclude customer eligibility for USF benefits if: 1) their landlord refuses energy conservation services or 2) there is a delay in scheduling delivery of energy conservation work under the Comfort Partners or WAP programs. As part of Comfort Partners, customers have the right to refuse any measure they do not agree to have installed in their homes.

Utilities will consider providing awards and incentives to contractors who meet or exceed production goals, maintain quality standards, and achieve energy savings.

Energy Savings

Following approval of the above goals, energy savings will be calculated consistent with the goals. Energy saving estimates will be calculated using the latest protocols approved by the Board.

The utilities plan to begin the process of competitively bidding a future evaluation contract to conduct an electric and gas use impact analysis of the program. They also plan to evaluate the effectiveness of individual energy conservation measures, energy education, health and safety measures, and include a field assessment of contractor work in participants' homes.

Home Performance with Energy Star Partnership

Customers above 225 percent of federal poverty guidelines who do not qualify for the Comfort Partners program will be referred to the NJ Home Performance with Energy Star program and likewise, that program will make appropriate referrals to Comfort Partners.

New Jersey Clean Energy Campaign: Clean Power Choice Program

Description

Utilities will support the Clean Energy Campaign for the Clean Power Choice Program. The Clean Power Choice program will offer retail electric customers the option of selecting an energy product or products with higher levels of renewable energy than is required by the Renewable Portfolio Standards.

The program will be delivered through a collaborative utility and clean power marketer program hosted by the four investor owned electric utilities. The 'host' utilities will provide a delivery platform to enable enrollment and billing, with oversight by the Office of Clean Energy. The program will be offered as an add-on subscription of clean power supplied by a qualified third-party Clean Power marketer without interruption to customer's basic electric service. The Office of Clean Energy will play a lead role in marketing the program to customers in cooperation with electric and gas utilities and Clean Power marketers.

The utilities will implement the requirements of the August 19, 2008 Board Order in Docket No. EA07110885, "In the Matter of Account Look-up for the Third Party Suppliers and Clean Power Marketers". Program tasks include:

- Implement the pilot of a Customer Account Look-up procedure allowing the provision of EDC account numbers to requesting TPSs and CPMs for which a valid Release Form has been obtained
- Track the cost of providing the Customer Account Lookup service during the first year of implementation and file that information with the Board
- File required monthly, quarterly and annual program information with the Board

The 2009 budget for this program in Appendix B is intended to reimburse utilities for expenses necessary to:

- Make or maintain the Information Technology changes needed to support a line item on customer bills
- Develop and maintain systems to support EDI transactions with Clean Power Marketers
- Facilitate customer sign ups through bill stuffers or other marketing mechanisms

**Appendix A:
SALES AND MARKETING PLAN**

Low Income (Comfort Partners) Program

Statewide Marketing Activities		Estimated Cost
Telemarketing of program	<p>Description: Telemarketing of program</p> <p>Targeted Audience: Customers identified as high-energy use USF participants, low-income residential customers on utility databases and NJ Office of Information Technology USF lists and other lists.</p> <p>Expected Date of Implementation: Telemarketing will be conducted on a continual basis to meet production goals. Increased effort has been required due to USF participant high rejection rate.</p> <p>Vendor Participants: Contractors selected through competitive bid. Utilities will continue to staff & train call centers to respond to incoming telephone customer inquiries about the program.</p>	\$350,000
Comfort Partners marketing and collateral materials	<p>Description: These materials are used at various customer-focused events, directly with customers during service delivery and included in direct mail campaigns. Estimated cost includes updating and reproducing the existing brochures and forms in both English and Spanish. Materials include: brochure, folders, applications, landlord agreements, partnership agreements, action plan savings strategy, health and safety release form, income guidelines, energy saving tips sheets, envelopes, etc.</p> <p>Targeted Audience: Low-income residential customers</p> <p>Expected Date of Implementation: Second quarter 2009</p> <p>Vendor Participants: TraynorKirk & Co, Diversified Global Graphics Group (dg3) Printers</p>	\$160,000
Direct Mail Campaigns & Utility Bill Inserts	<p>Description: In addition to the contractor telemarketing, JCP&L and contractors will direct mail a cover letter, Comfort Partners application and landlord agreement to USF recipients to improve response rates. Some utilities will also include Comfort Partners articles in bill inserts.</p> <p>Targeted Audience: High-use USF and HEAP recipients on the utilities' databases, and NJ Office of Information Technology USF lists.</p> <p>Expected Date of Implementation: Ongoing throughout 2009.</p> <p>Vendor Participant: Contractors selected through Competitive bid and in house for utilities.</p>	\$20,000

