

New Jersey's Clean Energy Program™



DIVISION OF CLEAN ENERGY

Comprehensive Energy Efficiency & Renewable Energy Resource Analysis

Funding Levels – Fiscal Year 2022

May 18, 2021

DRAFT FOR PUBLIC COMMENTS

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LIST OF ACRONYMS

- AEG: Applied Energy Group
- Board or BPU: New Jersey Board of Public Utilities
- C&I: Commercial & Industrial
- CEA: Clean Energy Act of 2018
- CUNJ: Charge Up New Jersey Program
- CRA: Comprehensive Energy Efficiency & Renewable Energy Resource Analysis
- DCE: Division of Clean Energy
- DEP: Department of Environmental Protection
- DPMC: Division of Property Management and Construction
- ECC: Energy Capital Committee
- EDA: Economic Development Authority
- EDECA: Electric Discount and Energy Competition Act
- EE: Energy Efficiency
- EMP: Energy Master Plan
- EM&V: Evaluation, Measurement, and Verification
- ES: Energy Storage
- EO: Executive Order
- FC: Fuel Cell
- FY: Fiscal Year
- HVAC: Heating, Ventilation and Air Conditioning
- MHD: Medium and Heavy Duty
- NJCEP: New Jersey's Clean Energy Program
- NJIT: New Jersey Institute of Technology
- OSW: Offshore Wind
- OWEDA: Offshore Wind Economic Development Act
- Pilot Program: Community Solar Pilot Program
- RCGB: Rutgers University's Center for Green Buildings
- RE: Renewable Energy
- RFP: Request for Proposal
- SBC: Societal Benefits Charge
- SES: Division of State Energy Services
- SFI: State Facilities Initiative
- SREC: Solar Renewable Energy Certificates
- TRC: TRC Energy Solutions

EXECUTIVE SUMMARY

On February 9, 1999, the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq., was signed into law, which, among other things, created the societal benefits charge to fund programs for the advancement of energy efficiency and Class I renewable energy technologies and markets in New Jersey. EDECA also charged the New Jersey Board of Public Utilities with initiating proceedings and undertaking a comprehensive energy efficiency and renewable energy resource analysis in New Jersey. The comprehensive resource analysis would be used to determine the level of funding for EE and Class I RE programs statewide. Collectively, these programs form New Jersey's Clean Energy Program.[™] Over the past 20 years, the programs have significantly reduced energy usage, reduced greenhouse gas emissions, delivered clean, local sources of renewable energy, and resulted in billions of dollars of energy cost savings to New Jersey ratepayers.

From 2001 through 2011 (FY12), the Board established four-year funding levels as envisioned in the Act. Since 2012 the CRA has provided a single year funding level in order to advance the goals of NJCEP.¹

On January 31, 2018, Governor Phil Murphy signed Executive Order No. 8 (EO8)², which directed the BPU and all agencies with responsibility under the Offshore Wind Economic Development Act to “take all necessary action” to fully implement OWEDA and begin the process of moving New Jersey towards a goal of 3,500 megawatts of offshore wind energy generation by the year 2030. On November 19, 2019, Governor Murphy signed Executive Order No. 92 (EO92), which increased the goals for offshore wind energy generation to 7,500 megawatts by 2035.

On May 23, 2018, Governor Murphy signed the Clean Energy Act, L. 2018, c. 17, which takes several critical steps to improve and expand New Jersey's renewable energy programs and establishes ambitious energy reduction targets. The CEA requires 21% of the electricity sold in the State to be from Class I renewable energy sources by 2020, 35% by 2025, and 50% by 2030. Additionally, the CEA provides a platform to reform the State's solar program by making near-term structural changes to ensure that the program is sustainable over the long term and establishes a community solar energy program to allow all New Jersey residents to benefit from solar energy. Importantly, the CEA also established new energy savings targets of at least 2% annually for electric distribution companies and at least 0.75% for gas distribution companies.

¹ In the early years, the budgets and programs were based on calendar years, but in 2012, the Board approved the budgets and programs to be based on fiscal years to align with the overall State budget cycle.

² Executive Order No. 8

HISTORY/BACKGROUND

The Board initiated its first CRA proceeding in 1999 and issued the first CRA Order in 2001. The 2001 Order set 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 setting the funding levels, related programs, and program budgets for the years 2004 – Fiscal Year 2021.

From 2001 to 2006, the State’s electric and natural gas utilities managed the programs. In 2004, the Board determined that it would manage NJCEP going forward, and in 2005-2006, the Board issued RFPs to contract the necessary administrative services to assist in oversight. In 2006, the Board engaged Honeywell, Inc. to manage the RE and residential EE programs, and the Board engaged TRC to manage the C&I EE programs. In 2007, the Board engaged AEG as the NJCEP Program Coordinator. These contracts, following multiple extensions, terminated on March 31, 2016.

