



Agenda Date: 6/29/23  
Agenda Item: 8D

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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CLEAN ENERGY

IN THE MATTER OF THE CLEAN ENERGY )  
PROGRAMS AND BUDGET FOR FISCAL YEAR 2024 ) ORDER  
) DOCKET NO. QO23040236

**Parties of Record:**

- Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel**
- Phillip J. Passanante, Esq., Atlantic City Electric Company**
- Dominick DiRocco, Esq., Elizabethtown Gas Company and South Jersey Gas Company**
- Tori Giesler, Esq., Jersey Central Power & Light Company**
- Andrew K. Dembia, Esq., New Jersey Natural Gas Company**
- Matthew M. Weissman, Esq., Public Service Electric and Gas Company**
- Margaret Comes, Esq., Rockland Electric Company**
- Michael Ambrosio, TRC Energy Services**

BY THE BOARD:<sup>1</sup>

This Order memorializes action taken by the Board of Public Utilities (“Board” or “BPU”) at its June 29, 2023 public meeting, where the Board considered and determined fiscal year 2024 (“FY24”) programs and budget for New Jersey’s Clean Energy Program (“NJCEP”).<sup>2</sup>

**BACKGROUND & PROCEDURAL HISTORY**

On February 9, 1999, the Electric Discount and Energy Competition Act (“EDECA” or “Act”), N.J.S.A. 48:3-49 et seq., was signed into law, creating the Societal Benefits Charge (“SBC”) to fund programs for the advancement of energy efficiency (“EE”) and renewable energy (“RE”) in New Jersey. The Act also provided for the Board to initiate proceedings and undertake a comprehensive resource analysis (“CRA”) of EE and RE programs in New Jersey every four (4) years. The CRA would then be used to determine the appropriate level of funding over the next four (4) years for the EE and Class I RE programs, which are part of what is now known as the NJCEP. Accordingly, in 1999, the Board initiated its first CRA proceeding, and in 2001, it issued an order setting funding levels, the programs to be funded, and the budgets for each of those programs, for the years 2001 through 2003. Since then, the Board has issued numerous Orders

<sup>1</sup> Commissioner Marian Abdou abstained from voting on this matter.

<sup>2</sup> The budgets approved in this Order are subject to State appropriations law.

setting the funding levels, related programs, and program budgets for the years 2004 – Fiscal Year 2023 (“FY23”).<sup>3</sup>

In 2018, Governor Murphy signed into law the landmark legislation known as the Clean Energy Act (“CEA”).<sup>4</sup> The CEA called for a significant overhaul and amplification of New Jersey’s clean energy systems through increasing the commitment to both EE and RE, as well as building sustainable infrastructure to fight climate change and reduce carbon emissions. These efforts will also create well-paying local jobs, grow the State’s economy, and improve public health while ensuring a cleaner environment for current and future residents.

### **Process Regarding Development of the Proposed FY24 Programs and Budget Filings**

#### *Coordination with Program Administrator*

On December 1, 2015, the Department of Treasury awarded a Program Administrator contract (“Contract”) to Applied Energy Group, Inc. (“AEG”). On January 13, 2017, TRC Energy Solutions (“TRC”) acquired the NJCEP Program Administrator Contract from and assumed AEG’s rights and duties thereunder.<sup>5</sup> The Contract requires TRC to participate in the annual CRA process, participate in the annual budget process, prepare draft annual Compliance Filings (as defined below) for the NJCEP, design and implement improvements to the NJCEP’s programs, obtain and consider stakeholder feedback, coordinate annual NJCEP evaluations, and implement the agreed-upon recommendations flowing from those evaluations. TRC has been fulfilling these requirements as applicable and as they come due.

#### *Stakeholder and Public Process*

On May 12, 2023 via the BPU listserv and NJCEP website, the Board provided notice of a June 2, 2023 public hearing. On May 22, 2023, the Board released the proposed FY24 programs and budget, including the following documents posted to the NJCEP website: the CRA Straw Proposal, the Division of Clean Energy’s (“DCE”) Compliance Filing, TRC Program Descriptions and Budgets (“TRC Compliance Filing”), Comfort Partners Compliance Filing, Charge Up New Jersey Compliance Filing, the Division of Property Management and Construction Designated Project List (“DPMC DPL”), and the proposed FY24 NJCEP Budget (“FY24 Budget”). The covering emails and website postings requested comments by June 12, 2023 on these documents. At the June 2, 2023 public hearing, Board Staff (“Staff”) presented the Proposed FY24 Budget, and oral comments were heard on the CRA Straw Proposal and the Proposed FY24 Compliance Filings and Budget. By email dated June 6, 2023, the New Jersey Department of Environmental Protection (“NJDEP”) confirmed that: a) the Board had consulted with the NJDEP regarding the CRA Straw Proposal, including, without limit, the Proposed FY24 Funding Level set forth therein (as defined below); and b) the NJDEP agreed with the Proposed FY24 Funding Level.

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<sup>3</sup> In the early years, the budgets and programs were based on calendar years, but in 2012, the Board determined to begin basing the budgets and programs on FYs to align with the overall State budget cycle. In 2012, the Board ceased issuing the CRA on a four-year cycle and began to issue a CRA annually.

<sup>4</sup> L. 2018, c. 17, [https://www.njleg.state.nj.us/2018/Bills/PL18/17\\_.PDF](https://www.njleg.state.nj.us/2018/Bills/PL18/17_.PDF), codified at N.J.S.A. 48:3-87.8 et al.

<sup>5</sup> For ease of presentation, the Program Administrator is referred to throughout this Order as “TRC” or “the Program Administrator.” TRC, together with its subcontractors, is referred to as the “TRC Team.”

**Approval of CRA Straw Proposal**

On June 29, 2023, prior to acting on the present Order, the Board reviewed and approved a Comprehensive Energy Efficiency & Renewable Energy Resource Analysis Straw Proposal, including new SBC funding and total FY24 funding (“CRA Order”). The proposed budgets set out below utilize and are consistent with the funding levels approved in the CRA Order.

**PROPOSED FY24 PROGRAMS AND BUDGET**

Based on the goals set forth in the CRA Straw Proposal, the policy objectives of the NJCEP, and historic spend rates, and in close coordination with the TRC Team, Staff developed proposed programs and budget as described below.

**Proposed FY24 Budgets for the NJCEP**

To determine the proposed FY24 budget for the entire NJCEP, Staff did the following:

- Calculated the total funding per the CRA Order, comprised of the amount of new FY24 SBC funding and other funding;
- Estimated the amount of commitments made prior to FY24 that are expected to be paid in or to remain committed through FY24; and
- Added the commitment backlog to FY24 funding to arrive at a total proposed FY24 Budget of \$660,108,841.

**New Jersey Clean Energy Program – Fiscal Year 2024 Budget**

<i><b>FY24 Program/Budget Line</b></i>	<i><b>FY24 New Funding</b></i>	<i><b>FY23 Estimated Uncommitted Carryforward</b></i>	<i><b>FY23 Estimated Committed Carryforward</b></i>	<i><b>FY24 Budget</b></i>
<b>Total NJCEP + State Initiatives</b>	344,665,000	38,087,454	277,356,387	660,108,841
<b>State Energy Initiatives</b>	71,200,000	0	0	71,200,000
<b>Total NJCEP</b>	273,465,000	38,087,454	277,356,387	588,908,841
<b>Energy Efficiency Programs</b>	140,926,128	14,568,263	140,727,661	296,222,053
<i><b>Res Low Income (Comfort Partners)</b></i>	56,978,000	0	0	56,978,000
Comfort Partners	56,978,000	0	0	56,978,000
<i><b>C&amp;I EE Programs</b></i>	40,123,730	0	43,094,120	83,217,851
C&I Buildings	35,447,006	0	40,841,149	76,288,155
LGEA	3,969,300	0	1,392,742	5,362,042
DI	707,424	0	860,229	1,567,654
<i><b>New Construction Programs</b></i>	40,204,398	0	20,367,213	60,571,611
New Construction	40,204,398	0	20,367,213	60,571,611

<i>Energy Efficiency Transition</i>	20,000	14,568,263	0	14,588,263
<i>State Facilities Initiative</i>	3,600,000	0	57,997,550	61,597,550
<i>Acoustical Testing Pilot</i>	0	0	3,281,880	3,281,880
<i>LED Streetlights Replacement</i>	0	0	15,986,898	15,986,898
<b>Distributed Energy Resources</b>	7,517,135	0	12,663,026	20,180,161
<i>CHP - FC</i>	7,017,135	0	10,975,526	17,992,661
<i>Microgrids</i>	500,000	0	1,687,500	2,187,500
<b>RE Programs</b>	12,538,670	0	11,356,584	23,895,254
<i>Offshore Wind</i>	9,050,000	0	11,356,584	20,406,584
<i>Solar Registration</i>	3,488,670	0	0	3,488,670
<b>EDA Programs</b>	16,000,000	17,228	21,894,816	37,912,044
<i>Clean Energy Manufacturing Fund</i>	0	17,228	0	17,228
<i>NJ Wind</i>	10,000,000	0	15,400,942	25,400,942
<i>R&amp;D Energy Tech Hub</i>	6,000,000	0	6,493,874	12,493,874
<b>Planning and Administration</b>	24,983,066	23,501,963	19,608,369	68,093,398
<i>BPU Program Administration</i>	5,585,000	0	0	5,585,000
<i>Marketing</i>	4,242,519	3,757,481	4,262,234	12,262,234
<i>CEP Website</i>	1,000,000	0	500,000	1,500,000
<i>Program Evaluation/Analysis</i>	8,825,547	19,744,482	13,784,523	42,354,552
<i>Outreach and Education</i>	5,200,000	0	1,024,889	6,224,889
Sustainable Jersey	725,000	0	164,000	889,000
NJIT Learning Center	700,000	0	455,632	1,155,632
Conference	0	0	405,257	405,257
Outreach, Website, Other	3,775,000	0	0	3,775,000
<i>Memberships</i>	130,000	0	36,723	166,723
<b>BPU Initiatives</b>	71,500,000	0	71,105,931	142,605,931
<i>Community Energy Grants</i>	3,000,000	0	2,574,034	5,574,034
<i>Storage</i>	2,000,000	0	22,000,000	24,000,000
<i>Heat Island Pilot</i>	0	0	2,500,000	2,500,000
<b>Electric Vehicle Program</b>	66,500,000	0	17,700,000	84,200,000
Plug In EV Incentive Fund	30,000,000	0	1,700,000	31,700,000
CUNJ Administrative Fund	1,000,000	0	2,000,000	3,000,000
CUNJ Residential Charger Incentive	0	0	4,500,000	4,500,000
EV Studies, Pilots, and Administrative Support	0	0	3,000,000	3,000,000
State Vehicle Fleet	2,500,000	0	3,500,000	6,000,000
Local Clean Fleet	4,000,000	0	2,000,000	6,000,000
Multi-Unit Dwellings (Chargers)	15,000,000	0	0	15,000,000
EV Tourism	7,000,000	0	1,000,000	8,000,000
E-Mobility Pilot Programs	7,000,000	0	0	7,000,000
<b>Energy Bill Assistance</b>	0	0	21,831,897	21,831,897
<b>Workforce Development</b>	0	0	4,500,000	4,500,000

### **Proposed FY24 Budgets for EE Programs**

As part of the statewide overhaul of New Jersey's clean energy systems, the CEA required New Jersey's investor-owned gas and electric utility companies to reduce their customers' use of gas and electricity by set percentages over time. To help reach these targets, the BPU approved a comprehensive suite of EE programs designed to transition the State to some of the highest energy savings in the country.

