

Request for Comments Proposed Modifications to NJCEP Budget

Staff is proposing a number of changes to New Jersey's Clean Energy Program (NJCEP) budget described below and is requesting comments on the proposed changes prior to presenting its recommendations to the Board. Staff anticipates that the proposed changes will be considered by the Board at its June agenda meeting.

Re-align Detailed Budgets

AEG was awarded a contract to provide Program Administrator services on December 1, 2015. AEG completed the transition and commenced management of the programs on March 1st. AEG will charge fees related to the delivery of the programs as set out in its contract.

The most recent NJCEP detailed budget (i.e., Cost Category budget) approved by the Board for fiscal year 2016 (FY16) for the programs currently managed by AEG were those included in Honeywell's and TRC's compliance filings. The detailed budgets reflect the pricing in the old AEG, Honeywell and TRC contracts that expired on March 31st.

To ensure that the detailed budgets are sufficient to cover anticipated costs through the remainder of the FY, AEG performed the following tasks:

1. Identified the fees charged against each Cost Category for each program by AEG, Honeywell and TRC under the old contracts
2. Estimated AEG fees for each Cost Category for each program for the period from March 1st through June 30th
3. Added 1 and 2 to estimate the total FY16 fees for each Cost Category for each program
4. Compared the total to the detailed budgets previously approved by the Board

This exercise resulted in the identification of a number of cost categories in a number of programs that had insufficient funding to cover all anticipated program expenses through the remainder of the fiscal year. As well, several cost categories had excess funding. The proposed changes primarily reflect differences in the pricing structure between the old AEG, Honeywell and TRC contracts and the new Program Administrator contract.

To ensure that the budget for each cost category for each program has sufficient funding, AEG proposed a number budget modifications shown in the tables below intended to rebalance the Cost Category budgets.

HVAC Program

The HVAC program has had higher than anticipated participation levels. Staff is proposing the transfer of \$1.5 million to the HVAC program rebate cost category to ensure sufficient funding for the program to remain open through the remainder of the FY.

State Facility Initiatives

The State Facilities Initiative will implement and fund energy efficiency and energy savings projects for State owned and operated buildings and grounds. This includes air handling and

movement, lighting and equipment upgrades and replacements, and other energy efficient measures. Staff is proposing the transfer of \$7.5 million to this new initiative.

TRUE Grant

The Temporary Relief for Utility Expenses (TRUE) Grant was required by legislation that transferred \$25 million from the NJCEP for financial assistance to help needy customers pay utility bills. The Board budgeted \$3 million for the TRUE Grant in FY16 leaving a remaining balance of \$3.291 million to meet the requirements of the legislation.

Staff is proposing numerous changes to the budget to address the re-alignment of the detailed budgets and the transfer of funds to the HVAC program, to the new State Facility Initiative and to the True Grant. Staff is proposing the transfer of funds from several programs and initiatives as shown in the tables below. Sufficient funds remain in each program from which Staff is proposing to transfer funds from to meet all anticipated program activities through the remainder of the FY. The overall NJCEP budget remains unchanged and the overall rebate budget category is increased by \$1.4 million as compared to the previously approved budget.

The proposed budget modifications discussed above are shown in the following tables. The first table shows current detailed budgets; the second proposed increases/decreases to the budgets; and the third the proposed resultant budgets.

Staff is requesting comments on the proposed budget modifications described above. Comments should be submitted by June 15, 2016 to:

publiccomments@NJCleanEnergy.com

and reference “Proposed Changes to the NJCEP Budget”.