In April 2015, the Board, through the Department of the Treasury, Division of Purchase and Property (Treasury), issued RFP 16-X-23938 seeking proposals for a single Program Administrator to provide the services then being provided by Honeywell, TRC, and AEG (2015 RFP). On December 1, 2015, Treasury awarded the Program Administrator contract to AEG. Subsequently, on January 13, 2017, TRC Environmental Corporation acquired AEG’s New Jersey operation, including the NJCEP Program Administrator contract from AEG, and assumed AEG’s rights and obligations thereunder. TRC has subcontracted portions of the work under its contract to CLEAResult Consulting, Inc. and Energy Futures Group, Inc. TRC has managed programs since March 1, 2016, which marked the conclusion of the transition period set out in the RFP.

ENERGY MASTER PLAN

On May 23, 2018, Governor Murphy signed Executive Order No. 28 (EO28), directing the BPU to spearhead the committee to develop and deliver the new Energy Master Plan. The committee was comprised of senior staff designees from the following state agencies: Board of Public Utilities, Department of Community Affairs, Economic Development Authority, Department of Environmental Protection, Department of Health, Department of Human Services, Department of Transportation, Department of Labor and Workforce Development, and Department of the Treasury. The committee was tasked with developing a blueprint for the total conversion of the State’s energy production profile to 100% clean energy by January 1, 2050, with specific proposals to be implemented over the next 10 years.

On January 27, 2020, the 2019 EMP was unveiled following months of research, review, and stakeholder input. The EMP outlines seven key strategies to achieve 100% clean energy by 2050: reduce energy consumption and emissions from the transportation sector; accelerate deployment of renewable energy and distributed energy resources; maximize energy efficiency and conservation and reduce peak demand; reduce energy consumption and

emissions from the building sector; decarbonize and modernize New Jersey’s energy system; support community energy planning and action in underserved communities; and expand the clean energy innovation economy.

FUNDING LEVELS

The funding recommendations for FY22 considered NJCEP’s historic results and forecasts for the year. Staff is recommending that the Board maintain a funding level of \$344,665,000 for FY22. The following table summarizes the appropriate funding levels for NJCEP FY22 budget.

Proposed FY22 Funding Levels		
CEP Budget Category	FY22 SBC Funding	Total FY22 Funding
<i>Total NJCEP + State Initiatives</i>	344,665,000	586,106,880
State Energy Initiatives	87,100,000	87,100,000
Total NJCEP	257,565,000	499,006,880
Energy Efficiency Programs	137,484,894	311,225,053
Res EE Programs	18,169,071	26,386,739
Res Low Income (Comfort Partners)	45,930,000	45,930,000
C&I EE Programs	46,555,175	153,334,372
Energy Efficiency Transition	12,530,648	19,340,494
State Facilities Initiative	11,300,000	61,733,448
Acoustical Testing Pilot	3,000,000	4,500,000
Distributed Energy Resources	5,472,918	24,635,545
CHP - FC	5,472,918	20,635,545
Microgrids	0	4,000,000
RE Programs	10,661,449	28,384,270
Offshore Wind	7,992,441	25,715,262
Solar Registration	2,669,008	2,669,008
EDA Programs	10,587,000	16,359,085
Clean Energy Manufacturing Fund	87,000	109,085
NJ Wind	8,000,000	12,500,000
R&D Energy Tech Hub	2,500,000	3,750,000
Planning and Administration	30,720,000	45,310,870
BPU Program Administration	5,185,000	5,185,000
Marketing	8,000,000	13,601,927
CEP Website	0	400,000
Program Evaluation/Analysis	12,500,000	19,524,922

Outreach and Education	4,710,000	6,210,000
Memberships	325,000	389,021
BPU Initiatives	62,638,739	73,092,057
Community Energy Grants	505,000	1,000,000
Storage	20,000,000	20,000,000
Electric Vehicle Program	41,933,739	47,392,057
Workforce Development	0	4,500,000
Clean Tech	200,000	200,000

ENERGY EFFICIENCY

The CEA directs both the Board and the State’s investor-owned electric and gas utilities to take action regarding EE. The CEA requires the Board to adopt an electric and gas EE program in order to ensure investment in cost-effective EE measures, ensure universal access to EE measures, and serve the needs of low-income communities.

Additionally, as previously noted, the CEA requires each electric public utility to achieve annual reductions in the use of electricity of at least 2% and each natural gas public utility to achieve annual reductions in the use of natural gas of at least 0.75% of the average annual usage in the prior three years within five years of implementation of its EE program.

In January 2019, the BPU contracted with Optimal Energy to conduct a market potential study. Staff has worked with the New Jersey Division of Rate Counsel, utilities, and other stakeholders and held four stakeholder meetings to advance the study.