These "next generation" EE programs feature new ways of managing and delivering programs historically administered by the NJCEP. Some of the programs will continue to be administered by NJCEP, but the remaining programs have transitioned to administration by the utilities.

Generally, there will be three (3) main categories of what are still the NJCEP programs:

1. Programs that will remain administered by and through the NJCEP.
  - a. New Construction Programs ("NCP");
  - b. Commercial and Industrial Buildings ("C&I"): Large Energy Users Program ("LEUP");
  - c. Local Government Energy Audit ("LGEA"); and
  - d. Combined Heat and Power – Fuel Cells ("CHP-FC").

The C&I LEUP includes a new Decarbonization Pilot to incentivize a scope of work broader than traditional EE, such as beneficial electrification, electric vehicle chargers, storage, and combined heat and power, among others. Unlike traditional EE programs, the Decarbonization Pilot would explicitly target greenhouse ("GHG") emissions reductions. Staff is also in the process of developing a redesigned NC Program that will streamline existing programs and allow for a greater depth of scope. Staff will present this to the Board for their consideration and possible approval. However, until this occurs, the existing NC Programs will continue to run unchanged. Staff will further evaluate the other EE programs, which will remain with the NJCEP, and seek stakeholder engagement about possible improvements and enhancements aimed at increased energy savings throughout the year.

2. Programs that have transitioned to the utilities, but for which the NJCEP programs will remain open for the limited purpose of accepting applications for equipment purchased before July 1, 2021.
  - a. C&I Buildings: Retrofit ("C&I Retrofit" or "SmartStart Retrofit"); and
  - b. C&I Customer Tailored Energy Efficiency Program ("CTEEP"), as to retrofits only.
3. Programs that have transitioned to the utilities but will remain open in the NJCEP for the limited purpose of processing applications submitted or funds committed, as applicable, on or before June 30, 2021.
  - a. C&I Buildings – Pay for Performance ("P4P") – Existing Buildings ("P4P EB"); and
  - b. Direct Install ("DI").

The proposed FY24 budgets for EE programs that will continue to be administered by the State are shown in the FY24 Budget table above; a brief description of each of the EE programs is set forth below:

- *New Construction Programs*: Provides financial incentives to builders who construct new homes meeting the New Jersey Energy Star Homes standards, which exceed the

requirements of existing energy codes. As mentioned above, Staff is in the process of developing a redesigned New Construction Program that seeks to streamline many of the existing programs. However, the existing programs will continue to run unchanged until that time.

- *Comfort Partners*: Provides for the installation of energy conservation measures at no cost to income-qualified customers.
- *C&I Buildings*: As mentioned previously, the LEUP includes a new Decarbonization Pilot. This program also includes C&I - New Construction, CTEEP – New Construction, Large Energy Users, and P4P - New Construction, many of which have transitioned to the utilities but funding has been provided for the limited purpose to process applications submitted prior to the closure of the programs. These programs provide rebates and other incentives to C&I customers who incorporate high efficiency equipment into new construction.
- *LGEA*: Provides subsidized EE audits to municipalities, school districts, and non-profits.
- *EE Transition*: Includes funding to support the transition of the EE programs that will remain with the State and be administered by the program administrator. This budget line will also support any remaining unforeseen costs for programs that have transitioned to the utilities.
- *State Facilities Initiatives*: Through an Energy Capital Committee, identifies and implements energy efficiency projects in State-owned facilities with the objective of producing energy savings.
- *Acoustical Testing Pilot*: Encourages the exploration of new energy-saving opportunities in the water sector.
- *LED Streetlights Replacement*: This program will allocate funding for municipalities to meet the upfront costs of the changeover to light-emitting diode (“LED”) streetlights and receive the benefits of the resulting energy savings and reduction in greenhouse gas emissions.

### **Proposed FY24 Budgets for Distributed Energy Resource Programs**

The proposed FY24 budgets for distributed energy resources (“DER”) programs are shown in the preceding table; a brief description of each DER program is set forth below:

- *CHP / Fuel Cell*: Provides incentives for the installation of Combined Heat and Power (“CHP”), including, without limit, those utilizing bio-power and fuel cells with heat recovery and without heat recovery.
- *Microgrids*: Provides incentives to fund feasibility studies and engineering design for potential DER microgrids in the state.

### **Proposed FY24 Budgets for RE Programs**

The proposed FY24 budgets for RE programs are shown in the preceding table; a brief description of each of the RE programs is set forth below:

- *Offshore Wind*: Provides funding for research, evaluations, and consulting services.
- *Solar Registration*: Registers projects that are eligible to generate and trade Solar Renewable Energy Credits (“SRECs”); Transition Renewable Energy Certificates (“TREC”); and SREC-IIs under the Solar Programs. In FY24, the focus of the Solar Programs will be to support the goals and objectives of New Jersey’s solar policies, including the Successor Solar Incentive Program and the Community Solar Program.

### **Proposed FY24 Budgets for EDA Programs**

The proposed FY24 budgets for the Economic Development Authority (“EDA”) programs are shown in the preceding table; a brief description of each of the EDA programs is set forth below:

- *Clean Energy Manufacturing Fund: Provides incentives to attract and expand energy efficiency and renewable energy manufacturing facilities in New Jersey. No new applications will be accepted, and no new grants or incentives will be awarded by the EDA. All existing loans and grants previously awarded and managed by the EDA have been fully paid.*
- *NJ Wind: Supports the launch and growth of the Wind Innovation and New Development Institute, with efforts focused on workforce development.*  
*R&D Energy Tech Hub: Strengthens the state’s cleantech ecosystem and encourages the continued development and growth of the green workforce and economy focusing on innovation.*

### **Proposed FY24 Budgets for Planning & Administration**

The FY24 budgets for planning and administration are shown in the preceding table; a brief description of each of the planning and administration functions is set forth below.

- *BPU Program Administration: Includes primarily Staff salaries and fringe benefits.*
- *Marketing: Includes funding for marketing initiatives.*
- *CEP Website: Includes funding for redesigning the Clean Energy Program website.*
- *Program Evaluation/Analysis: Includes funding for program evaluation, the results of which are used, among other things, to set incentive levels and design programs.*
- *Outreach and Education: Includes funding for a potential Clean Energy Conference, the implementation of outreach prepared by the TRC Team, and projects with NJIT and Sustainable Jersey.*  
*Memberships: Includes funding for membership in organizations coordinating advancement of clean energy initiatives.*

### **Proposed FY24 Budgets for BPU Initiatives**

The Proposed FY24 budgets for BPU Initiatives are shown in the preceding table; a brief description of each of these initiatives is set forth below.

- *Community Energy Grants: Helps communities leverage existing complementary programs, as well as encourage other energy saving behavior modifications, with the goal of reducing energy usage as a whole.*
- *Storage: Provides funding to establish a process and mechanism for achieving the State’s energy storage and resiliency goals.*
- *Electric Vehicles: Encourages adoption of electric vehicles and funds charging infrastructure.*
- *Heat Island Pilot: Seeks to address the impacts of the heat island effect experienced in many urban areas through interagency coordination and through offering incentives to address several of the underlying factors that contribute to this effect, with the additional benefit of increasing EE and resilience.*
- *Energy Bill Assistance: Provides funding for an additional one-time customer arrearage assistance.*

- *Workforce Development:* Advances workforce development with a focus on community-based approaches that will build a more inclusive and representative clean energy workforce.

## **SUMMARY OF COMMENTS FROM PUBLIC STAKEHOLDERS**

Written and oral comments regarding the Proposed FY24 Compliance Filings and Proposed FY24 Budget were submitted by ChargeEVC, Dandelion Energy, EAM Associates, Energy Efficiency Alliance of New Jersey ("EEA-NJ"), Environmental Defense Fund ("EDF"), Fuel Cell Energy, Hyundai Motor America ("Hyundai"), Isles Inc., Joanne Pannone, MaGrann Associates, Michael Winka, Natural Resources Defense Council ("NRDC"), New Jersey Apartment Association ("NJAA"), New Jersey Coalition of Automotive Retailers ("NJCAR"), New Jersey Division of Rate Counsel ("Rate Counsel"), New Jersey Electric Vehicle Association ("NJEVA"), New Jersey Future ("NJF"), New Jersey Natural Gas Company ("NJNG"), Northeast Chapter of the Combined Heat and Power Alliance ("The NE Chapter"), Public Service Electric and Gas Company ("PSE&G"), ReVireo, Robert Erickson, Shivaram, Sierra Club New Jersey Chapter ("Sierra Club"), SWITCH Energy, and Tesla.

Below is a summary of the testimony and comments, as well as Staff's responses to them. Staff reiterates that they are conducting an ongoing series of meetings and other outreach for soliciting input on broad features of the programs that will enable the State to meet the clean energy goals set forth in the CEA and the 2019 Energy Master Plan ("EMP").<sup>6</sup> In other words, although Staff is ready, willing, and able to further consider input on such broad features, in many cases the current proceeding is not an appropriate vehicle for doing so.

Staff notes that the process and schedule for commenting on the FY24 Budget, compliance filings and CRA Straw Proposal were very similar and that both proposals are being presented to the Board on the same Agenda. Because some comments do not readily lend themselves to being classified as being about one proposal versus the other, Staff strongly encourages readers interested in either proceeding to read the comments and responses regarding both proposals.

### **General Comments**

**Comment:** Rate Counsel argued that the CRA should be based on a multi-year funding proposal rather than budgeting one (1) year at a time. Rate Counsel also indicated that the CRA needs to provide greater details on historic expenditures and an analysis of the resources available to meet clean energy goals, including the extent to which proposed expenditures will contribute to those goals.

Rate Counsel also commented that the Cost-Benefit Analysis ("CBA") at Appendix E in the TRC Compliance Filing lacks the supporting documentation that would enable stakeholders to meaningfully review the analysis.

**Response:** While Staff will consider longer term budgeting in the future as has been discussed in the EE proceeding, at this time, Staff respectfully disagrees. As noted in the commenter's remarks, the Board determined that the CRA and NJCEP budget should be adjusted in 2012 to better align with the State's annual budget. Also, this annual approach to developing the CRA

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<sup>6</sup> New Jersey Board of Public Utilities, 2019 New Jersey Energy Master Plan: Pathway to 2050, available at [https://nj.gov/bpu/pdf/publicnotice/NJBPU\\_EMP.pdf](https://nj.gov/bpu/pdf/publicnotice/NJBPU_EMP.pdf).

and NJCEP budget allows for greater stakeholder input and Staff to better assess changes that impact program needs. Further, the details the commenter requests regarding expenditures and available resources are provided each FY during the true-up budget process. The budgets that the Board approves at the beginning of each FY are based on estimated expenditures and commitments.

Staff also disagrees that documentation to support the analysis is lacking. The CBA includes a discussion and the results of the application of all six (6) tests of cost-effectiveness generally recognized in New Jersey (including the New Jersey Cost Test). In addition, the level of detail and support is consistent with N.J.S.A. 48:3-60, the Board's Orders implementing that statute and identifying the requirements for Compliance Filings [e.g., In re Order Establishing 2009 – 2012 Funding Level, Docket No. EO07030203 (September 30, 2008), at p.58], and the level of detail and support historically contained in Board-approved Compliance Filings.