Table 1: Current Budgets

Program/Budget Line	CURRENT BUDGETS						
	Total Approved Budget	Administration	Sales, Marketing, Website	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing, and QA	Evaluation
Total NJCEP	\$372,959,019.29	\$17,106,945.11	\$5,320,321.88	\$2,726,617.81	\$328,050,435.45	\$14,540,875.51	\$5,213,823.53
EE Programs	\$282,101,624.09	\$9,599,946.89	\$3,135,600.18	\$2,726,617.81	\$255,591,197.30	\$11,048,261.91	\$0.00
Res EE Programs	\$86,757,161.56	\$5,015,630.22	\$1,249,033.75	\$755,203.84	\$75,497,902.57	\$4,239,391.18	\$0.00
HVAC	\$13,187,678.81	\$1,306,764.00	\$0.00	\$755,203.84	\$9,792,288.57	\$1,333,422.40	\$0.00
RNC	\$18,677,692.95	\$1,249,392.00	\$0.00	\$0.00	\$16,981,960.00	\$446,340.95	\$0.00
EE Products	\$15,791,045.25	\$1,415,053.14	\$0.00	\$0.00	\$14,051,035.53	\$324,956.58	\$0.00
HPwES	\$37,851,710.80	\$1,044,421.08	\$0.00	\$0.00	\$34,672,618.47	\$2,134,671.25	\$0.00
Marketing - Res EE	\$1,249,033.75	\$0.00	\$1,249,033.75	\$0.00	\$0.00	\$0.00	\$0.00
Res Low Income	\$30,000,000.00	\$2,001,695.87	\$811,566.43	\$345,549.97	\$25,286,683.42	\$1,554,504.31	\$0.00
Comfort Partners	\$30,000,000.00	\$2,001,695.87	\$811,566.43	\$345,549.97	\$25,286,683.42	\$1,554,504.31	\$0.00
C&I EE Programs	\$165,344,462.53	\$2,582,620.80	\$1,075,000.00	\$1,625,864.00	\$154,806,611.31	\$5,254,366.42	\$0.00
C&I NC	\$2,966,229.94	\$237,454.00	\$0.00	\$356,091.00	\$2,251,840.24	\$120,844.70	\$0.00
C&I EB	\$54,970,880.80	\$772,550.80	\$0.00	\$384,578.28	\$50,425,411.72	\$3,388,340.00	\$0.00
P4P NC	\$18,140,835.90	\$174,600.00	\$0.00	\$366,860.08	\$17,440,375.82	\$159,000.00	\$0.00
P4P EB	\$34,771,374.30	\$554,800.00	\$0.00	\$508,334.64	\$33,259,239.66	\$449,000.00	\$0.00
LGEA	\$3,232,012.50	\$220,000.00	\$0.00	\$0.00	\$2,508,012.50	\$504,000.00	\$0.00
DI	\$32,661,579.73	\$485,000.00	\$0.00	\$10,000.00	\$31,718,079.73	\$448,500.00	\$0.00
Marketing - C&I EE	\$1,075,000.00	\$0.00	\$1,075,000.00	\$0.00	\$0.00	\$0.00	\$0.00
LEUP	\$17,526,549.36	\$138,216.00	\$0.00	\$0.00	\$17,203,651.64	\$184,681.72	\$0.00
State Facilities Initiative	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
State Facilities Initiative	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CHP-Fuel Cells	\$41,558,487.11	\$50,000.00	\$0.00	\$0.00	\$41,371,180.19	\$137,306.92	\$0.00
CHP - Fuel Cell Lg/Sm	\$41,558,487.11	\$50,000.00	\$0.00	\$0.00	\$41,371,180.19	\$137,306.92	\$0.00
RE Programs	\$17,314,906.22	\$1,376,206.92	\$0.00	\$0.00	\$12,642,709.21	\$2,845,556.68	\$450,433.41
Offshore Wind	\$450,433.41	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$450,433.41
REIP	\$16,864,472.81	\$1,376,206.92	\$0.00	\$0.00	\$12,642,709.21	\$2,845,556.68	\$0.00
EDA Programs	\$14,371,784.71	\$238,368.00	\$0.00	\$0.00	\$14,133,416.71	\$0.00	\$0.00
CEMF	\$6,579,560.26	\$79,456.00	\$0.00	\$0.00	\$6,500,104.26	\$0.00	\$0.00
GGF	\$3,768,544.45	\$79,456.00	\$0.00	\$0.00	\$3,689,088.45	\$0.00	\$0.00
LSCHP/FC	\$4,023,680.00	\$79,456.00	\$0.00	\$0.00	\$3,944,224.00	\$0.00	\$0.00
NJCEP Administration	\$14,612,217.16	\$5,842,423.30	\$2,184,721.70	\$0.00	\$1,311,932.04	\$509,750.00	\$4,763,390.12
OCE Admin/OH	\$3,720,995.51	\$2,811,446.51	\$377,299.00	\$0.00	\$0.00	\$509,750.00	\$22,500.00
OCE Staff/OH	\$2,400,000.00	\$2,400,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PC	\$1,320,995.51	\$411,446.51	\$377,299.00	\$0.00	\$0.00	\$509,750.00	\$22,500.00
Memberships-Dues	\$10,000.00	\$0.00	\$0.00	\$0.00	\$10,000.00	\$0.00	\$0.00
Sponsorships	\$10,000.00	\$0.00	\$0.00	\$0.00	\$10,000.00	\$0.00	\$0.00
OCE Eval/Research	\$4,740,890.12	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,740,890.12
Rutgers-CEEP	\$1,752,478.12	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,752,478.12
Program Evaluation	\$2,988,412.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,988,412.00
Miscellaneous	\$6,140,331.53	\$3,030,976.79	\$1,807,422.70	\$0.00	\$1,301,932.04	\$0.00	\$0.00
CE Business Website	\$92,488.14	\$0.00	\$92,488.14	\$0.00	\$0.00	\$0.00	\$0.00
Rutgers LESS	\$150,000.00	\$0.00	\$0.00	\$0.00	\$150,000.00	\$0.00	\$0.00
NJIT CE Learning Center	\$375,000.00	\$0.00	\$0.00	\$0.00	\$375,000.00	\$0.00	\$0.00
Sustainable Jersey	\$776,932.04	\$0.00	\$0.00	\$0.00	\$776,932.04	\$0.00	\$0.00
New Marketing Contract	\$1,714,934.56	\$0.00	\$1,714,934.56	\$0.00	\$0.00	\$0.00	\$0.00
Program Transition	\$3,030,976.79	\$3,030,976.79	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TRUE Grant	\$3,000,000.00	\$0.00	\$0.00	\$0.00	\$3,000,000.00	\$0.00	\$0.00
TRUE Grant	\$3,000,000.00	\$0.00	\$0.00	\$0.00	\$3,000,000.00	\$0.00	\$0.00