On February 1, 2019, the BPU held a public meeting to solicit responses to 12 questions that would help guide the process and advance the design of the EE programs under the requirements of the CEA.

At the May 28, 2019 Board agenda meeting, the Board approved the following items to advance the goals of the CEA:

- The acceptance of the final “Energy Efficiency Potential in New Jersey” study;
- The adoption of the preliminary quantitative performance indicators related to electric and natural gas usage reduction targets; and
- The structure of the Advisory Group, whose members would provide insight on key elements of program implementation and evaluation for Staff’s use in the development of recommendations to the Board.

An extensive public stakeholder process continued in the late summer, fall, and winter with 10 additional stakeholder and technical working group meetings, as well as regular meetings

with the Energy Efficiency Advisory Group. Significant stakeholder comment was received, reviewed, and incorporated and helped to refine three straw proposals (Program Administration, Cost Recovery, and Utility Targets), as well as a full straw proposal which resulted in Staff recommendations to the Board for the next generation of EE programs. On June 10, 2020, the Board approved an expansive EE program which highlighted an enhanced role for utilities and addressed issues such as utility-specific energy usage and peak demand reduction targets, program structure, cost recovery, utility filing requirements, program timeframes, evaluation, and reporting requirements. Staff is continuing to work with New Jersey's investor-owned utilities, the New Jersey Division of Rate Counsel, and other stakeholders to ensure that the new framework is put into place fully, properly, and with minimal ratepayer impact. Utilities are preparing their filings for programs to start on July 1, 2021.

In FY22, Staff will continue to transition the EE programs, as well as advance the evaluation, measurement, and verification needed to ensure energy savings. Staff will continue to facilitate working groups to assist in the implementation of State and utility EE programs. Staff will finally work to procure appropriate studies and evaluations to assist in the determination of energy savings, cost effectiveness, code compliance, EE baselines, and other relevant assessments.

The FY22 NJCEP proposal provides continuation of funding for programs for residential, governmental, commercial, and industrial markets, including special incentives for overburdened communities, with a particular focus on outreach and education to ensure equity in access to EE and development of a diverse EE workforce.

RENEWABLE ENERGY

Solar Transition

Pursuant to the CEA, the Board is transitioning from its legacy solar incentive program (SREC registration program or SRP) to a new Successor Solar Program. The Board initiated a proceeding in 2018 to gather stakeholder input on the transition and conducted a public rulemaking process for SREC registration program closure upon a determination that 5.1% of the kilowatt hours sold in the state comes from solar electric power generators connected to the state's electric distribution system (5.1% milestone).

In December 2019, the Board approved a Transition Incentive Program designed to provide a bridge between the legacy SREC program and a successor incentive program. The transition incentive was further amended by orders issued in January and February 2020 and adopted in rules published in the New Jersey Register on October 5, 2020.

At the April 6, 2020 agenda meeting, the Board announced that the attainment of the 5.1% milestone was imminent given the additional decline in retail electricity sales anticipated

with the COVID-19 response and directed Staff to close the SREC market to new entrants on April 30, 2020.

On May 1, 2020, the Transition Incentive Program opened to new projects and projects with a valid SRP registration that did not energize prior to the 5.1% milestone (and were not granted a COVID-19 waiver). The Transition Incentive Program will remain open to new registrants until the Successor Incentive Program, currently in development, is launched.

On January 7, 2021, the Board fulfilled the CEA mandate to study “how to modify or replace the SREC program to encourage the continued efficient and orderly development of solar renewable energy generating sources throughout the State.” The Board delivered the New Jersey Solar Transition Final Capstone Report to the Governor and legislature which summarized the findings of an extensive stakeholder process and provided recommendations based on these findings and solar market modeling specific to New Jersey.

On April 7, 2021, drawing from the Capstone Report findings, Staff issued a straw proposal which presented specific recommendations for the design of a successor solar incentive program (“Successor Program”). The straw proposal recommends that the Board employ two programs to provide incentives to solar electric generation facilities: an administratively-determined incentive and a competitive solicitation program. The final details of the Successor Program including the administratively-determined incentive levels will be approved by the Board based upon the public input solicited in the straw proposal. Details concerning the closure of the Transition Incentive program were also addressed in Staff’s straw proposal and the subject of public input. Staff anticipates procuring the services of a competitive solicitation program administrator and conducting additional stakeholder outreach before this element of the program design is finalized and implemented.

Community Solar

The New Jersey Community Solar Energy Pilot Program was launched on February 19, 2019, pursuant to the CEA (L. 2018, c. 17). The Pilot Program specifically aims to increase access to solar energy by enabling electric utility customers to participate in a solar generating facility that could be remotely located from their own residence or place of business. The BPU anticipates awarding at least 300 MW over the course of three years, at least 40% of which must be allocated to projects serving low- and moderate-income communities.