**Comment:** Rate Counsel alleged that the proposed budget allocations for FY24 do not provide sufficient detail on the plans for spending the allocated funds, noting that there is no specific information on the number of customers expected to participate and alleging that significant funds have been allocated to programs without the level of detail the commenter would like to see.

**Response:** The NJCEP is a dynamic program, with changes made to existing programs and new components introduced from year to year. It is not always possible or desirable for the Board to await development of a fully fleshed out program plan before exploring new avenues for meeting the State's ambitious clean energy goals.

**Comment:** Rate Counsel commented that the DCE has not considered using all available sources of federal funding from the recent Infrastructure and Jobs Act ("IIJA") and Inflation Reduction Act ("IRA"), to offset ratepayer expenses in areas for which the IIJA provides funding, such as EE, workforce development, and electric vehicles ("EVs"). Stating that Staff proposed to continue collecting the same amount of money from ratepayers despite transitioning many EE programs back to utilities, Rate Counsel commented that the budget allocations appeared geared toward meeting a spending goal rather than basing spending on an analysis of the resources needed to meet specific goals.

**Response:** Staff, with assistance from TRC, continue to look for ways to maximize the use of all sources of funding, including recent money made available under the IIJA and IRA. Specifically, Staff have leveraged funding through the State Energy Program ("SEP") to expand the reach of NJCEP programs to benefit Non-Investor Owned Utility Customers in areas such as EE, EVs, and LED Streetlights.<sup>7</sup> Staff disagrees that the budget allocations are geared toward meeting a spending goal; rather, the spending goal springs from the clean energy goals that have been established by the executive and legislative branches of the State's government.

**Comment:** Rate Counsel noted that they need additional time to review the budget documents.

**Response:** Staff note that additional time for comment review was provided this year based on previous feedback from stakeholders. Staff will continue to look for ways to provide ample time for stakeholders to review.

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<sup>7</sup> In re the United States Department of Energy – State Energy Program – Bipartisan Infrastructure Law – July 1, 2022 – June, 30, 2027, Docket No. QO22100660, Order dated December 7, 2022.

**Comment:** Robert Erickson commented that the FY24 Budget neglects to focus on the goals of eliminating carbon dioxide and GHG emissions and fails to provide adequate reporting on how the funding is associated with any emission reductions. Also, the commenter indicated he would like to see how the programs funded through the NJCEP achieve the goals outlined in the EMP and recent Executive Orders.

**Response:** Staff thanks the commenter for his input but respectfully disagrees. The DCE Compliance Filing provides a thorough explanation of how each funded program ties directly to one of the seven strategies outlined in the EMP. Additionally, the DCE quarterly reports, posted on the DCE website, provide a technical breakdown of the annual emission reductions associated with many of the key program areas. DCE also continues to work closely both with TRC and with its sister agencies to develop programs that best align with the State's overall emissions reduction and clean energy goals.

**Comment:** EEA-NJ stated that the BPU and other relevant State Agencies should coordinate their approach across all of NJCEP's programs, especially in the areas of electrification, the future of natural gas, and developing a 2024 EMP, so that they fully reflect Executive Order Nos. 315, 316, and 317. In the commenter's opinion, the current EMP goals promoting electrification and net-zero carbon new construction are underdeveloped and limited in scope. The commenter believes that the forthcoming federal funding, BPU decarbonization strategy, and NC Program could help remedy this shortcoming and rapidly accelerate transition and deployment. Further, EEA-NJ believes that the BPU should apportion a part of the awarded SEP funds for the electrification of delivered fuels homes. Similarly, the commenter stated that other programs, including the Home Energy Performance Based, Whole-House Rebate ("HOMES") and High Efficiency Electric Home Rebate Act ("HEERA") programs, should simultaneously aid delivered fuels customers and provide incentives for building shell efficiency improvements, allowing a comprehensive approach that will dramatically reduce both on-site energy use and emissions.

**Response:** As BPU reevaluates and revises the EMP, BPU will account for all current State directives and authorities. BPU will continue to rely on recent Executive Order Nos. 315, 316, and 317 to guide Staff in program development and their collaboration with its sister agencies. Staff also recognizes the importance of providing electrification opportunities to delivered fuels customers and notes that the BPU is proposing to prioritize these customers as part of building decarbonization start-up programs offered by the utility companies. Staff is also exploring whether more SEP funding could be dedicated to support increasing building efficiency, which could include electrification, for customers of non-regulated electric utility companies (including delivered fuels customers). Additionally, Staff plans to leverage the HOMES and HEERA programs by braiding the new federal funding into existing incentive programs.

**Comment:** EEA-NJ commented the IRA's HOMES Program should be leveraged to accelerate energy efficiency improvements in New Jersey and meet the electrification goals of Executive Order No. 316. The commenter believes that these programs are noticeably absent from the provided program descriptions, although the commenter asserts that New Jersey is currently eligible for approximately \$4.5 million in administrative funding to start them up.

**Response:** Staff plans to leverage the HOMES and HEERA programs by braiding the new federal funding into existing incentive programs.

**Comment:** Michael Winka commented on the successes and many benefits the NJCEP has provided over the last 25 years. He also noted that the CRA should include not just SBC funded programs but all EE and RE programs managed by DCE. The commenter would also like to see

the CRA identify how the programs funded through the NJCEP go towards achieving the goals of the EMP. Lastly, the commenter believes that other sources of funding, including the IJA and IRA, are sufficient to effectively incentivize some programs areas within the budget, such as grid supply solar, so that the funding currently given to those programs could be reallocated to other areas within the NJCEP budget.

**Response:** Staff thanks the commenter for his remarks and appreciates his support for the accomplishments of the NJCEP. Staff believes that including only SBC-funded programs in the CRA provides more clarity to how these funds are being used and is consistent across all the other accompanying budget documents. Additionally, Staff notes that the funding for grid scale solar is to support the program administrator and not to pay incentives. Staff, along with the program administrator, has begun evaluating the efficacy of the Competitive Solar Incentive (CSI) Program so that adjustments can be made as needed.

### **Budgets**

**Comment:** Rate Counsel and EEA-NJ expressed their concerns with the \$71.2 million funding being allocated from the State Energy Initiatives budget line to the FY24 State budget and indicated that the funds should only be used to support the achievement of the State's clean energy goals.

**Response:** Staff appreciates the comments submitted by commenters regarding funding allocations and the State Energy Initiatives budget line. However, as noted by EEA-NJ, this amount is set through the State budget, and there has been a reduction in the need for this non-recurring revenue over the past five (5) FYs. The \$71.2 million in FY24 will continue to be used primarily to support NJ Transit energy-related initiatives and the costs of State departments purchases of products in compliance with L. 2020, c. 117 (C.13:1E-99.126 et seq.), which prohibited the provision or sale of certain single-use carryout bags, plastic straws, and polystyrene foam food service products.

**Comment:** Michael Winka recommended modifying the methodology for collecting the SBC from ratepayers such that the SBC collection would be based on the percentage of greenhouse gas emissions avoided or saved in the electric and natural gas sectors rather than on energy usage. The commenter argued that this methodology would align the SBC collection and the NJCEP with the goals of the EMP.

**Response:** Staff appreciates this comment and agrees with the need to align the NJCEP and clean energy programs overseen by the BPU with the EMP and greenhouse gas emission reduction goals to the greatest extent possible and feasible. For example, the Board adopted a New Jersey Cost Test (which quantifies costs and benefits of energy efficiency programs) for the second three-year cycle ("Triennium 2," which will occur from 2024 - 2027) of State- and Utility-run EE programs that includes new values for avoided emissions impacts for each ton of NO<sub>x</sub> and SO<sub>2</sub> avoided, in addition to the current values for avoided emissions impacts for each ton of CO<sub>2</sub> avoided. In addition, given New Jersey's mid- and long-term goals for building electrification, clean energy, and emissions reductions for 2030, 2035, and 2050, Staff has issued a straw proposal on Utility-run building decarbonization start-up programs for Triennium 2 whose key performance metric would be CO<sub>2</sub> emissions reductions, in addition to energy reductions, with a specific focus on achieving Executive Order No. 316 goals through Triennium 2 and Triennium 3 (2027 - 2030).

### **Energy Efficiency Programs**

**Comment:** Rate Counsel commented that the program descriptions in the compliance filings, especially for the DCE programs, are insufficiently detailed. Rate Counsel pointed to, for example, the lack of specificity as to the measures to be installed, the cost or savings related to those measures, and any other data to support the proposed programs.

**Response:** Staff respectfully disagrees. For example, TRC's Appendix G contains an extensive, detailed list of measures and their associated incentives. The level of detail and support in the subject Compliance Filings is consistent with N.J.S.A. 48:3-60, the Board's Orders implementing that statute and identifying the requirements for compliance filings [e.g., In re Order Establishing 2009 – 2012 Funding Level, Docket No. EO07030203 (September 30, 2008), at p.58], and the level of detail and support historically contained in Board-approved compliance filings.

**Comment:** Rate Counsel commented that the TRC Compliance Filing: a) fails to explain how funds are distributed between the LEUP and the LEUP Decarbonization Pilot ("Decarb Pilot"); and b) is unclear as to whether the Direct Install ("DI") budget line is for implementation of the C&I Buildings Programs or instead is for an additional subprogram. Rate Counsel also asked for a more thorough description of programs described in the compliance filings but not identified in the budget table.

**Response:** Because the Decarb Pilot is simply a component of LEUP, it does not have a separate Board-approved budget, consistent with historic practice. As explained in the Introduction to TRC's Compliance Filing, the \$1,567,654 DI budget line is to pay applications received during prior FYs in accordance with the program rules in place during the applicable fiscal year(s) to the projects in the pipeline when the program was closed to new applications. Staff believes that the FY24 Budget provides an appropriate level of detail for the programs identified in the compliance filings.

**Comment:** PSE&G commented that the proposed new Decarb Pilot could duplicate and undermine the existing Engineered Solutions Program ("ESP") currently being administered by the state's utilities, particularly as to the university sector. The commenter believes it would be preferable to leverage the Engineered Solutions program to work towards this goal.

**Response:** PSE&G made similar comments regarding the proposed FY23 True-up Budget and related TRC Compliance Filing, and Staff carefully considered those comments while designing the Decarb Pilot. Staff believes any negative impact on ESP will be relatively minor, and it submits that the overall benefit of the Decarb Pilot outweighs any such negative impact.

**Comment:** Michael Winka commented that this pilot should include an incentive for colleges and universities to replace their fossil-fueled CHP systems with ground source heat pumps ("GSHPs").

**Response:** Although the pilot does not include a specific prescriptive incentive for such a replacement, the pilot is designed to more generally encourage such replacements, as well as other GHG reduction projects.

**Comment:** NRDC, Michael Winka, Robert Erickson and others pointed to Executive Order Nos. 315, 316, and 317 and other State documents as indicating the State's commitment to the rapid and aggressive decarbonization and electrification of the construction sector, which commitment the commenters argued could be achieved only by ceasing to support any fossil-fueled ("FF")

measures (including through CHP-FC) and instead substantially increasing support for heat pumps, electric water heating, electric stoves, and other electric equipment. The commenters opined that this increase in support for electric equipment should take the form of, among other things, basing incentives upon the amount of GHG emissions reduced and incentivizing only Zero Energy or Zero Energy Ready Homes ("ZERH"). On the other hand, NJNG and others in the natural gas industry argued that the market is continuously developing more energy-efficient natural gas equipment and appliances and that customers should be given the option to choose the fuel and equipment they prefer, especially when, as now, natural gas is less expensive than many other energy sources.