Table 2: Proposed Budget Modifications

Program/Budget Line	PROPOSED CHANGES						
	Total Approved Budget	Administration	Sales, Marketing, Website	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing, and QA	Evaluation
Total NJCEP	\$0.00	\$1,997,883.93	(\$1,570,986.15)	(\$979,880.11)	\$1,400,000.00	\$152,982.33	(\$1,000,000.00)
EE Programs	\$7,339,913.50	\$1,900,151.41	(\$259,646.59)	(\$979,880.11)	\$6,700,000.00	(\$20,711.21)	\$0.00
Res EE Programs	\$2,795,580.54	\$703,260.77	(\$185,662.04)	(\$94,001.05)	\$1,300,000.00	\$1,071,982.86	\$0.00
HVAC	\$1,458,418.79	\$138,146.49	\$14,720.00	(\$181,751.05)	\$1,500,000.00	(\$12,696.65)	
RNC	\$336,407.10	\$157,297.11	\$14,720.00	\$40,500.00		\$123,889.99	
EE Products	\$1,021,830.35	\$253,582.96	\$14,720.00		(\$200,000.00)	\$953,527.39	
HPwES	\$223,466.34	\$154,234.21	\$14,720.00	\$47,250.00		\$7,262.13	
Marketing - Res EE	(\$244,542.04)		(\$244,542.04)				
Res Low Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Comfort Partners	\$0.00						
C&I EE Programs	(\$2,955,667.04)	\$1,196,890.64	(\$73,984.55)	(\$885,879.06)	(\$2,100,000.00)	(\$1,092,694.07)	\$0.00
C&I NC	\$24,836.13	\$220,112.38	\$14,720.00	(\$188,996.25)		(\$21,000.00)	
C&I EB	(\$734,272.91)	\$132,288.62	\$14,720.00	(\$206,210.00)		(\$675,071.53)	
P4P NC	\$4,317.84	\$222,907.15	\$14,720.00	(\$197,716.71)		(\$35,592.60)	
P4P EB	(\$216,536.52)	\$129,199.58	\$14,720.00	(\$295,456.10)		(\$65,000.00)	
LGEA	\$88,086.34	\$160,396.28	\$14,720.00			(\$87,029.94)	
DI	(\$2,202,265.67)	\$77,514.33	\$14,720.00	\$2,500.00	(\$2,100,000.00)	(\$197,000.00)	
Marketing - C&I EE	(\$177,024.55)		(\$177,024.55)				
LEUP	\$257,192.30	\$254,472.30	\$14,720.00			(\$12,000.00)	
State Facilities Initiative	\$7,500,000.00	\$0.00	\$0.00	\$0.00	\$7,500,000.00	\$0.00	\$0.00
State Facilities Initiative	\$7,500,000.00				\$7,500,000.00		
CHP-Fuel Cells	(\$1,913,853.94)	\$97,732.52	\$14,720.00	\$0.00	(\$2,000,000.00)	(\$26,306.46)	\$0.00
CHP - Fuel Cell Lg/Sm	(\$1,913,853.94)	\$97,732.52	\$14,720.00		(\$2,000,000.00)	(\$26,306.46)	
RE Programs	(\$4,376,611.26)	\$0.00	\$14,720.00	\$0.00	(\$4,591,331.26)	\$200,000.00	\$0.00
Offshore Wind	\$0.00						
REIP	(\$4,376,611.26)		\$14,720.00		(\$4,591,331.26)	\$200,000.00	
EDA Programs	(\$2,000,000.00)	\$0.00	\$0.00	\$0.00	(\$2,000,000.00)	\$0.00	\$0.00
CEMF	(\$500,000.00)				(\$500,000.00)		
GGF	(\$1,500,000.00)				(\$1,500,000.00)		
LSCHP/FC	\$0.00						
NJCEP Administration	(\$2,340,779.56)	\$0.00	(\$1,340,779.56)	\$0.00	\$0.00	\$0.00	(\$1,000,000.00)
OCE Admin/OH	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
OCE Staff/OH	\$0.00						
PC	\$0.00						
Memberships-Dues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sponsorships	\$0.00						
OCE Eval/Research	(\$1,000,000.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1,000,000.00)
Rutgers-CEEEP	\$0.00						
Program Evaluation	(\$1,000,000.00)						(\$1,000,000.00)
Miscellaneous	(\$1,340,779.56)	\$0.00	(\$1,340,779.56)	\$0.00	\$0.00	\$0.00	\$0.00
CE Business Website	\$0.00						
Rutgers LESS	\$0.00						
NJIT CE Learning Center	\$0.00						
Sustainable Jersey	\$0.00						
New Marketing Contract	(\$1,340,779.56)		(\$1,340,779.56)				
Program Transition	\$0.00						
TRUE Grant	\$3,291,331.26	\$0.00	\$0.00	\$0.00	\$3,291,331.26	\$0.00	\$0.00
TRUE Grant	\$3,291,331.26				\$3,291,331.26		