On December 20, 2019, the Board granted conditional approval to 45 projects as part of Program Year 1 of the Program, representing almost 78 MW. All 45 projects have committed to allocating at least 51% of project capacity to low- and moderate-income subscribers. Following a stakeholder proceeding on recommendations to improve the Program rules and regulations, the Board approved and released the Program Year 2 Community Solar Energy Pilot Program application form on October 2, 2020. The Program Year 2 Pilot Program application period closed on February 5, 2021. The Board is currently in the process of reviewing the 410 applications received by the deadline, representing approximately 800 MW.

On April 7, 2021, Staff issued a Staff Straw Proposal that included options and questions to stakeholders for the design of a permanent Community Solar Program. The permanent program is anticipated to be adopted by the Board by February 2022.

Offshore Wind

Governor Phil Murphy signed EO8 on January 31, 2018. The purpose of EO8 was to reinvigorate the implementation of the State's OWEDA. EO8 directed the BPU and all agencies with responsibility under OWEDA to "take all necessary action" to fully implement OWEDA and begin the process of moving New Jersey towards a goal of 3,500 megawatts of offshore wind energy generation by the year 2030. EO8 also required an initial solicitation of 1,100 MW as the first step towards achieving the goal and required the development of an Offshore Wind Strategic Plan (OSWSP).

In 2018, the Interagency Agency Taskforce on Offshore Wind was developed to assist in the development of the OSWSP. In FY19, a consultant for the OSWSP was retained and work began. In September 2018, the BPU issued a solicitation for 1,100 MW of offshore wind energy generation, and in June 2019, the BPU approved an application for a 1,100 MW offshore wind generation project submitted by Ocean Wind.

On November 19, 2019, Governor Murphy signed EO92, increasing the State's offshore wind energy generation goal to 7,500 MW by 2035. Governor Murphy found that, as a result of efforts by the State following EO8, "offshore wind development is a growing economic sector in the State with increases in supply chain presence, private investment in ports, workforce development efforts, and research and development for offshore wind industry and labor." Governor Murphy found that expanding the offshore wind goal will ensure that the State can "meet the State's goals of 50 percent renewable energy by 2030 and 100 percent clean energy by 2050, in addition to creating a significant number of good-paying jobs."

The OSWSP was released for public comment in July 2020 and was approved by the BPU in September 2020.

Also in September 2020, a second solicitation was issued for 1,200 to 2,400 MW of OSW. Evaluation of applications received from two developers in December 2020 is ongoing, with an expected award by the Board in June 2021.

In November 2020, the Board requested that PJM include the State's OSW goal into its regional transmission expansion planning under a PJM process known as the State Agreement Approach (SAA). The Board also issued an RFQ for a consultant to assist Staff with the SAA process, and a contract was awarded to a qualified consultant. A solicitation for OSW transmission solutions was issued by PJM on behalf of the Board in April 2021, with proposals expected in August 2021.

In FY21, the Board entered into a memorandum of understanding (MOU) with the South Jersey Port Corporation to provide funding for the development of a monopile manufacturing facility at the Port of Paulsboro. The Board also entered into an MOU with

the NJEDA to support the development of the New Jersey Wind Port and to support the activities of the WIND Institute.

DISTRIBUTED ENERGY RESOURCES

In FY20, the first phase of the BPU's Town Center Distributed Energy Resources (TCDER) Microgrid Incentive Program was completed. Phase I consisted of TCDER Microgrid feasibility studies. The BPU funded 13 feasibility studies, which Staff reviewed and accepted. Also, in FY20, the BPU launched Phase II of the TCDER Incentive Program. Phase II consists of incentives for a detailed design of the TCDER Microgrid, with the approved feasibility study participants eligible for Phase II incentives (one feasibility study participant voluntarily withdrew from consideration, leaving 12 eligible applicants for Phase II incentives). Eleven applications were received in May 2020, and in FY21, the BPU awarded incentives to eight (8) projects.

In FY19, the Board retained Rutgers University to conduct an analysis of energy storage (ES) in New Jersey pursuant to the CEA. The contract for the requested analysis commenced on November 1, 2018, and the Board accepted the final report at the June 12, 2019 Board meeting.

A solar+storage program was included in the Solar Successor Program Straw Proposal released for public comment in FY21. Phase Two of an energy storage program, which is separate from the Solar Successor Program, will further investigate, with stakeholder involvement, where storage can provide the most benefit to the transmission and distribution system at the least cost to ratepayers.