**Response:** Staff has carefully considered, among other things, the referenced Executive Orders and Governor Murphy's February 15, 2023 announcement regarding the State's initiatives to combat climate change. Staff agrees with the commenters that the State's decarbonization and electrification goals are best met by developing incentives that will lead to a rapid transition to all-electric homes, particularly in new construction. Staff is currently working on revisions to the NC Program in response to stakeholder engagement and will welcome further comments and feedback on that proposal.

**Comment:** Referencing a Staff comment at a June 2, 2023 stakeholder meeting that applications are no longer being accepted for "Legacy" NCP and that funding for "Legacy" NCP is limited to commitments made in prior fiscal years, Rate Counsel stated that most of the \$60,000,000 NC budget must be for a new NCP that is not yet fully developed or approved. Rate Counsel suggests that this funding be used instead to reduce rates.

**Response:** With respect to comments made at the referenced stakeholder meeting, Staff believes it stated, and at any rate intended to state, only that certain already closed programs, such as the DI Program, are no longer accepting applications and are being funded only to pay commitments made in prior FYs. However, it is not accurate to state that new applications are no longer being accepted in the "Legacy" NCP and that funding for them is limited to commitments made in prior FYs. Instead, those Legacy programs, which are identified as such in the Introduction to the TRC Compliance Filing, are and will remain open to new applications until those Legacy programs are closed pursuant to an as-yet unannounced transition period. Further, until the new NCP and the related transition plan are presented to and approved by the Board, it is not possible to determine the allocation of NC funding between the expiring Legacy NCP and the new NCP. Any such allocation would not be very useful, since in either case the funds are to be used to incentivize EE in new construction. Finally, Staff respectfully submits that it is more consistent with the State's policies for the Board to use the funds for EE.

**Comment:** Dandelion Energy supports the budget for the EE NCP, in part because that funding can support the purchase and installation of EE GSHPs to help meet the State's ambitious electrification goals, including those set forth in Executive Order No. 316. It also commented that NJCEP incentives for GSHPs should be available regardless of a given customer's existing heating fuel (e.g., should not be limited only to those customers currently using electric heating).

**Response:** Staff agrees that NCP should incentivize the purchase and installation of efficient GSHPs, along with other EE heating, ventilation, and air conditioning ("HVAC") equipment, as part of reducing GHG emissions and meeting the State's electrification goals. Staff also agrees that incentives for GSHPs should be available regardless of a given customer's existing heating fuel and notes that all the existing NJCEP programs, including LEUP, are structured accordingly. Staff also notes that GSHPs currently present a greater challenge to designers and installers and can be quite expensive. Dandelion's comments will be considered in the continuing development

of the NCP.

**Comment:** Dandelion Energy commented that GSHPs be included in the revised NCP with a prescriptive “per-ton” rebate as an Advance Measure Bonus as a way to address the “split incentive” between builders who benefit from the lower installation cost of less efficient heating equipment and buyers who benefit from the efficiencies of a heat pump.

**Response:** Staff will consider this comment in its continuing development of the new NCP and encourages Dandelion Energy to formally re-submit the comment if, and when, the new NCP is formally proposed.

**Comment:** Rate Counsel commented that they supported the use of existing funding for the Acoustical Testing Pilot Program and look forward to seeing the efficacy of the program in terms of the energy, water, and cost savings.

**Response:** Staff thanks Rate Counsel for their remarks.

**Comment:** Rate Counsel commented that they would like to see more details for how the \$16 million in carryforward funding will be used to support the LED Streetlights Replacement Program, noting that it is unclear whether the requested funding is appropriate without knowing more about how it will be spent. Specifically, Rate Counsel indicated that it would like to see how the program is implemented in terms of the number of streetlights that will be replaced or the savings and benefits expected to be achieved. Rate Counsel expressed their support for the overall goals of this program but expressed concern regarding the potential for stranded costs for existing streetlights that have not reached the end of their useful lives.

**Response:** Staff appreciates the commenter’s interest in this program and looks forward to continuing to engage with stakeholders on the details of this program following the release of the Straw Proposal. Staff thanks the commenter for their overall support for this program and agrees with them on the potential benefits it can provide to New Jersey communities.

**Comment:** Rate Counsel questioned the need for the \$14.5 million budgeted in the EE Transition line, especially since only \$20,000 has been allocated to TRC for covering remaining appeals for programs that have transitioned to the utilities. The commenter suggested that TRC is in the best position to determine the remaining costs associated with the transition and that if TRC’s total program budget is \$20,000 the need for the \$14.5 million is questionable. Rate Counsel recommended that the funds be returned to ratepayers or alternatively that the Board consider transferring a portion of these funds to the Whole House Pilot to address health and safety for low-income communities in Trenton.

**Response:** Staff continues to work closely with TRC to identify ongoing EE transition needs and allocate funding accordingly. Staff has budgeted conservatively to cover any remaining costs that may still arise as part of the EE transition. Staff expects this budget line to decrease further in future budgets and that funds will be reallocated to other programs as that occurs and as needed.

**Comment:** Robert Erickson argued that BPU should establish an aggressive building electrification roadmap by the end of 2023 as part of the FY24 budget, including line items to provide training for building designers, developers, and HVAC contractors in cold climate heat pump technology and installation for both new and retrofit buildings.

**Response:** Staff notes that the Clean Buildings Working Group, a collaboration between the

Governor's Office of Climate Action and the Green Economy and the BPU, is currently bringing together a cross-sector collaborative of stakeholders and experts in industry, government, building science, organized labor, environmental justice, and workforce development to guide the State's strategic roadmap to clean buildings, which will include recommendations for policy, legislative, workforce, and funding strategies, and lay out the State's path to achieving 2030 building decarbonization targets as well as the State's GHG reduction goals.

**Comment:** Robert Erickson called for the BPU to establish stronger incentives for electrification, especially for cold climate heat pumps and building weatherization, and included specific suggestions for retrofits and new construction, including among others a \$5,000 incentive for each residential retrofit for cold climate heat pump installation, as well as additional incentives for required electric panel work.

**Response:** Staff does not disagree with Robert Erickson's call for higher incentives for cold climate heat pumps. As part of the framework for the next cycle of EE programs, the utilities will propose incentive ranges for specific measures, including cold climate heat pumps, as common elements for core programs. Also, Staff has provided a separate straw proposal that would require the public electric utility companies to offer building decarbonization start-up programs, which would include electrification incentives, as part of their portfolios of EE programs. Staff looks forward to continuing to engage with Robert Erickson on specific cold climate heat pump incentives proposed by the utility companies.

**Comment:** Overall, Robert Erickson expressed concern over what he saw as BPU's apparent lack of urgency and concern in reducing GHG emissions since the EMP, citing a lack of significant building electrification and heat pump objectives, roadmap, and strong incentives in the FY23 and FY24 budgets. More specifically, Robert Erickson criticized the BPU for making identical statements in both FY23 and FY24 to the effect that the BPU is assessing the cost-effectiveness of heat pump adoption in various scenarios and discussing an expansion of rebates and incentives to support this transition.

**Response:** As noted above, Staff has provided a separate straw proposal that would require the public electric utility companies to offer building decarbonization start-up programs as part of their portfolios of EE programs. As proposed by Staff, these programs would target space and water heating in the residential and multifamily sectors, focusing on switching from delivered fuels to electric heat pumps and making buildings electrification-ready while prioritizing participation by low- and moderate-income ("LMI") and multifamily customers who are not eligible for Comfort Partners. The programs could also target the commercial sector. Staff encourages Mr. Erickson to comment on the building decarbonization start-up programs straw proposal.

**Comment:** EAM Associates, MaGrann Associates, and ReVireo in their joint comments stated that, in order to avoid a disruption to the market, they and the residential housing construction industry need a transition period regarding the identified new energy codes (i.e., IECC 2021 / ASHRAE 90.1-2019), which transition period would consist of the 90 days following the availability and testing of modifications required to program modeling tools. The commenters proposed amended language that would base the more stringent requirement on permit date and require notice to affected contractors.

**Response:** Staff agrees in principle and proposes to provide for a 90-day transition period for projects to which the new energy codes are applicable, which period would begin from the date TRC releases the modeling resource to be used to model such projects. The details of the transition would be provided to stakeholders and the public through means other than the present TRC Compliance Filing.

**Comment:** Rate Counsel commented that they would like to see more information regarding savings and cost-effectiveness of the projects funded through the State Facilities Initiative Program.

**Response:** The State of New Jersey has implemented changes to its procurement process since the energy transition in 2021. All request for proposals for State facility projects are available through the State's procurement portal, NJStart, and include language that vendors must design to high efficiency standards and complete project reporting. Program reporting procedures have been developed to track the energy savings post-construction. Many of these projects have experienced supply chain impacts and take a minimum of two years for implementation. The energy savings will also be included in the reports TRC produces for NJCEP reporting of energy savings attributed.

**Comment:** Robert Erickson called for the BPU to establish specific goals for the installation of cold climate heat pumps in FY24 and subsequent annual budgets, given Executive Order No. 316's targets for 400,000 residential units to be electrified by 2030 and consistent with the 2019 EMP strategy 4.1 to start the transition for new construction to be net-zero carbon. In particular, Robert Erickson argued that no fossil fuel consuming equipment should be approved for any new residential construction incentives and that Comfort Partners should replace failed or failing heating and/or cooling systems with cold climate heat pump systems. Robert Erickson further commented on the DPMC projects, stating that all future projects should be designed to maximize the use of cold climate heat pumps, while eliminating the support for fossil fuel equipment. He explained that DPMC should work with BPU to redesign all projects not yet installed to use cold climate heat pumps.

**Response:** Staff believes that Robert Erickson's comments will be more appropriately addressed in BPU's forthcoming revised NC proposal and encourages him to submit them in that proceeding. Staff also looks forward to future discussion about Comfort Partners' building decarbonization pilot program, as noted in the Comfort Partners section. In regard to his comment on DPMC projects, BPU State Energy Services works with DPMC to collaborate on many projects; however, BPU does not currently control design standards for DPMC projects. BPU does require for State Facility Initiative Designated Projects that high efficiency equipment be part of the design scope and a consideration of the project plan.

**Comment:** Rate Counsel stated their support of the Comfort Partners Program budget and stressed the importance of this Program in promoting safety and affordability for vulnerable customers.

**Response:** Staff appreciates the commenter's support.

**Comment:** Noting that the DCE compliance filing states only that the program may offer incentives and identify clean heat alternatives, Rate Counsel commented that they would like to see more details for the Heat Island Pilot Program and how DCE expects to spend the \$2.5 million budgeted in FY24.

**Response:** As the commenter indicated in their remarks, DCE's Office of Clean Energy Equity anticipates working closely with the NJDEP to further develop the specific program requirements for this pilot and looks forward to engaging with the commenter during that proceeding.

**Comment:** Dandelion Energy commented that the Comfort Partners Program should include electrification measures in its offerings and promote the deployment of heat pumps, including geothermal. The commenter believes that it is important for LMI customers to have access to geothermal heat pumps as an HVAC option due to the significant energy usage and cost savings associated with geothermal heat pumps. Dandelion Energy suggests that New Jersey can leverage the heat pump rebates from the IRA to further reduce the cost of heat pumps.