Table 3: Revised Budgets

Program/Budget Line	PROPOSED REVISED BUDGETS						
	Total Approved Budget	Administration	Sales, Marketing, Website	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing, and QA	Evaluation
Total NJCEP	\$372,959,019.29	\$19,104,829.04	\$3,749,335.73	\$1,746,737.70	\$329,450,435.45	\$14,693,857.84	\$4,213,823.53
EE Programs	\$289,441,537.59	\$11,500,098.30	\$2,875,953.59	\$1,746,737.70	\$262,291,197.30	\$11,027,550.70	\$0.00
Res EE Programs	\$89,552,742.10	\$5,718,890.99	\$1,063,371.71	\$661,202.79	\$76,797,902.57	\$5,311,374.04	\$0.00
HVAC	\$14,646,097.60	\$1,444,910.49	\$14,720.00	\$573,452.79	\$11,292,288.57	\$1,320,725.75	\$0.00
RNC	\$19,014,100.05	\$1,406,689.11	\$14,720.00	\$40,500.00	\$16,981,960.00	\$570,230.94	\$0.00
EE Products	\$16,812,875.60	\$1,668,636.10	\$14,720.00	\$0.00	\$13,851,035.53	\$1,278,483.97	\$0.00
HPwES	\$38,075,177.14	\$1,198,655.29	\$14,720.00	\$47,250.00	\$34,672,618.47	\$2,141,933.38	\$0.00
Marketing - Res EE	\$1,004,491.71	\$0.00	\$1,004,491.71	\$0.00	\$0.00	\$0.00	\$0.00
Res Low Income	\$30,000,000.00	\$2,001,695.87	\$811,566.43	\$345,549.97	\$25,286,683.42	\$1,554,504.31	\$0.00
Comfort Partners	\$30,000,000.00	\$2,001,695.87	\$811,566.43	\$345,549.97	\$25,286,683.42	\$1,554,504.31	\$0.00
C&I EE Programs	\$162,388,795.49	\$3,779,511.44	\$1,001,015.45	\$739,984.94	\$152,706,611.31	\$4,161,672.35	\$0.00
C&I NC	\$2,991,066.07	\$457,566.38	\$14,720.00	\$167,094.75	\$2,251,840.24	\$99,844.70	\$0.00
C&I EB	\$54,236,607.89	\$904,839.42	\$14,720.00	\$178,368.28	\$50,425,411.72	\$2,713,268.47	\$0.00
P4P NC	\$18,145,153.74	\$397,507.15	\$14,720.00	\$169,143.37	\$17,440,375.82	\$123,407.40	\$0.00
P4P EB	\$34,554,837.78	\$683,999.58	\$14,720.00	\$212,878.54	\$33,259,239.66	\$384,000.00	\$0.00
LGEA	\$3,320,098.84	\$380,396.28	\$14,720.00	\$0.00	\$2,508,012.50	\$416,970.06	\$0.00
DI	\$30,459,314.06	\$562,514.33	\$14,720.00	\$12,500.00	\$29,618,079.73	\$251,500.00	\$0.00
Marketing - C&I EE	\$897,975.45	\$0.00	\$897,975.45	\$0.00	\$0.00	\$0.00	\$0.00
LEUP	\$17,783,741.66	\$392,688.30	\$14,720.00	\$0.00	\$17,203,651.64	\$172,681.72	\$0.00
State Facilities Initiative	\$7,500,000.00	\$0.00	\$0.00	\$0.00	\$7,500,000.00	\$0.00	\$0.00
State Facilities Initiative	\$7,500,000.00	\$0.00	\$0.00	\$0.00	\$7,500,000.00	\$0.00	\$0.00