Fact Sheet on Winter Shut-off	<p>Description: Include in the Fact Sheet on Winter Shut-off a paragraph describing Comfort Partners with an 800# contact number.</p> <p>Targeted Audience: Residential customers receiving a shut-off notice</p> <p>Expected Date of Implementation: During the 2008 - 2009 heating season</p> <p>Vendor Participant: In house for utilities</p>	\$ 0
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**Appendix B:
2009 Program Budget**

	Total	Admin & Prog Developmt	Sales, marketing, call center, website	Training	Rebates, other direct incentives	Rebate Processing, inspections & QA	Evaluation & Research	Contractor Performance Incentives
ACE	\$ 1,590,400	\$ 156,000	\$ 10,800	\$ 12,000	\$ 1,324,700	\$ 80,400	\$ 2,500	\$ 4,000
JCP&L	\$ 4,452,400	\$ 419,400	\$ 162,000	\$ 50,000	\$ 3,300,000	\$ 475,000	\$ 30,000	\$ 16,000
PSE&G- Electric	\$ 10,637,098	\$ 386,581	\$ 166,299	\$ 37,177	\$ 9,454,276	\$ 552,765	\$ 20,000	\$ 20,000
RECO	\$ -	\$ -			\$ -	\$ -		
NJNG	\$ 3,391,899	\$ 200,005	\$ 111,763	\$ 29,500	\$ 2,944,631	\$ 95,000	\$ 6,000	\$ 5,000
Elizabethtown	\$ 2,356,000	\$ 160,000	\$ 30,000	\$ 25,000	\$ 2,000,000	\$ 135,000	\$ 2,400	\$ 3,600
PSE&G-Gas	\$ 7,099,733	\$ 257,721	\$ 110,866	\$ 24,785	\$ 6,302,851	\$ 368,510	\$ 20,000	\$ 15,000
SJG	\$ 1,690,314	\$ 213,000	\$ 34,600	\$ 6,000	\$ 1,363,314	\$ 67,000	\$ 2,400	\$ 4,000
Pilot Programs	\$ 5,382,156	\$ -			\$ 5,382,156			
TOTAL	\$ 36,600,000	\$ 1,792,707	\$ 626,328	\$ 184,462	\$ 32,071,928	\$ 1,773,675	\$ 83,300	\$ 67,600

Clean Energy Campaign: CLEAN POWER CHOICE*

	Total	Admin & Prog Developmt	Sales, marketing, call center, website	Training	Rebates, other direct incentives	Rebate Processing, inspections & QA	Evaluation & Research	Contractor Performance Incentives
ACE	\$ 74,000	\$ 7,000	\$ 67,000	\$ -	\$ -	\$ -	\$ -	\$ -
JCP&L	\$ 82,000	\$ 2,000	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ -
PSE&G- Electric	\$ 100,000	\$ 5,000	\$ 95,000	\$ -	\$ -	\$ -	\$ -	\$ -
RECO	\$ 46,000	\$ 1,000	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -
NJN	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Elizabethtown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PSE&G-Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SJG	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 302,000	\$ 15,000	\$ 287,000	\$ -	\$ -	\$ -	\$ -	\$ -

* Clean Energy Campaign Budgets include two bill inserts only. ACE and RECO budgets reflect outsourced IT support costs.