**Response:** Comfort Partners is currently developing a building decarbonization pilot program that would expand electrification measures in its offerings. Staff will work with Comfort Partners to evaluate geothermal heat pumps as an HVAC option, including as part of the State's implementation plan for electrification rebates under the IRA.

**Comment:** EEA-NJ expressed support for Comfort Partners to continue efforts to reduce barriers to entry for participation, such as permitting customers residing in low-income census tracts to participate by attesting to their income rather than providing income verification documentation. EEA-NJ also recommended that utilities with overlapping service territories coordinate budgets and services for Comfort Partners, noting that much coordination will be required for the second EE triennium in relation to federal funding, other State programs, and Executive Order No. 316. Finally, EEA-NJ recommended continued coordination between the utilities and the BPU to ensure pairing of State and utility programs and incorporating federal rebates.

**Response:** Staff appreciates EEA-NJ's support for the ongoing coordination between the utilities and the BPU to pair State and utility programs, including Comfort Partners, as well as for future coordination to pair State and utility programs and incorporate federal rebates.

**Comment:** Mr. Erickson noted language in a BPU document that states that "Customers who heat with fuel oil where WAP cannot reasonably provide critical services, such as repairing or replacing oil fired heating systems, may be considered for conversion to natural gas by Comfort Partners." Mr. Erickson argued that Comfort Partners should not convert low-income oil customers to gas, asserting that doing so would lock them into high future costs for decades to come.

**Response:** Staff understands the concern and notes that Comfort Partners is currently developing a building decarbonization pilot program that would expand electrification measures in its offerings, which could include prioritizing converting delivered fuels customers to electricity. Staff is supporting discussion with Comfort Partners and the Weatherization Assistance Program on this topic.

**Comment:** NJNG expressed support for the proposed Comfort Partners Program budget and the efforts to streamline administration and make participation easier for customers through efforts like the self-certification process. NJNG also encouraged the electrification and decarbonization pilot program to ensure that annual operating costs are not being increased for these customers.

**Response:** Staff appreciates the support for the Comfort Partners Program budget and administration initiatives. Staff intends to continue to ensure that Comfort Partners participants incur the lowest practicable energy costs and looks forward to working with NJNG and the other utilities on Comfort Partners' electrification and decarbonization pilot program to ensure that the

pilot program offers multiple benefits to low-income participants.

**Comment:** Michael Winka argued that the Comfort Partners Program needs to be managed as a holistic clean energy program, or an “Existing Homes – Zero Energy Homes program,” rather than simply an EE program. Mr. Winka asserted that it should serve as a single point of entry for all the clean energy programs offered by the NJCEP, including highly efficient building upgrades, building electrification with heat pump equipment and induction stoves, EVs and charging, on-site solar, on-site battery storage, community solar, and smart building controls with grid-interactive efficient buildings technologies. Mr. further argued that, managed only as an EE program, Comfort Partners loses opportunities to reduce environmental and economic market barriers for low-income communities, reduce energy usage and cost, and transform the energy market sector. Furthermore, Mr. Winka claimed that the utilities cannot solely manage the program as a holistic clean energy program as they are unable to respond to changes in New Jersey clean energy policies or fully implement State clean energy policies. At a minimum, Mr. Winka said, the BPU should jointly manage the program in a manner that advances a holistic clean energy approach.

**Response:** Staff appreciates the commenter’s continued advocacy for the State, especially BPU, to advance more holistic clean energy approaches in its programs. Staff notes that the Whole House Pilot Program is currently in an early development stage in Trenton in establishing processes with Comfort Partners and local partner organizations to address health and safety barriers and implement EE for low-income program participants, while also pursuing electrification and exploring community solar for a subset of those participants. This pilot is one of BPU’s most recent efforts to incorporate multiple clean energy strategies through a single program. Staff looks forward to learning from the Whole House Pilot Program and applying lessons learned to continue to identify ways to design other more holistic programs.

## **Distributed Energy Resources**

### **Fuel Cells and CHP**

**Comment:** Fuel Cell Energy and the NE Chapter commented in support of Staff’s proposals regarding CHP and Microgrids, stating that CHP is efficient, reduces the cost of energy for all ratepayers, provides significant emissions reductions (including GHG emissions reductions) as compared to other sources of energy, and contributes to the resiliency of the electric grid.

**Response:** Staff appreciates the commenters’ support and, without necessarily agreeing with the entirety of each of their statements, agrees that CHP can play an important role in meeting the state’s EE and other energy goals.

**Comment:** Rate Counsel commented that to support the State’s GHG emissions reduction goals, the Board should eliminate incentives for fossil fuel CHP-FCs and, because the CHP-FC market is sufficiently mature, should eliminate all CHP-FC incentives.

**Response:** Staff will continue to consider Rate Counsel’s recommendations regarding elimination for fossil fuel CHP-FCs as Staff develop plans for future programs. Staff respectfully submits that its own experience with the relatively small number of CHP-FC participants in NJCEP indicate that the CHP-FC market is not yet sufficiently mature to thrive without government incentives.

**Comment:** Fuel Cell Energy commented that it supports Staff’s proposed budgets, especially as to CHP-FC. Fuel Cell Energy also suggested separately budgeting funds for CHP versus FC

because, it says, each technology provides distinct benefits and requires unique considerations.

**Response:** Staff appreciates the support. As to separating the budgets for the two (2) technologies, Staff respectfully submits that its present budgeting provides the Board and the public with the appropriate level of detail while also providing sufficient flexibility in implementing the program.

**Comment:** Rate Counsel commented that the Board should adopt siting requirements for CHP-FCs to ensure they are not sited in Overburdened Communities ("OBCs").

**Response:** Given the relatively small number of CHP-FCs being installed and, in most cases, their relatively small size, Staff respectfully submits that the siting requirements imposed by NJDEP, zoning laws, and other laws are sufficient to protect the OBCs vis-a-vis CHP-FCs.

**Comment:** Rate Counsel commented that the Board should revise upwards the CHP-FC Program's efficiency requirement for FCs from 40% to the same 60% required for CHPs.

**Response:** Several years ago, the Board determined that many FCs could not achieve an efficiency much greater than 40% but that the other benefits of the FCs, such as emission reductions and resiliency, made it appropriate to incentivize the FCs in the limited manner provided in the current TRC Compliance Filing. At present, Staff sees no reason to question or disturb that determination.

### **Microgrids**

**Comment:** Rate Counsel noted that none of the FY23 budgeted funds for microgrids have been expended. Rate Counsel expressed concerns about whether the funding allocated to microgrids would yield any tangible benefits for ratepayers, given the July 2021 report commissioned by the Board and concluding that there are several "serious" legal and technical obstacles to the development of town center microgrids. The commenter also expressed concern about the potential for microgrids to create new emissions sources and other adverse impacts such as visual and noise pollution, especially in communities that are already burdened with disproportionate levels of pollution and other environmental harms. Rate Counsel suggested that if the Board pursues further evaluation of the Microgrid Program, such evaluation should include a thorough assessment of the potential adverse impact of microgrids, with a special focus on OBCs.

**Response:** Staff acknowledges that the balance of funds allocated to the Town Center Distributed Energy Resources ("TCDER") Phase II program were not expended in FY23. However, Staff did receive completed designs from three (3) of the awardees, and Staff is evaluating those designs. Staff recognizes that there are potential adverse effects from microgrids in addition to significant benefits, including resilience for critical facilities. Benefits and adverse effects were addressed as part of the TCDER Phase II program. Any potential expansion of the Microgrid Program will continue to address adverse impacts and benefits.

### **Renewable Energy Programs**

#### **Renewable Natural Gas and Green Hydrogen**

**Comment:** EDF commented upon the proposal to fund a study of the potential use of renewable natural gas and/or green hydrogen as a way to reduce GHG emissions. Although biomethane

and hydrogen may play a role in New Jersey's energy system decarbonization efforts, the commenter cautioned that the Board should carefully assess the potential and limitations of each fuel, particularly with relation to the impact on OBCs. The commenter stated that not all biomethane is carbon neutral and that to be beneficial, the fuel must result in a net reduction in methane emissions; that is, biomethane production and use must not result in new or excess methane emissions relative to current waste management practices. With respect to hydrogen, the commenter believes that it has great potential to aid decarbonization efforts in "hard to abate" sectors such as steel and cement manufacture. However, EDF added that its calculations suggest that replacing fossil fuels with green hydrogen for home heating and road transportation takes 3-7 times more energy than direct electrification. The commenter also stated that to ensure hydrogen is truly "green," the BPU and other relevant New Jersey state agencies must implement a rigorous lifecycle emissions accounting framework with a wide system boundary.

**Response:** Staff appreciates the commenter's views on the advantages and disadvantages of biomethane and hydrogen as ways to reduce GHG emissions and contribute to clean energy initiatives. Staff will consider the comments when conducting the proposed study.

### **Solar Registration Program**

**Comment:** Rate Counsel commented that the proposed materials failed to adequately support the \$80,000 increase in the budget for the Solar Registration Program.

**Response:** Staff respectfully submits that the Solar Registration Program's \$80,000 budget increase is relatively minuscule and appropriate; it is attributable to the high volume of registrations, the complexity of some of them, the work required to manage the transitions from the Solar Renewable Energy Credit Registration Program to the Transition Incentive Program and from the Transition Incentive Program to the Successor Solar Incentive Program, and inflation.

**Comment:** Michael Winka commented that the Solar Programs, the Energy Storage Program, and the DER Program should be merged into one single program to more holistically support building electrification and renewable energy.

**Response:** Staff appreciates this comment and strives to work across programs to ensure that the structure of the DCE is effective and efficient and allows the desired degree of holistic support while continuing to allow technology-specific programming where appropriate. Staff will remain open to considering opportunities to integrate programs.

### **Offshore Wind**

**Comment:** Michael Winka indicated that the Board's work with the Rutgers Center for Ocean Observation Leadership ("RUCOOL") started in in 2003 and was formalized in 2008, which is contrary to the DCE compliance filing, which indicates that the work started in 2017.

**Response:** Staff thanks the commenter for recognizing that the relationship between the Board and RUCOOL began prior to 2017. The compliance filing is referencing the most recent work completed by RUCOOL specific to the development and implementation of their Weather Research and Forecasting, but Staff acknowledges that some of the development of the model began prior to 2017.

**Comment:** Rate Counsel indicates that the proposed Offshore Wind ("OSW") budget does not appear unreasonable on its face but believes that DCE should be directed to provide the basis

for the budgeted amounts, descriptions of the specific activities to be funded in the OSW budgets, the basis for the amount allocated to each activity, and any related memorandum of understanding ("MOU") to provide more transparency. Rate Counsel commented that the amount of information provided should be based on the development stage of the activity being funded.

**Response:** Staff appreciates Rate Counsel's comments. The budgeted amounts are based on previous expenditures for similar initiatives and Staff's experience and knowledge of the effort needed for each initiative. Staff believes that the descriptions of activities to be funded are clear and notes that further detail will be provided to the Board, Rate Counsel, and the public when Board approval to expend the funds is sought, at which time applicable MOUs will also be provided.

### **EDA Programs**

**Comment:** Rate Counsel raised concerns regarding the use of ratepayer funds to support programs that are administered by EDA and feels that without more detail it is not clear whether the contributions to EDA programs are within the authority of the Board to mandate expenditures of funds collected from ratepayers.