ELECTRIC VEHICLES

On January 17, 2020, the Governor signed into law L. 2019, c. 362 (N.J.S.A. 48:25-1 et seq.) ("the Electric Vehicle Act"), which established the State's goals for the use of plug-in EVs and the development of supporting plug-in EV charging infrastructure.³ In particular, the Act authorized the Board to adopt policies and programs to accomplish the State's goals and authorized the use of SBC funds to effectuate those policies and programs, which include:

1. There shall be at least 330,000 registered light-duty, plug-in electric vehicles in New Jersey by December 31, 2025, and at least 2 million electric vehicles registered in New Jersey by December 31, 2035.

³ N.J.S.A. 48:25-3.

2. At least 85% of all new light-duty vehicles sold or leased in New Jersey shall be plug-in electric vehicles by December 31, 2040.
3. At least 25% of State-owned non-emergency light duty vehicles shall be plug-in electric vehicles by December 31, 2025.
4. 100% of State-owned non-emergency light-duty vehicles shall be plug-in electric vehicles by December 31, 2035 and thereafter.
5. At least 1,000 Level Two chargers shall be available for public use across the state by December 31, 2025.
6. The Department of Environmental Protection, in consultation with the Board, shall establish goals for vehicle electrification and infrastructure development for medium and heavy duty vehicles by December 31, 2020.

In FY22, NJCEP will continue to advance those goals in a variety of different ways. In FY21, the Board approved two light-duty EV public charging programs and Staff is working with utility staff to ensure the successful implementation of those programs. Additionally, Staff is currently reviewing the two remaining filings to ensure they comply with the Board's minimum filing requirements for light-duty public EV charging. Staff has also begun the process for stakeholder input on the subject of Medium and Heavy Duty (MHD) EV charging and plans for multiple opportunities for input on MHD investment and mechanisms for rate recovery and rate setting for MHD EV charging.

The Electric Vehicle Act also created the Charge Up New Jersey Program (CUNJ) to encourage the purchase or lease of new light-duty plug-in electric vehicles in the State and assist New Jersey residents in making the switch to driving electric vehicles by offering a financial incentive directly linked to a vehicle's EPA-rated all-electric range. Staff launched Phase 1 of the program, the post-purchase incentive, in May 2020. In the first year of the program, which spanned across FY20 and FY21, CUNJ provided over 7,000 vehicles with over \$36 million in incentives. Staff recommends launching Phase 2, the point-of-sale incentive, pending approval of the FY22 budget and will develop Phase 3, which includes an incentive for residential chargers, later in the fiscal year.

The BPU intends to facilitate the achievement of the State's EV goals and implement an incentive program which moves the State forward on transportation electrification, while decreasing greenhouse gas emissions, for the light-duty sector.

Additionally, the EV law established goals to encourage the State-owned non-emergency light-duty vehicles EV adoption. The law calls for at least 25 percent of the fleet to be plug-in electric vehicles by 2025 and 100 percent by 2035. In order to achieve those goals, NJBPU Staff will develop a program in FY22 to assist in funding the increased up-front costs associated with the adoption of light-duty EVs for the State and municipal fleets.

STATE ENERGY SERVICES

The State Facilities Initiative (SFI) allows the State to lead by example by identifying and implementing EE projects at governmental and/or quasi-governmental mandated agencies and facilities. The goal is to implement energy reduction, energy savings, and EE projects with the objective of producing energy and cost savings. The Energy Capital Committee (ECC), chaired by BPU's Division of State Energy Services (SES), consists of members from the Department of Treasury, including the Office of Management and Budget, Fiscal, and the Division of Property Management and Construction (DPMC) Energy Initiatives Group, along with the BPU's SES and BPU fiscal division. The ECC coordinates and recommends approval of projects based on evaluation of capital costs and anticipated energy savings. The SFI funds are allocated for and spent on projects identified by the SES and the ECC.

The Board previously entered into two MOUs (February 22, 2017, Board Order (Docket No. Q017010075⁴) and November 13, 2019, Board Order (Docket No. Q019101423⁵)) with DPMC to implement projects. The 2019 MOU also established roles and responsibilities of the parties as well as governing SFI funding allocation and spending. The Board has the ability to further allocate funds and/or assign projects funded by the Board to the SFI.

Projects may focus on: (a) improvements, upgrades, and replacements of air handling and movement systems; (b) lighting and equipment upgrades and replacements; (c) boiler, chiller, and HVAC replacements; (d) lighting and building controls; (e) RE and EE systems at State facilities; and (f) injection of funding for State facility projects outside of the ECC domain that have an EE or RE component but are stalled due to lack of funding.

OUTREACH AND EDUCATION

In FY22, outreach and education will play a key role in driving energy savings and educating all customer markets of the benefits and cost savings associated with energy reduction plans.

The Division of Clean Energy postponed the Clean Energy Conference due to the health crisis. The conference will help educate the public about the benefits derived from NJCEP and the opportunities available through the program. The conference will deliver a platform that will inform industry, government, and trade stakeholders about upcoming changes and enhancements to New Jersey's clean energy initiatives, increasing national recognition of New Jersey as a leader in clean energy.

