



FAQs:

New Jersey's Societal Benefits Charge

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Q. What is the Societal Benefits Charge?

A. Utilities historically included in their rates funding for programs that provide societal benefits such as low income programs, nuclear decommissioning, and funding for energy efficiency and renewable energy programs. [New Jersey's 1999 electric utility restructuring legislation \(EDECA\)](#) authorized the Board of Public Utilities to permit utilities to continue collecting funds for these types of programs in a restructured utility market through a "societal benefits charge" (SBC).

Q. What programs are supported by the SBC?

A. Six programs, which benefit both residents and businesses, are supported with SBC charges paid by gas and electric users. They are:

1. Social programs
2. Nuclear plant decommissioning
3. Universal Service Fund, which provides for social programs such as the Lifeline Program and [Low Income Home Energy Assistance Program](#)
4. Remediation of manufactured gas plant sites
5. Consumer education
6. [New Jersey's Clean Energy Program™](#), which supports demand side management and energy efficiency measures for programs like [ENERGY STAR® Homes](#) and [NJ SmartStart Buildings®](#), as well as renewable energy programs for [Class 1 renewable energy such as wind and solar](#)

Q. How much in SBC funding is collected each year?

A. SBC funds for all 6 programs are collected as a non-bypassable charge imposed on all customers of New Jersey's 7 investor-owned electric and gas public utilities. The SBC is a per kWh charge that equates to approximately 3% of a customer's energy bill. The BPU determines the amount that will be collected.

From 2001 through 2006, \$787 million was collected to support [New Jersey's Clean Energy Program](#). An additional \$440 million will be collected in 2007 and 2008.

Q. How are SBC funds used to support clean energy initiatives?

A. Approximately 46% of the total SBC fund supports Demand Side Management and New Jersey's Clean Energy Program. The NJCEP allocates about 60% of funds to energy efficiency measures for residential and business customers, including programs for [new construction, building retrofits](#), HVAC systems, [ENERGY STAR products](#) (including air conditioners, appliances, and lighting), [Combined Heat and Power \(CHP\)](#), energy audits, and [energy efficiency projects for low-income residents](#).

NJCEP allocates the other 40% of funds to support [Class 1 renewable energy programs](#) for residential and commercial customers including programs to support [solar photovoltaic technologies, wind turbines](#), fuel cells, geothermal technologies, wave or tidal action, and methane gas from landfills or biomass facilities, provided that the biomass is cultivated and harvested in a sustainable manner.

Q. How much does the average ratepayer pay into the fund?

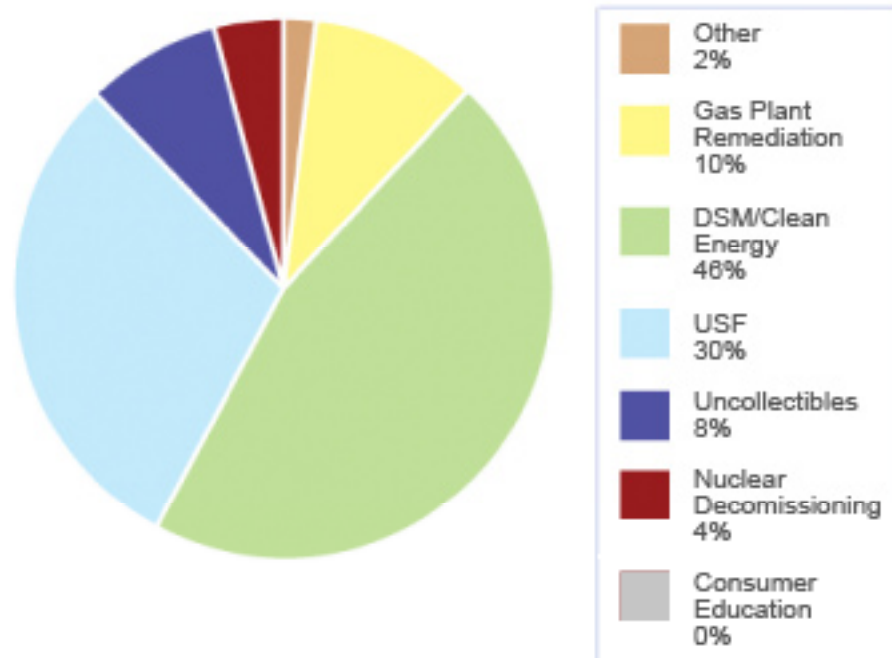
A. In 2006, an average residential electric utility customer contributed approximately \$13 to fund these programs and an average residential gas utility customer contributed approximately \$10. An average commercial electric utility customer contributed approximately \$31 to the fund in 2006 and an average commercial gas utility customer contributed approximately \$50.

Q. How do New Jersey businesses and residents benefit through SBC?

A. By reducing energy use and promoting renewable sources of energy generation, New Jersey's Clean Energy Program helps reduce the need for traditionally generated electricity and the burning of natural gas, which eliminates the pollution that would have been caused by such electric generation or natural gas usage. The benefits of these programs continue for the life of the measures installed, [which on average is about 15 years](#). Funds which are allocated toward energy efficiency projects and renewable energy generation in new construction and retrofits in New Jersey in turn help to stimulate New Jersey's economy with additional jobs for local trade allies. New Jersey's leading role in renewable energy initiatives provides opportunities for various businesses in the energy efficiency and renewable energy trades. Thus, through the SBC, communities and businesses receive substantial environmental and public health benefits, lower energy bills, and a stimulated economy.

From 2001 to 2006, activities and [measures supported through New Jersey's Clean Energy Program](#) resulted in lifetime energy savings of over 16.8 million MWh of electricity, 48 million dekatherms of natural gas, and 1.6 million MWh of renewable generation. These measures reduced electric demand in New Jersey by 530 MW, and eliminated the need to site, construct, and operate a mid-sized power plant. [These measures also helped avoid](#) over 15 million metric tons of CO₂ emissions – a real step toward reducing greenhouse gases.

SBC Funding Percentage by Program



Component:	\$ Collected (in millions)	% of Total SBC
Gas Plant Remediation	\$52.7	9.9 %
Consumer Education	\$1.0	0.2 %
DSM/Clean Energy	\$251.3	47.1 %
USF	\$158.7	29.8 %
Uncollectibles	\$40.4	7.6 %
Nuclear Decommissioning	\$20.0	3.8 %
Other	\$9.3	1.7 %
TOTAL EXPENDITURES	\$533.3	100.0%
Total Revenues Recovered Over/(Under) Recovery	\$439.3 (\$94.0)	