**Response:** As indicated in the DCE Compliance Filing, the EDA programs funded through the NJCEP directly relate to the work being undertaken by BPU as it relates to the State's clean energy goals. The funding that supports these programs is based on MOU agreements between the BPU and EDA, which establish detailed reporting requirements. As EDA reports these expenditures to Staff, the commitments will be lowered accordingly on the NJCEP budget.

**Comment:** Rate Counsel commented on the amount allocated in uncommitted carryforward funding within the Clean Energy Manufacturing Fund and indicated their interest in the details on the loans and grants that were previously funded from this program.

**Response:** As indicated in the DCE Compliance Filing, the remaining loan and grants previously awarded through this program have been paid. The amount shown in FY24 for the Clean Manufacturing Fund reflects the balance of funding that EDA has returned to the Board, which will be reallocated during the FY24 True-Up Budget. Additional details and metrics on the Clean Energy Manufacturing Fund program are available on EDA's website.

**Comment:** Rate Counsel is concerned about the lack of detail relative to administrative and evaluation activities proposed to be funded through the NJ Wind budget line. Rate Counsel also noted that the MOUs referenced in the DCE Compliance Filing were not provided to stakeholders as part of this proceeding and that Rate Counsel has not been able to locate them.

**Response:** The MOUs referenced in the Compliance Filing provide further details for this program and will be uploaded to the Docket No. QO20080561. Staff apologizes that the documents were not previously uploaded to this docket.

**Comment:** Rate Counsel noted that the table on pages 34-35 of DCE's Compliance Filing indicated that \$624,694 of the proposed R&D Energy Tech Hub budget has been allocated for administration and \$11,869,180 has been allocated for training. However, Rate Counsel noted that DCE's description of this program indicates that the funds are for support of EDA's grant programs for research and development for early-stage New Jersey-based clean tech companies and for a new Clean Tech Pilot Demonstration Program. Rate Counsel also noted that it is generally opposed to the use of ratepayer funds for research and development, particularly when

ratepayer money will be provided to private entities that will earn profits and ratepayers receive no return on their investment on the development of these products. Rate Counsel also indicated that the MOUs with EDA mentioned in the description were not provided to stakeholders as part of this proceeding.

**Response:** The assigned budget cost categories in the referenced table are consistent with previous year breakouts and the proportional split is based on the terms established in the MOU. While cognizant of Rate Counsel's opposition to the use of ratepayer funds for R&D, Staff believes that through funding early stage research and development, ratepayers will benefit from clean tech companies and their products becoming commercially viable through increased tax revenues, job creation, and the contribution of these companies and their products to a clean energy future. The MOUs referenced in the Compliance Filing will be uploaded to Docket No. QO20080562. Staff apologizes that the documents were not previously uploaded to this docket.

### **Planning and Administration**

**Comment:** Michael Winka commented that the outreach teams are doing a "great job" but that outreach should be conducted in a holistic, integrated manner, rather than its current "siloe'd" manner.

**Response:** Staff appreciates the support and will continue to work to ensure that the NJCEP's outreach is already conducted in a holistic, integrated manner and that Staff is continuously looking for areas of improvement in that regard.

**Comment:** Rate Counsel commented that BPU must be mindful not to duplicate services when performing EE evaluation studies because the utilities have their own similar budgets for these tasks. The commenter indicated that they will continue to coordinate with the BPU, the utilities, and the Statewide Evaluator to ensure the resources are used as efficiently as possible.

**Response:** Staff appreciates Rate Counsel's comments and does work closely with these stakeholders to ensure that the EE evaluation is thorough but efficient. Staff looks forward to continuing to engage with stakeholders to ensure this important work gets completed in a timely and efficient manner.

**Comment:** Rate Counsel questioned why \$700,000 in new funding for the Clean Energy conference was needed when over \$400,000 of committed carryover is available and there are utility and industry sponsors for the event. Noting that it appears that about \$300,000 was spent in FY23 on this conference and that most of the speakers were government employees, Rate Counsel, stated that the event does not directly benefit ratepayers and recommended that DCE provide a full itemization of these expenses as well as a comparison to industry-paid expenses.

**Response:** Upon further consideration, the new funding for the Conference budget line has been reallocated to Program Evaluation. The FY23 carryforward funding will be utilized to support any new costs associated with holding a conference during FY24. Since this adjustment has been made, Staff does not believe that the itemization and comparison requested by Rate Counsel are necessary.

**Comment:** Michael Winka commented that he supported the Whole House Pilot Program but believes its scope should be expanded.

**Response:** Staff appreciates the support and expects to consider recommending appropriate expansion if this initial pilot works well.

**Comment:** EEA-NJ expressed support for continued funding for the Whole House Pilot Program and requested that BPU provide regular updates on the progress of the program to stakeholders invested in how this program could scale, noting that they look forward to the completion of the pilot phase. EEA-NJ also commented that the program has potential to greatly improve residential lives in Trenton and that this need is present across the state.

**Response:** The Whole House Pilot Program has been working with PSE&G, CMC (PSE&G's Comfort Partners implementer in Trenton), and local partners (including Isles Inc. and Habitat for Humanity) to establish processes to work together and recruit participants to the program in Trenton. Staff looks forward to offering regular updates on the progress of the program as it ramps up and hopes that the results of the pilot will justify further expansion.

## **BPU Initiatives**

### **Energy Storage**

**Comment:** Rate Counsel noted that, in the past, DCE's plans for an Energy Storage Program have proved to be overly optimistic, and in the past three (3) FYs none of the approved budget were spent. Rate Counsel also noted that resolving the details of the storage program will not be a simple process and that the Straw Proposal issued in FY23 has caused Rate Counsel to question whether the proposed incentives are necessary in light of other available revenue sources and whether metrics exist for development of performance-based incentives and the monitoring of its effectiveness. Rate Counsel stated its belief that further details were needed to explain the amount of funding provided for this program in FY24. Lastly, Rate Counsel requested more information on a reference to funding for a possible State match of United States Department of Energy ("USDOE") funding.

**Response:** Staff acknowledges that the energy storage program has been slow to develop. However, the New Jersey Storage Incentive Program ("NJ SIP") Straw Proposal, issued in September 2022, was an important first step. Staff also notes the critical inclusion of storage in the CSI solicitation. Staff received comments from over 60 commenters and are in the process of developing a Request for Information ("RFI") to address several items noted by the commenters. Staff intends to issue the RFI in the 3<sup>rd</sup> Quarter ("Q3") of 2023. A Request for Quotations for an energy storage consultant was issued in the 2<sup>nd</sup> Quarter ("Q2") of 2023, and Staff expects a selected consultant to begin work in Q3 of 2023. In addition, Staff anticipates issuing a revised Straw Proposal in the 4<sup>th</sup> Quarter ("Q4") of 2023 and a Final NJ SIP in Q2 of 2024. In regard to the USDOE funding, this is for a 40101(d) grant that would focus on improving the resilience of the grid, especially at State facilities. The details of the resiliency efforts, including the locations, are still in the process of being developed by Staff with help from the BPU's sister agencies. The exact amount of funding needed is contingent on the State's award and thus cannot be known at this time. Staff looks forward to providing further details in the future.

### **Workforce Development**

**Comment:** Dandelion Energy urged the BPU to further expand workforce development and work with the Division of Consumer Affairs and the NJDEP to implement license reciprocity with neighboring states and remove existing barriers to workforce growth, particularly with respect to the heat pump workforce. More specifically, Dandelion Energy noted that the State Board of

Examiners of Heating, Ventilation, Air Conditioning, and Refrigeration (“HVACR”) Contractors does not allow for license reciprocity for HVACR professionals from other states and that similar barriers exist for other license categories such as geothermal drillers. In particular, Dandelion Energy encouraged the BPU to work with other state agencies to align geothermal drilling license standards with national standards, establish functioning license reciprocity for HVACR and geothermal drillers with neighboring states, and update licensing requirements to give credit for out-of-state training and practical experience.

**Response:** Staff agrees that expanding New Jersey’s clean energy workforce is of critical importance. Staff sees an opportunity to examine the barriers noted by Dandelion Energy through the Clean Buildings Work Group, given the multiple State agencies participating in that effort, and is prepared to work collaboratively to explore solutions to addressing these barriers.

**Comment:** EEA-NJ expressed that they are encouraged to see BPU coordinating with the New Jersey Department of Labor and Workforce Development (“NJDOL”) to explore the potential establishment of State-funded workforce development initiatives that support employment and training services for individuals interested in clean buildings careers through competitive grants to community-based organizations in partnership with utility companies. EEA-NJ expressed support for recruitment of eligible participants from New Jersey’s OBCs to receive core employment and training services to facilitate entrance into the clean energy workforce. EEA-NJ urged BPU to expedite the process of growing the EE workforce as the current workforce retires without adequate replacements and new federal funding increases the need for more workers.

**Response:** Staff agrees that expanding New Jersey’s clean energy workforce is of critical importance and appreciates EEA-NJ’s support for State efforts in this area.

**Comment:** Robert Erickson called for BPU to develop and prototype a green jobs program to manufacturer millions of cold climate heat pumps in New Jersey by partnering with leading manufacturing companies and promoting factories in economically depressed areas. More specifically, Mr. Erickson recommended that the BPU increase the FY24 budget for the New Jersey EDA to attract HVAC manufacturing with a focus on cold climate heat pumps, as well as solar panels and cells. Mr. Erickson also suggested that New Jersey sponsor a joint discounted bulk cold climate heat pump purchase agreement on behalf of state, county, local, and school buildings and perhaps other entities to scale up cold climate heat pump volume in the state and potentially lower costs.

**Response:** Staff appreciates the suggestions and believes that these would be good topics of discussion for the Clean Buildings Working Group.

**Comment:** Rate Counsel expressed support for the inclusion of a limited workforce development program in DCE’s budget, insofar as it directly relates to EE. However, Rate Counsel expressed reservations about using ratepayer funds for workforce development, advising use of other funding sources, and stated that DCE should provide additional information on the Rutgers workforce development study and encouraged the Board to seek other sources of State and federal funding for workforce development.

**Response:** The Rutgers EE workforce equity study will provide a comprehensive understanding of the current composition of the EE workforce in New Jersey that will inform efforts to enable equitable access to education, training, and well-paying jobs as the sector expands. Overall, Staff has continued to propose a \$4.5 million budget for workforce development while facilitating discussions with the EE Workforce Development Working Group about what additional workforce

initiatives are needed to support job growth in EE and clean buildings and how best to design and fund these initiatives. Staff is hopeful that the discussions will lead to being able to leverage funding from the NJDOL for EE workforce development. At the same time, DCE is also assessing opportunities for competitive federal grants for workforce development.

### **Electric Vehicles**

**Comment:** NJCAR provided comments that suggested that the law creating the Charge Up Program intended to provide \$300 million over 10 years to fund incentives. NJCAR suggested that the Board should “front-load” funding for the program into the earlier years of the program to ensure adequate EV adoption.

NJCAR also expressed concern that in FY23 the maximum incentive was lowered from \$5,000 to \$4,000 and then in FY24 the maximum incentive for vehicles with a manufacturer suggest retail price (“MSRP”) of over \$45,000 was lowered from \$2,000 to \$1,500. Additionally, the commenter referenced that Colorado lowered their incentive from \$5,000 to \$2,000 and saw a significant drop in adoption and suggested that due to that data New Jersey should not lower the Charge Up incentive.