CHP-Fuel Cells	\$39,644,633.17	\$147,732.52	\$14,720.00	\$0.00	\$39,371,180.19	\$111,000.46	\$0.00
CHP - Fuel Cell Lg/Sm	\$39,644,633.17	\$147,732.52	\$14,720.00	\$0.00	\$39,371,180.19	\$111,000.46	\$0.00
RE Programs	\$12,938,294.96	\$1,376,206.92	\$14,720.00	\$0.00	\$8,051,377.95	\$3,045,556.68	\$450,433.41
Offshore Wind	\$450,433.41	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$450,433.41
REIP	\$12,487,861.55	\$1,376,206.92	\$14,720.00	\$0.00	\$8,051,377.95	\$3,045,556.68	\$0.00
EDA Programs	\$12,371,784.71	\$238,368.00	\$0.00	\$0.00	\$12,133,416.71	\$0.00	\$0.00
CEMF	\$6,079,560.26	\$79,456.00	\$0.00	\$0.00	\$6,000,104.26	\$0.00	\$0.00
GGF	\$2,268,544.45	\$79,456.00	\$0.00	\$0.00	\$2,189,088.45	\$0.00	\$0.00
LSCHP/FC	\$4,023,680.00	\$79,456.00	\$0.00	\$0.00	\$3,944,224.00	\$0.00	\$0.00
NJCEP Administration	\$12,271,437.60	\$5,842,423.30	\$843,942.14	\$0.00	\$1,311,932.04	\$509,750.00	\$3,763,390.12
OCE Admin/OH	\$3,720,995.51	\$2,811,446.51	\$377,299.00	\$0.00	\$0.00	\$509,750.00	\$22,500.00
OCE Staff/OH	\$2,400,000.00	\$2,400,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PC	\$1,320,995.51	\$411,446.51	\$377,299.00	\$0.00	\$0.00	\$509,750.00	\$22,500.00
Memberships-Dues	\$10,000.00	\$0.00	\$0.00	\$0.00	\$10,000.00	\$0.00	\$0.00
Sponsorships	\$10,000.00	\$0.00	\$0.00	\$0.00	\$10,000.00	\$0.00	\$0.00
OCE Eval/Research	\$3,740,890.12	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,740,890.12
Rutgers-CEEP	\$1,752,478.12	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,752,478.12
Program Evaluation	\$1,988,412.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,988,412.00
Miscellaneous	\$4,799,551.97	\$3,030,976.79	\$466,643.14	\$0.00	\$1,301,932.04	\$0.00	\$0.00
CE Business Website	\$92,488.14	\$0.00	\$92,488.14	\$0.00	\$0.00	\$0.00	\$0.00
Rutgers LESS	\$150,000.00	\$0.00	\$0.00	\$0.00	\$150,000.00	\$0.00	\$0.00
NJIT CE Learning Center	\$375,000.00	\$0.00	\$0.00	\$0.00	\$375,000.00	\$0.00	\$0.00
Sustainable Jersey	\$776,932.04	\$0.00	\$0.00	\$0.00	\$776,932.04	\$0.00	\$0.00
New Marketing Contract	\$374,155.00	\$0.00	\$374,155.00	\$0.00	\$0.00	\$0.00	\$0.00
Program Transition	\$3,030,976.79	\$3,030,976.79	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TRUE Grant	\$6,291,331.26	\$0.00	\$0.00	\$0.00	\$6,291,331.26	\$0.00	\$0.00
TRUE Grant	\$6,291,331.26	\$0.00	\$0.00	\$0.00	\$6,291,331.26	\$0.00	\$0.00