The DCE looks forward to continuing to improve the visibility and exposure of NJCEP and to advance the State's clean energy goals through a variety of efforts, including outreach through

⁴ In re the Matter of a Memorandum of Understanding between the New Jersey Division of Property Management and Construction and the New Jersey Board of Public Utilities, BPU Docket No. Q017010075, Order Dated February 22, 2017.

⁵ In re the Matter of the Memorandum of Understanding Between the New Jersey Division of Property Management and Construction, Department of Treasury and the New Jersey Board of Public Utilities Regarding the State Facilities Initiatives Program Budget, BPU Docket No. Q019101423, Order Dated November 13, 2019.

its program administrator, as well as strategic partnerships with academic and non-profit partners such as the New Jersey Institute of Technology and Sustainable Jersey.

EVALUATION

Evaluation and related research provide crucial insights into and analysis of clean energy markets and programs. The BPU is the lead agency tasked with the development and implementation of the EMP and NJCEP. As such, the BPU is required to track and report on progress in meeting the EMP goals, as well as to evaluate current and proposed NJCEP programs in terms of their achievement of energy savings, rate impact, and costs versus benefits of specific programs operated through ratepayer funds. The BPU is also required to establish baselines related to efficiency, RE generating sources, and emerging technologies and to evaluate the market potential for current and emerging clean energy technologies.

The CEA required the Board to establish an independent advisory group to study the evaluation, measurement, and verification process for EE and peak demand reduction programs. In FY20, Staff convened the Energy Efficiency Advisory Group, which played a key role in establishing the new EE framework. The EE transition framework established by the Board on June 10, 2020 required enhanced EM&V to ascertain both costs and savings, among other targets.

Rutgers University's Center for Green Building will continue to support the BPU's DCE to manage program evaluation and the NJ Energy Data Center and to perform cost-benefit analyses and other related research activities. However, the most recent Scope of Work has been revised from previous years to reflect the evolving role of RCGB given the Energy Efficiency Transition. Several of the tasks currently completed by RCGB will transition to other entities with the implementation of the Energy Efficiency Transition Order and establishment of the EM&V Working Group. The current SOW has been modified to reflect this transition by dividing tasks in to Legacy and Transitional and New Convened and Emergent Tasks.

Recently, Staff has procured a statewide evaluator to assist in the independent evaluation of State and utility programs and to help lead the EM&V Working Group as required by the Board on June 10, 2020.

Over the next 18 months, Staff will work with a consulting firm to supplement the Integrated Energy Plan and preliminary analysis initiated by RCGB to complete a final Ratepayer Impact Study of the 2019 Energy Master Plan. The consultant will assist Staff with developing cost estimates for the various elements of implementing New Jersey's clean energy goals such as the Renewable Portfolio Standard, solar incentives, energy efficiency, electric vehicles, offshore wind, energy storage programs, and the Regional Greenhouse Gas Initiative.

Additionally, the consultant will assist Staff with an ongoing collaborative stakeholder

process that will inform the development of the Study.

FISCAL YEAR 2022

In developing the funding recommendations for FY22, Staff considered the program’s historic results and current trends. The following table shows NJCEP program expenses, commitments, and energy savings/generation since FY20:

NJ Clean Energy Program							
<i>Historical Results</i>							
Category	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Expenses:							
Energy Efficiency	\$178,097,682	\$187,876,975	\$158,597,561	\$154,637,292	\$141,866,785	\$155,100,858	\$168,966,595
CHP	\$1,474,906	\$2,448,358	\$4,958,392	\$21,116,544	\$5,611,076	\$6,950,828	\$2,959,614
Renewable Energy	\$4,193,890	\$4,699,543	\$4,247,762	\$2,372,698	\$1,968,807	\$2,617,286	\$2,937,681
EDA Programs	\$5,524,016	\$2,877,474	\$202,606	\$2,550,186	\$134,654	\$98,749	\$75,491
NJCEP Admin	\$5,511,570	\$5,435,669	\$7,574,044	\$7,460,631	\$7,004,563	\$8,732,720	\$6,186,094
TRUE Grant	\$7,419,100	\$0	\$3,000,000	\$3,291,331	\$0	\$0	\$0
BPU Initiatives	\$0	\$0	\$0	\$0	\$0	\$0	\$739,875
NJCEP Total Expenses	\$202,221,164	\$203,338,018	\$178,580,365	\$191,428,681	\$156,585,885	\$173,500,440	\$181,865,350
Year-end Commitments:							
Energy Efficiency	\$95,187,314	\$102,018,033	\$83,573,517	\$103,660,829	\$116,223,497	\$132,443,047	\$128,472,910
CHP	\$6,050,795	\$9,361,807	\$31,490,510	\$25,075,756	\$19,732,356	\$14,231,341	\$16,465,176
Renewable Energy	\$7,755,043	\$7,233,804	\$7,442,096	\$0	\$0	\$572,829	\$2,184,994
EDA Programs	\$8,106,179	\$13,438,007	\$9,123,680	\$3,010,804	\$0	\$0	\$0
NJCEP Admin	\$0	\$0	\$552,330	\$2,185,196	\$1,698,195	\$2,976,858	\$6,428,988
TRUE Grant	\$1,874,500	\$0	\$0	\$0	\$0	\$0	\$0
BPU Initiatives	\$0	\$0	\$0	\$0	\$0	\$0	\$1,982,701
NJCEP Total Expenses	\$118,973,832	\$132,051,651	\$132,182,133	\$133,932,585	\$137,654,049	\$150,224,074	\$155,534,770
Total Program Need:							
Energy Efficiency	\$273,284,995	\$289,895,008	\$242,171,078	\$258,298,120	\$258,090,282	\$287,543,904	\$297,439,506
CHP	\$7,525,702	\$11,810,165	\$36,448,902	\$46,192,300	\$25,343,433	\$21,182,168	\$19,424,790
Renewable Energy	\$11,948,933	\$11,933,347	\$11,689,858	\$2,372,698	\$1,968,807	\$3,190,115	\$5,122,675
EDA Programs	\$13,630,195	\$16,315,480	\$9,326,286	\$5,560,990	\$134,654	\$98,749	\$75,491
NJCEP Admin	\$5,511,570	\$5,435,669	\$8,126,374	\$9,645,827	\$8,702,758	\$11,709,578	\$12,615,083
TRUE Grant	\$9,293,600	\$0	\$3,000,000	\$3,291,331	\$0	\$0	\$0
BPU Initiatives	\$0	\$0	\$0	\$0	\$0	\$0	\$2,722,576
NJCEP Total Need	\$321,194,996	\$335,389,669	\$310,762,498	\$325,361,266	\$294,239,934	\$323,724,514	\$337,400,121
Savings:							
Electric (Lifetime MWh)	6,040,321	6,596,626	5,196,520	8,702,258	4,741,803	7,446,341	11,613,313
Gas (Lifetime Dtherm)	16,657,595	14,611,466	19,448,885	17,537,782	18,961,253	13,831,065	10,226,899
Demand Reduction (kW)	80,245	113,442	69,668	76,104	52,461	73,154	98,771
Generation (MWh)	5,346,105	4,853,617	7,800,616	9,338,166	8,564,608	8,240,121	11,744,618

SBC COLLECTION SCHEDULE

For FY22, the allocation of the funding to utilities is based on the statewide Universal Service Fund proceeding that forecasts electric and natural gas operating jurisdictional revenues and normalized monthly sales, which are provided below.

Proposed Allocation to Electric and Natural Gas Ratepayers			
		2019-20 Estimated Retail Revenues (000)*	% of Total Revenues
Electric		\$6,757,654	66.91%
Natural Gas		\$3,342,355	33.09%
Total		\$10,100,010	100.00%
Year	Total Funding Level	Electric	Natural Gas
Allocation %		66.91%	33.09%
FY22	\$344,665,000	\$230,606,402	\$114,058,598
Retail revenues from PSE&G USF filing Attachment A dated June 25, 2020			

Projected Sales Volumes														
Estimates of Normalized Jurisdictional Sales														
	2021	2021	2021	2020	2020	2020	2021	2021	2021	2021	2021	2021	Total	
	July	August	September	October	November	December	January	February	March	April	May	June	Total	
Gas Therms* (000)														
NJNG	19,686	19,749	19,337	33,288	67,472	111,854	138,032	115,314	93,580	48,664	26,827	19,928	713,730	15.51%
SJG	19,523	18,619	19,084	18,959	37,318	60,086	89,135	86,679	76,924	56,158	28,453	21,978	532,916	11.58%
PSE&G gas	80,400	76,517	78,149	108,930	217,085	376,481	489,502	490,771	403,480	282,863	144,022	104,534	2,852,733	61.98%
ETG	17,784	18,143	16,252	20,265	36,503	60,204	79,261	87,014	69,917	50,180	28,847	19,021	503,391	10.94%
Total	137,393	133,028	132,822	181,442	358,378	608,625	795,930	779,777	643,901	437,864	228,148	165,461	4,602,770	100.00%
Electric MWH														
PSE&G electric	4,048,024	4,052,234	3,684,958	3,088,557	2,933,582	3,367,670	3,538,875	3,330,548	3,168,172	2,915,699	2,933,414	3,358,593	40,420,326	57.60%
JCP&L	1,978,780	2,147,468	1,922,486	1,453,440	1,360,072	1,518,390	1,801,582	1,659,020	1,545,133	1,403,531	1,393,636	1,628,449	19,811,987	28.23%
ACE	911,112	968,315	960,435	543,657	582,417	621,099	737,005	690,017	681,000	572,431	566,136	655,893	8,489,517	12.10%
RECO	153,551	153,201	138,512	117,246	108,406	119,355	123,455	111,920	103,283	99,585	103,218	123,108	1,454,840	2.07%
Total	7,091,467	7,321,217	6,706,391	5,202,900	4,984,477	5,626,514	6,200,917	5,791,505	5,497,588	4,991,246	4,996,404	5,766,042	70,176,670	100.00%
*Gas sales exclude wholesale therms														
source: 6/25/20 PSE&G USF filing Attachment A														

