

New Jersey Clean Energy Programs 2001 Program Plan

RESIDENTIAL LOW INCOME PROGRAM

Overview

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

- Direct installation of all cost-effective energy efficiency measures (addressing all fuels);
- Comprehensive, personalized customer energy education and counseling; and
- Arrearage forgiveness for participants who agree to payment plans.

Target Market/Eligibility

The Program is available to any household with income at or below 150% of the federal poverty guidelines. Customers who receive Lifeline assistance and/or Safety Net Partnership and/or LIHEAP are also eligible.

Efficiency Measures/Standards

All cost-effective efficiency measures will be installed in each home (no cost cap). Cost-effectiveness will be assessed on a site-specific basis. Among the measures to be considered for each home are efficient lighting products; hot water conservation measures (tank wraps, pipe wrap, tank temperature turn-down, and low-flow showerheads and aerators); replacement of inefficient refrigerators; Programmable thermostats; insulation up-grades (attic, wall, basement, etc.); blower-door guided air sealing; duct sealing and repair; heating/cooling equipment maintenance, repair and/or replacement; and other "custom" measures.

Incentives

All cost-effective efficiency measures will be installed in each home (guided by a space conditioning incentive schedule). Cost-effectiveness will be assessed on a measure and site-specific basis. All efficiency measures and energy education services will be provided free of charge. The installation of measures designed to reduce heating and cooling will be guided by the space conditioning allowance. Note that the space conditioning allowance is not an absolute or prescriptive target or cap. If the site needs are greater than \$200 above the calculated space conditioning allowance, the contractor

will contact the Program manager. If the site needs are less than the calculated allowance the contractor will document the reasons.

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

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

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

In addition, participants who are in arrears on their energy bills and agree to a payment plan will receive some form of arrearage forgiveness. The structure and details of the arrearage forgiveness plans vary by utility.

Joint/Coordinated Delivery

Details of Program design and delivery may differ from one part of the state to another. However, electric and gas utilities with overlapping service territories will jointly deliver – through the same Program delivery contractor – efficiency and energy education services (e.g. so that customers receive both gas and electric efficiency measures simultaneously). Selection of Program delivery contractors and allocation of fixed Program delivery costs will be negotiated between the gas and electric utilities.

Timeline/Milestones

With some variation, depending upon their individual history with low-income programs, the utilities are already implementing some elements of this program. Existing program services will continue to be offered as the modifications/enhancements noted in the program design filed by the utilities and approved by the BPU are implemented. The utilities will jointly meet the following milestones for implementation of these enhancements:

- Program launch: By May 9, 2001;
 - All program procedures and guidelines will be in place, all utilities have signed agreements with installation contractors, and all utilities have program cost sharing agreements signed, and
 - An initial cohort of program vendor field crews has received training in new program procedures and guidelines and has begun using them;

- All utilities are implementing arrears forgiveness component of program by June 9, 2001;
- All program vendor field crews have received training and are implementing new program procedures and guidelines by July 30, 2001; and
- Hire independent vendor to begin statewide evaluation by October 1, 2001.

Performance Indicators

The following criteria will be used to judge performance:

- Number of households treated;
- Average cost-effective savings per participant (by housing type);
- Average net benefits per participant (by housing type);
- Impacts on energy affordability of Program participants;
- Comprehensiveness of treatment of efficiency opportunities (or, conversely, magnitude of missed opportunities); and
- Customer satisfaction.

2001 Program Goals

Participant expectations for each utility in 2001 are presented below.¹

Electric				Gas			
PSE&G	GPUE	Conectiv	RECO	PSE&G	NJNG	SJG	NUI-Etown
4,000	1,500	500	100	3,400	475	300	733

The program evaluation plan also will measure other important performance indicators identified in the initial program filing. These include the comprehensiveness of treatment of efficiency opportunities (or, conversely, magnitude of missed opportunities). The program savings goal is to achieve 10% annual electric energy savings on average per home treated, and 15% annual gas energy savings per home treated.

Minimum Requirements for Program Administration

The utilities must individually and jointly implement the activities listed under the timelines and milestones above no later than sixty days of the target date, and must implement no fewer than three of the five listed items by the target date. The individual

¹ Note: The values include participants in the utilities old programs for 2001 through May 9th. Also, the table figures are not additive. The total statewide participation is expected to be 6,100, which is the sum of the electric participants (all households have electric service). The 4,908 gas participants are a subset of this total.

utilities must achieve at least 60% of the annual program participation goals articulated above. In addition, the utilities must complete an annual evaluation of the savings their programs have produced. Finally, the annual evaluations must show that the program is achieving at least 6% annual electric energy savings per home treated and 9% gas savings per home treated (i.e., 60% of the energy savings goals per home).