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*Director*

January 8, 2014

**Via Hand Delivery and Electronic Mail**

Honorable Kristi Izzo, Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, New Jersey 08625-0350

**Re: The OCE's Proposed Changes to  
the NJCEP FY 2014 Budgets  
(Request for Comments dated December 31, 2013)**

Dear Secretary Izzo:

Enclosed please find an original and ten copies of the Comments submitted on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") in connection with the above-captioned matter. Copies of the comments are being provided to all parties on the e-service list by electronic mail and hard copies will be provided upon request to our office.

We are enclosing one additional copy of the comments. Please stamp and date the extra copy as "filed" and return it in our self-addressed stamped envelope.

The Division of Rate Counsel ("Rate Counsel") would like to thank the Board of Public Utilities ("BPU" or "the Board") for the opportunity to present comments on the proposed changes to the Board-approved FY2014 Clean Energy Program ("CEP") energy efficiency ("EE") program budget, which were circulated to stakeholders for comment by the Applied Energy Group on behalf of the Office of Clean Energy ("OCE") and TRC ("TRC", the CEP EE Program Administrator) in an e-mail notice issued December 31, 2014. ("Request for

Comments”). Rate Counsel does not object to the proposed changes, as set forth below. Rate Counsel notes that the OCE’s proposal calls for transfers of funds between CEP EE programs and does not seek an increase in the overall FY2014 CEP budget.

Based on higher than anticipated levels of demand, TRC proposes to increase funding for the C&I Retrofit Program (\$4 million) and the Pay-for-Performance New Construction Program (\$3 million). According to the information provided in the Request for Comments, the monthly commitments and expenditures for the C&I Retrofit Program and Pay-for-Performance New Construction Program equal to 85% and 92% of the FY2014, respectively. TRC also proposes to transfer \$3.25 million to the Direct Install Program. Monthly commitments and expenditures for the Direct Install Program are averaging higher than historic norms and current expenditures plus commitments equal 79% of the FY14 budget. The proposed increases in the budgets for these programs will be funded through transfers of funds from other CEP EE programs.

TRC proposes decreased funding for the Pay-for-Performance Program (\$6 million), Local Government Energy Audit Program (\$1 million), and the Large Energy Users Program (\$2 million). TRC anticipates that sufficient funds will remain in these programs to meet anticipated program demands through the remainder of the fiscal year. For the Pay-for-Performance Program, TRC notes that the current expenditures plus commitments equal 60% of the budget and new applications received in late FY2014 may not be committed until FY2015 due to the longer lead times required for approval of large projects. TRC also notes that current participation rates for the Local Government Energy Audit Program and the Large Energy Users Program are lower than anticipated and a number of project commitments have cancelled due to inactivity.

In addition to the funds transferred from other CEP EE Programs, TRC also proposes to transfer funds from the Program Transition budget within the NJCEP Administration Budget (\$1,25 million) to fund its proposed increases in the C&I Retrofit, Pay-for-Performance New Construction, and Direct Install program budgets. According to TRC, the OCE indicated that these funds are no longer anticipated to be required in FY2014. Finally, TRC anticipates that the overall C&I EE budget will be below the level needed to meet anticipated program demands. Therefore, based on discussions with OCE Staff, TRC is proposing to transfer \$1.25 M from the the NJCEP Administration budget to the C&I EE budget.

Based on the representations of TRC and the OCE, Rate Counsel does not object to the proposed transfers and budget changes. Thank you for your consideration of the within comments.

Respectfully submitted,

STEFANIE A. BRAND  
Director, Division of Rate Counsel

By:

  
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Encl.

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