Staff utilized the revenue and sales projection from the tables above to develop the proposed monthly utility payments. The table on the next page sets out the proposed monthly payments to the Clean Energy Trust Fund due from each utility. This fund accounts for revenues collected from the SBC on monthly utility bills. Funds generated from this charge are used to support clean energy initiatives.

Monthly Utility Funding Levels

FY22	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
PS-Electric	\$13,302,146.32	\$13,315,978.26	\$12,109,081.19	\$10,149,255.85	\$9,639,995.66	\$11,066,446.09	\$11,629,038.16	\$10,944,459.25	\$10,410,878.71	\$9,581,229.84	\$9,639,442.58	\$11,036,616.23	\$132,824,568.14
JCP&L	\$6,502,436.47	\$7,056,759.34	\$6,317,449.68	\$4,776,125.32	\$4,469,310.27	\$4,989,556.45	\$5,920,149.03	\$5,451,678.38	\$5,077,436.18	\$4,612,120.18	\$4,579,604.38	\$5,351,219.52	\$65,103,845.20
ACE	\$2,993,988.56	\$3,181,962.68	\$3,156,069.74	\$1,786,502.60	\$1,913,871.06	\$2,040,983.16	\$2,421,861.38	\$2,267,454.89	\$2,237,822.05	\$1,881,057.42	\$1,860,370.93	\$2,155,318.58	\$27,897,263.05
RECO	\$504,581.42	\$503,431.29	\$455,162.01	\$385,280.16	\$356,231.18	\$392,210.51	\$405,683.45	\$367,778.47	\$339,396.57	\$327,244.63	\$339,182.98	\$404,543.18	\$4,780,725.85
NJN	\$487,826.70	\$489,397.55	\$479,189.40	\$824,882.17	\$1,671,983.09	\$2,771,780.90	\$3,420,487.18	\$2,857,526.98	\$2,318,941.56	\$1,205,903.72	\$664,772.68	\$493,832.79	\$17,686,524.72
SJG	\$483,792.47	\$461,378.67	\$472,900.31	\$469,824.29	\$924,751.56	\$1,488,955.43	\$2,208,811.90	\$2,147,940.54	\$1,906,220.35	\$1,391,609.50	\$705,082.24	\$544,628.95	\$13,205,896.21
PS-Gas	\$1,992,344.37	\$1,896,116.95	\$1,936,574.66	\$2,699,332.23	\$5,379,454.19	\$9,329,363.74	\$12,130,057.52	\$12,161,503.09	\$9,998,413.90	\$7,009,465.45	\$3,568,917.26	\$2,590,390.19	\$70,691,933.55
ETG	\$440,695.09	\$449,591.26	\$402,731.48	\$502,175.33	\$904,559.88	\$1,491,880.75	\$1,964,121.37	\$2,156,243.97	\$1,732,573.03	\$1,243,481.77	\$714,840.94	\$471,348.41	\$12,474,243.28
Total	\$26,707,811.40	\$27,354,616.00	\$25,329,158.47	\$21,593,377.95	\$25,260,156.89	\$33,571,177.03	\$40,100,209.99	\$38,354,585.57	\$34,021,682.35	\$27,252,112.51	\$22,072,213.99	\$23,047,897.85	\$344,665,000.00

Note: yellow cell reduced by \$0.07 to adjust for rounding

CONCLUSION

In May 2018, Governor Murphy's EO28 directed the State to achieve 100% clean energy by 2050. Staff's FY22 CRA straw proposal is intended to recognize the value of energy efficiency, renewable energy, and distributed energy resources as foundational energy resources that, when delivered cost-effectively, reduce the cost of energy for all ratepayers while providing additional benefits, including the health benefits associated with improved air quality, lower environmental compliance costs, increased grid reliability, and economic development opportunities in the form of jobs and a more competitive business environment. This proposal recommends that the State continue to make the investments necessary to keep New Jersey on the path toward achieving the Governor's clean energy goals.