NJCAR suggested that the administration and closure of the Charge Up Program was “haphazard” pointing to the quick closure time. In addition, the commenter suggested that the dwindling funding information was not available to the public.

Lastly, NJCAR suggested that the Charge Up Program should incentivize subscription car plans.

**Response:** Staff notes that the law creating the Charge Up Program requires: The Board shall provide no less than \$30 million in disbursements under the light duty plug-in electric vehicle incentive program established pursuant to section 4 of P.L.2019, c.362 (C.48:25-4) each year for 10 years. N.J.S.A. 48:25-7(d).

The Board must fund a minimum for \$30 million a year for 10 years and is thus unable to “front-load” funding as NJCAR suggests. In addition, Staff has looked at other state programs, including Colorado, and does not believe the small incremental reductions over the last 3 years are analogous to Colorado’s sixty 60 percent reduction. Staff also notes that analysis of the impact of reductions on both the longevity of funding and on total EV adoption are considered as part of their recommendations.

Staff and the program administrator (“CSE”) communicated the pending closure of the program at designated funding milestones. Those milestones did happen at accelerated intervals and notice was provided accordingly. In FY24, CSE will further refine the process to incorporate best practices, market conditions and lessons learned. In addition, the current funding available dashboard is updated in real time, often increasing and decreasing in minute-by-minute updates as orders and applications are submitted and withdrawn. The public is always encouraged to view the dashboard at [chargeup.njcleanenergy.com](http://chargeup.njcleanenergy.com).

Lastly, subscription services do not currently provide customers with a battery electric vehicle (“BEV”) under \$55,000 at all times. Until that threshold has been met, which is the legislative mandate of the program, incentives may not be utilized. Staff looks forward to continued discussions with NJCAR on this issue.

**Comment:** Isles Inc. expressed their support for the E-Mobility Pilots Program and indicated they would like to see continued funding for existing pilot programs, such as GOTrenton. The commenter stressed the important role these pilot programs serve in OBCs and recommended that the BPU prioritize this area when allocating funding.

**Response:** Staff thanks the commenter for their support. Since the funding that supports the GOTrenton Pilot Program comes from outside of the NJCEP budget process, Staff defers comment to the NJDEP. Staff agrees with the commenter regarding the importance of focusing on programs that benefit OBCs. The FY24 Budget continues to provide funding to support OBCs and address equitable access to the NJCEP's EV programs.

**Comment:** The Sierra Club suggested that the Board should increase funding to \$65 million for the Charge Up Program or commit to reallocating other unutilized clean energy funds to the program in order to avoid closure. Comments also suggested that the BPU should provide \$15 million in funding to the NJDEP for their EV School Bus Program.

**Response:** Staff recognizes the impact that additional funding would have on the program but also acknowledges that the NJCEP has numerous impactful programs and must balance funding requests from each of these programs. In order to meet the obligations of the EV Law and to expand upon the other EV programs, as well as the other Clean Energy Programs outlined in the FY24 budget, the \$30 million allocated is appropriate for this program.

Staff further defers comment on to the necessary funding for the NJDEP's EV School Bus Program to the NJDEP.

**Comment:** NJF provided comments in support of the E-mobility Pilot Programs and included information on the Colorado e-bike incentive programs.

**Response:** Staff thanks NJF for their comments and looks forward to building out the pilot programs in this area.

**Comment:** ChargeVC comments included a request to provide additional funding to the Charge Up Program to allow for a consistent program in FY24. Comments noted that the minimum legislatively mandated investment is \$30 million and that the Board could provide additional funding. Commenter suggested that the total budget for FY24 should be at least \$65 million.

Comments also recommended that the incentive should not be lowered and that the program did not provide evidence that lowering the incentive would not impact adoption. Comments referenced Colorado which lowered their incentive from \$5,000 to \$2,000 and saw a significant drop in adoption and suggested that due to that data New Jersey should not lower the Charge Up incentive.

The comments also indicated that the "stop-start" nature of the program was hindering adoption and requested additional funding to address this issue or to have prescribed windows of enrollment.

Comments also requested additional data; although, it did not note what data was being requested. The comments suggested increased transparency so the public could better understand the program.

ChargEVC also suggested that some had issues with the transactions and suggested an increase to the administrative budget to address them.

Comments were supportive of the E-Mobility Pilot Programs funding.

Lastly, ChargEVC suggested that the Charge Up Program should incentivize subscription car plans.

**Response:** Staff recognizes the impact that additional funding would have on the program but also acknowledges that the Clean Energy Program has numerous impactful programs and must balance funding requests from each of these programs. In order to meet the obligations of the EV Law and to expand upon the other EV programs, as well as the other Clean Energy Programs outlined in the FY24 budget, the \$30 million allocated is appropriate for this program.

In preparing recommendations, Staff and CSE looked at a variety of factors including the overall impact to EV adoption. In addition, Staff has looked at other state programs, including Colorado, and does not believe the small incremental reductions over the last three years is analogous to Colorado's sixty 60 percent reduction. The Board also notes that analysis of the impact of reductions on both the longevity of funding and on total EV adoption are considered as part of these recommendations. The program presented includes efforts by the Board to make the funding last as long as possible to address concerns about consistency.

Staff notes the current funding available dashboard is updated in real time, often increasing and decreasing in minute-by-minute updates as orders and applications are submitted and withdrawn. In addition, the incentive statistics offer downloaded data to analyze approved incentives by zip code, utility, legislative district, make, model and time of application. The public is always encouraged to view the dashboard at [chargeup.njcleanenergy.com](http://chargeup.njcleanenergy.com).

Staff and CSE are continually updating the website and working with stakeholders to address concerns. The current administrative budget is adequate to address those needs.

Staff notes and thanks ChargEVC for their support of the E-Mobility Pilot Programs, and Staff looks forward to building out the pilot program(s) in this area.

Lastly, subscription services do not currently provide customers with a BEV under \$55,000 at all times. Until that threshold has been met, which is the legislative mandate of the program, incentives may not be utilized. Staff looks forward to continued discussions on this issue.

**Comment:** Tesla provided comments requesting that the Board considering increasing funding to allow for a more consistent program throughout the year.

Comments also requested that the Board no longer allow the reservation of funds at the time of order and requested more time for showrooms to enter in order and sales data. In addition, Tesla requested the process be automated to allow for quicker data entry.

Tesla provided comments on the provision that the MSRP at the time of order must be the same as at the time of purchase. They suggested that this may result in customers not getting the best deal at the time of sale.

**Response:** Staff recognizes the impact that additional funding would have on the program but also acknowledges that the Clean Energy Program has numerous impactful programs and must

balance funding requests from each of these programs. In order to meet the obligations of the EV Law and to expand upon the other EV programs, as well as the other Clean Energy Programs outlined in the FY24 budget, the \$30 million allocated is appropriate for this program.

Staff and CSE are continually updating the website and working with stakeholders to address concerns. Currently, automated data entry as requested presents security concerns. In addition, Staff notes that the 14-day requirement for entry is to ensure that there is adequate funding for incentives. Long entry periods may mean the customers who would have received an incentive on the day they purchased are no longer eligible when the showroom tries to enter it on day 35. Staff considered several market factors when it came to creating the reservation process. New processes have also been implemented to provide greater transparency for customers. Staff believes the order reservation process allows customers to make informed decisions about the real cost of the vehicle they are ordering. However, Staff also understands that not all orders may be entered into the system, which is why the FY24 program requires the dealer or show room to provide notice if they will not enter the order into the system. This new step provides transparency to the customer, who will understand when the incentive will be applied and provides an option to showrooms or dealerships who are unable to consistently reserve funding for orders.

Lastly, the MSRP requirement addresses a series of questions that have come up this year, as customers fell in and out of eligibility. Staff believes the new process allows customers to make informed decisions about the real cost of the vehicle they are ordering. Staff also notes that this is only for those who reserve funding at the time of order.

**Comment:** The NJEVA had questions regarding the differing year-end totals on the website and in the Power Point presentation at the June 5 EV stakeholder meeting. NJEVA also suggested that additional funding should be provided to ensure the Charge Up Program ran for the entire fiscal year. The commenter suggested \$100 million in funding for the program. The commenter also suggested that the incentive caps be increased to \$5,000 and \$2,500 for the existing tiered structure. NJEVA suggested that the program be extended to 3-wheeled vehicles as well.

NJEVA also requested additional data. The comments suggested increased transparency so the public could better understand the program.

The commenter suggested that there were now federal funds for EVs and that funding should be dedicated to the Charge Up Program.

The comments suggested that the Residential Charger Incentive and EV Tourism Programs were "distractions" and their funding should be dedicated to the Charge Up Program.

Lastly, the commenter suggested that the utilities should be allowed to directly sell energy to customers rather than have the charging company be a third-party provider.

**Response:** As indicated in the presentation, the numbers listed include the projection of funds when all orders for FY22 and FY23 are complete and that the numbers indicated in FY22 and FY23 are for the full year of funding. The website statistics provides information on how many of the incentives have been paid out.

Staff recognizes the impact that additional funding would have on the program but also acknowledges that the Clean Energy Program has numerous impactful programs and must balance funding requests from each of these programs. In order to meet the obligations of the EV Law and to expand upon the other EV programs, as well as the other Clean Energy Programs outlined in the FY24 budget, the \$30 million allocated is appropriate for this program.

In preparing recommendations, Staff and CSE looked at a variety of factors including the overall impact to EV adoption. Staff also notes that analysis of the impact of reductions on both the longevity of funding and on total EV adoption are considered as part of recommendations.

Staff notes that given the current constraints of funding adding new vehicle eligibility would only quicken the closure of the program.

Staff notes the current funding available dashboard is updated in real time, often increasing and decreasing in a minute by minute updates as orders and applications are submitted and withdrawn. In addition, the incentive statistics offer downloaded data to analyze incentives by zip code, utility, legislative district, make, model and time of application. The public is always encouraged to view the dashboard at [chargeup.njcleanenergy.com](http://chargeup.njcleanenergy.com).

Staff believes that the EV Tourism Program is an important tool to reducing range anxiety and providing incentives for public charging. Additionally, the Board believes the Residential Charger Incentive Program encourages the use of networked chargers that can encourage managed charging which will mitigate impacts on the grid as adoption grows.

The current federal formula for EV funds are restricted to funding public chargers on designated Alternative Fuel Corridors. There are several pots of competitive funds; however, to date, none of them that have been released align with the goals of the Charge Up Program.

The EV Law specifically stated that EV charging is not the resale of electricity, and the Board has further clarified that utilities may not own and operate EV charging stations unless they are in areas of last resort.

**Comment:** Joanne Pannone suggested a desire to incentivize EV school buses.

**Response:** Staff defers comment on this program to the NJDEP.

**Comment:** Hyundai requested that the Board expand the Charge Up Program to subscription car services.

**Response:** Subscription services do not currently provide customers with a BEV under \$55,000 at all times. Until that threshold has been met, which is the legislative mandate of the program, incentives may not be utilized. Staff looks forward to continued discussions on this issue.

**Comment:** NJAA was supportive of the Multi-Unit Dwelling ("MUD") Program. The association appreciated the enhanced affordable housing addition. Comments expressed concern that networking and uptime requirements could decrease the benefit and impact of incentives.

**Response:** Staff thanks the commenter for their support and notes that the uptime requirements are the federal standard and that networked chargers are imperative to data collection requirements that will inform future rate setting.

**Comment:** Shivaram commented and asked when the Charge Up Program would open.

**Response:** The FY24 Charge Up Program will open after the start of the new fiscal year, which begins on July 1, 2023.

**Comment:** Robert Erickson suggested that the Board should identify existing funds to increase the Charge Up Program budget to ensure incentives are available throughout the year. Comments also suggested that the maximum MSRP of eligible vehicles be changed to \$40,000.

**Response:** Staff recognizes the impact that additional funding would have on the program but also acknowledges that the Clean Energy Program has numerous impactful programs and must balance funding requests from each of these programs. In order to meet the obligations of the EV Law and to expand upon the other EV programs, as well as the other Clean Energy Programs outlined in the FY24 budget, the \$30 million allocated is appropriate for this program.

Additionally, Staff notes that the MSRP eligibility criteria is established by legislation, which requires that eligible vehicles have an MSRP of \$55,000 or below.

**Comment:** Rate Counsel questioned why the NJCEP EV Programs do not include sources of funding other than rate-payer funds or identify other funds that could be used for the same purpose.

Rate Counsel's recommended reducing the maximum incentive to \$2,500 to purchase an EV with an MSRP up to \$45,000. Rate Counsel recommended eliminating the \$1,500 maximum incentive to purchase an EV with an MSRP between \$45,000 and \$55,000. Rate Counsel also suggested that with the growing popularity of EVs and the federal tax rebates, large incentives are not necessary and questioned if the current program includes many "free riders" who would also purchase without the Charge Up incentive.

Rate Counsel recommended eliminating the proposed Phase III charger incentive. In the alternative, if the Board adopts this incentive, Rate Counsel recommended limiting the incentive to multi-family housing residents, lower-income customers, and residents of OBCs. The commenter also suggested that home Level 2 charging was not necessary.

Rate Counsel did not oppose allowing EV dealerships more than 14-calendar days to file rebate requests after the sale or lease of an EV without risk of being unable to recoup the funds. Rate Counsel recommended requiring enhanced accounting controls and audits of the EV dealerships who request incentive rebates and not waiving any of the other conditions in the Straw Proposal upon EV dealerships' participation in the EV rebate program.

Lastly, Rate Counsel recommended eliminating the proposal to begin ratepayer subsidies of e-bikes and e-scooters.

**Response:** Staff notes that the draft budget documents are designed to outline how the FY24 Clean Energy budgets will address a variety of programs, including EV infrastructure investment and Charge Up. NJDEP and EDA also have EV programs that utilize other sources of funding. Staff shares Rate Counsel's concern about "free riders" in the program; however, in looking at other state programs while lowering the incentive cap may provide more incentives, lower incentives are more likely to only benefit "free riders," rather than encouraging new buyers who view the increased upfront costs as a barrier to adoption. Staff also notes that while the federal tax rebate does assist in addressing price parity, point of sale incentives are necessary for

moderate income buyers who cannot wait up to a year to receive a rebate. Additionally, Staff notes that the MSRP eligibility criteria is established by legislation, which requires that eligible vehicles have an MSRP of \$55,000 or below.

Staff points out that the residential charger incentives are not only designed to encourage the use of Level 2 chargers in homes but requires the purchase of networked chargers. These chargers will provide needed data to the Board to set appropriate rates to encourage managed charging. Level 1 charging cannot be managed or tracked, compounding unknown impacts to the grid. By encouraging networked Level 2 charging through this incentive, the Board is encouraging the infrastructure to appropriately manage the increased load on the grid that EVs present.

Staff notes that the 14-day requirement for application entry is to ensure that there is adequate funding for incentives. Long entry periods may mean the customers who would have received an incentive on the day they purchased are no longer eligible when the showroom tries to enter it on day 35. The shortened entry requirement aims to ensure that those who are counting on the incentive will receive it. The longer periods suggested would increase the likelihood that someone who purchased a vehicle while the program was open would not receive the incentive based on available funding.

Staff notes that the e-scooter and e-bike programs are included in a list of suggested pilot programs as a follow-up to the Board's e-Mobility report. These pilots will be aimed at providing needed electric transportation and transportation infrastructure to LMI populations. Staff also notes that while the budget allocates funding, programs would require future Board approval.

**Comment:** SWTCH Energy provided comments in support of the MUD Program.

**Response:** Staff thanks SWTCH Energy for their support.

### **Energy Bill Assistance**

**Comment:** Rate Counsel commented on the \$21.8 million of committed FY23 carryover funding allocated from the FY24 Budget toward Energy Bill Assistance and whether the Board should consider if there is a need to devote additional ratepayer funds to eliminate customer arrearages when it would be more beneficial to LMI ratepayers to have their monthly utility bills reduced by allocating some or all of the \$21.8 million toward the USF Program, in order to avoid increased disconnection and maximize the benefits to ratepayers.

**Response:** As Rate Counsel stated in its comments, this allocation is committed carryover from the FY23 Budget. Approval of that allocation was based on an arrearage relief commitment to distressed customers carrying balances accrued during the pandemic. To change how the funding would be allocated at this time would be not keeping to the original commitment of funds. Staff expects this funding to prevent disconnections and restore service to customers who accrued arrearages during the pandemic and will be especially helpful to customers who are not eligible for the USF Program. The cost of the USF Program will be reviewed during the annual rate review period.

### **Community Energy Plan Grants**

**Comment:** Michael Winka commented that NJCEP programs should report their completed projects monthly through a publicly available geographic information systems (“GIS”) because doing so would help to ensure that municipalities could fulfill their outreach obligations related to their Community Energy Plan (“CEP”) grants.

**Response:** Staff has not received similar input from any municipalities, and it respectfully submits that sufficient information regarding completed projects is readily available to the municipalities and the public. Staff nonetheless remains open to including GIS postings if there to be sufficient demand for the same.

**Comment:** Rate Counsel questioned why DCE would propose to more than double the budget for the CEP Grant Program (with carryover of \$2,574,034 from FY23 and \$3,000,000 in new funding) when \$820,000 in grants were awarded in FY22 but only \$365,000 out of the \$2,939,034 FY23 budget has been expended thus far. Rate Counsel also stated that DCE should provide details on the projects funded through the program, their expected benefits, and plans for spending the budgeted funds in FY24.

**Response:** Following the first successful year of the relaunched program, Staff proposed to carry over FY23 funds and add new FY24 funds in order to support a subsequent round of planning grants, as well as to potentially launch a first round of implementation grants under the CEP Grant Program, in partnership with Sustainable Jersey, if approved by the Board. Staff anticipates sustained interest in additional planning grants in FY24, as well as robust interest in funding to support implementation of the plans. Aside from one (1) awardee who declined the grant, the 45 remaining current awardees (all listed on the program web page) are in various stages of developing community energy plans that identify strategies to address climate change and build a sustainable energy future.

### **REVISIONS TO PROPOSED FY24 COMPLIANCE FILINGS AND PROPOSED FY24 BUDGET**

Following the posting of the Proposed FY24 Compliance Filings and stakeholder comments received in regard to the Proposed FY24 Budget, these documents were revised as follows:

1. DCE Compliance Filing: The requirement for the MUD Program that all eligible chargers must be accessible to all residents and may be accessible to all visitors.
2. The \$700,000 in new funding for the Conference budget line has been reallocated to Program Evaluation due to sufficient carryforward funding being available to cover any FY24 expenses.

### **STAFF RECOMMENDATIONS**

The FY24 Compliance Filings and Budgets set out in detail the rationale utilized by Staff and the program administrators to develop the Proposed FY24 Programs and Proposed FY24 Budget. Having reviewed and considered the comments regarding the FY24 Compliance Filings and Budgets, Staff recommends that the Board approve both the Proposed FY24 Compliance Filings and Proposed FY24 Budget and the process used to develop them.

## **DISCUSSION AND FINDINGS**

Consistent with the Contract, Staff coordinated with the TRC Team regarding the Proposed FY24 Compliance Filings and Budgets, as well as the comments received on the same. The Proposed FY24 Compliance Filings and Budgets were distributed to the BPU listserv and posted on the NJCEP website. Staff accepted oral comments on the Proposed FY24 Compliance Filings and Budgets at a public hearing, solicited written comments from stakeholders and the public, and reviewed and considered these comments. Accordingly, the Board **HEREBY FINDS** that the processes utilized in developing the FY24 Compliance Filings and Budgets were appropriate and provided stakeholders and interested members of the public with notice and opportunity to comment on them.

The Board has reviewed the FY24 Compliance Filings and Budgets, written and oral comments submitted by stakeholders, and Staff's recommendations. The Board **HEREBY FINDS** that the FY24 Compliance Filings and Budgets will benefit customers and are consistent with the NJCEP's primary objectives of lowering energy bills, reducing demand for electricity, emitting fewer pollutants into the air, and creating jobs. Further, the programs reflected in the FY24 Compliance Filings and Budgets will provide environmental benefits, and are otherwise reasonable and appropriate. Therefore, the Board **HEREBY APPROVES** the FY24 Compliance Filings and Budgets.

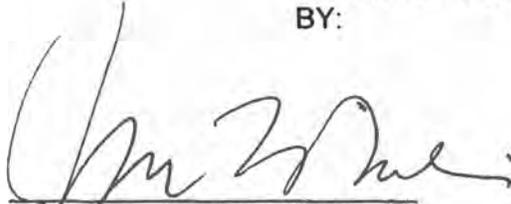
The Board **HEREBY DIRECTS** Staff to work with the Program Administrator to update relevant program documents, such as applications and program manuals, and to take the necessary steps to implement the programs and changes ordered herein, including but not limited to, the provision of adequate notice of such changes.

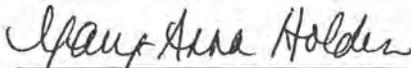
The budgets approved herein are based on estimated FY23 expenses and once final FY23 expenses are known, are subject to "true up" in a future Order(s). For example, if actual FY23 expenses are less than the estimated expenses for any program, then the unspent amount will carry over into FY24. To the extent that FY24 budgets approved herein are below FY24 expenses due to actual FY23 expenses being less than estimated FY23 expenses, the Board **HEREBY AUTHORIZES** the Fiscal Office to pay all invoices for approved program expenses during FY24. Pursuant to its authority under N.J.S.A. 48:2-40 and as required, the Board may reopen this matter and adjust the FY24 budgets. Any such adjustments will be considered by the Board and memorialized in a separate Order. The budgets approved herein are contingent on appropriations by the Legislature and subject to State appropriations law.

This Order shall be effective on June 29, 2023.

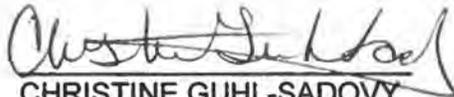
DATED: June 29, 2023

BOARD OF PUBLIC UTILITIES  
BY:

  
\_\_\_\_\_  
JOSEPH L. FIORDALISO  
PRESIDENT

  
\_\_\_\_\_  
MARY-ANNA HOLDEN  
COMMISSIONER

  
\_\_\_\_\_  
DR. ZENON CHRISTODOULOU  
COMMISSIONER

  
\_\_\_\_\_  
CHRISTINE GUHL-SADOVY  
COMMISSIONER

ATTEST:

  
\_\_\_\_\_  
SHERRIL L. GOLDEN  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public Utilities.

IN THE MATTER OF THE CLEAN ENERGY PROGRAMS AND BUDGET FOR FISCAL YEAR  
2024

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SERVICE LIST

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