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VP, Rates and Regulatory

May 26, 2023

VIA ELECTRONIC MAIL ONLY

Sherri Golden, Board Secretary
New Jersey Board of Public Utilities
44 S. Clinton Avenue
P.O. Box 350
Trenton, NJ 08625
Sherri.Golden@bpu.nj.gov

**Re: Quarterly Progress Report of Elizabethtown Gas Company – 3rd Quarter Program
Year 2023
DOCKET NOS. QO19010040 & GO20090619**

Dear Secretary Golden:

Pursuant to the Board's current filing procedures, herein is the Quarterly Progress Report for the third quarter ("Q3") of Program Year 2023¹ ("PY23") of Elizabethtown Gas ("ETG" or "Company") with respect to its Clean Energy Act of 2018 Energy Efficiency ("EE") and Peak Demand Reduction ("PDR") Programs.

In accordance with the Order issued by the Board in connection with I/M/O the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. E020030254, Order dated March 19, 2020, this document is being electronically filed. No paper copies will follow.

Energy Efficiency Program Progress - Executive Summary:

As of the third quarterly report, ETG continues to focus on implementing residential, multi-family and commercial programs and educating customers, contractors, and retailers on the portfolio of programs.

¹ For the purposes of these quarterly reports, the numbering of the quarters align to these dates: **Q1** (7/1/22-9/30/22); **Q2** (10/1/22 - 12/31/22); **Q3** (1/1/23 - 3/31/23); **Q4** (4/1/23 - 6/30/23).

The utilities continued to collaborate and participate on working calls to ensure consistent implementation, address joint budget needs, and support contractors.

The Utilities are continuing to work on the development of the Statewide Coordinator (SWC) system that will facilitate the exchange of investments and energy savings between a Lead Utility and a Partner Utility. As of the date of this report, the SWC system is not yet fully tested and operational, therefore the utilities have not yet transferred information for expenditures and energy savings. As discussed during Utility Working Group discussions, Utilities are supporting the incentives for comprehensive projects that address both fuels with the intention to transfer all information through the SWC when the system is operational and integrated with each utility's program management software and tracking system. The joint utilities continue to hold weekly meetings to coordinate on program budgets. The utilities submitted a petition for consideration with a proposed solution for potential budget disparities and the BPU has approved. Accordingly, the information reflected within this quarterly report reflects all investments and financing made by Elizabethtown Gas including those as the Lead Utility on behalf of a Partner Utility. Energy savings shown within this report only reflects savings for Elizabethtown Gas's primary fuel.

ETG programs delivered 56,947 DTh of savings in the third quarter, or approximately 32% of the annual target.

Residential Sector

- Elizabethtown Gas has contracted Honeywell as the implementation party for the residential programs, save for the Marketplace Program and the Behavioral Program which will be served by Uplight.
- The Existing Homes Home Performance with Energy Star program reported 253 DTh in energy savings or approximately 5% of the program's PY23 target. The Home Performance with ENERGY STAR Program saw 7 projects completed.
- The Behavioral program reported 32,719 DTh in energy savings or approximately 56% of the program's PY23 target. The Behavioral Program had 170,577 customers in this quarter's the treatment group.
- The Efficient Products program reported 19,886 DTh in energy savings or approximately 23% of the program's PY23 target.
 - The Marketplace Program saw 2,186 participants in this quarter.
 - The Appliance Rebates Program saw 408 participants in this quarter.
 - ETG offers appliance rebates at 78 retail outlets including large and independently-owned stores.
 - The HVAC Program saw 349 participants in this quarter.
 - In this quarter, 12 of the HVAC program participants qualified for the supplemental incentive for Low to Moderate Income customers.

- 1 EE Giveaway Kit was distributed through EmPowered Schools to students at schools located in ETG's service territory in this quarter.
- The Quick Home Energy Check Up Program had 90 completed projects.
- The Moderate Income Weatherization Program had 79 completed projects.

Commercial Sector

- Elizabethtown Gas has contracted Applied Energy Group as the implementation party for the Commercial Programs.
- Small Business Direct Install Program had 4 project completed and an additional 4 audits were completed during the reporting period.
- Prescriptive and Custom Program had 1 completed project in this quarter.
- The Engineered Solutions, and Energy Management Programs did not deliver any savings during the reporting period but outreach efforts to larger customers are in progress and we expect these programs to start to ramp up.

Multi-Family Sector

- Elizabethtown Gas has contracted Honeywell as the implementation party for the Multi-Family Home Performance Program, and Multi-Family Direct Install Program.
- Elizabethtown Gas has contracted Applied Energy Group as the implementation party for Multi-Family Engineered Solutions and Multi-Family Prescriptive and Custom Programs
- The Multi-Family: Direct Install program saw 114 participants this quarter.
- The Multi-Family: Home Performance with Energy Star program saw 72 participants during this quarter.
- Year to date, the Multi-Family sector has reported 3,760 DTh in energy savings or approximately 98% of the sector's PY23 target.

Comfort Partners Summary

ETG continues to partner with the BPU and our utility partners to implement Comfort Partners and support our low income customers. Comfort Partners had 96 participants for this quarter resulting in 798 DTh annual savings.

Table 1 shows the Company's overall performance as a percentage of retail sales, which includes retail sales reductions achieved by the Comfort Partners program, which is the primary program serving low-income customers and is co-managed by the Division of Clean Energy in conjunction with Elizabethtown Gas and the other investor-owned electric and gas utility companies.

Table 1 – Program Year 2023 Program Results

Period Covered	Utility-Administered Retail Savings (DTh) 1,2	Comfort Partners Retail Savings (DTh) 1,2	Other Programs Retail Savings (DTh)3	Total Portfolio Retail Savings (DTh) 1,2	Compliance Baseline (DTh) 4	Annual Target (%)	Annual Target (DTh)	Percent of Annual Target (%)
	(A)	(B)	(C)	(D) = (A)+(B)+(C)	(E)	(F)	(G) = (E)*(F)	(H) = (D) / (G)
Quarter	56,150	798	N/A	56,947				
YTD	204,083	2,395	N/A	206,478	49,647,793	0.34%	168,802	122%

¹ Calculated savings at the retail (customer meter) level. Savings are estimated from participation counts and TRM calculations, where applicable.

² Encompasses all ex-ante savings for the Plan Year, including prior adjustments.

³ Other Programs includes Company-specific programs that are not part of the Clean Energy Act (CEA) energy efficiency programs and Comfort Partners, such as legacy programs and pilots.

⁴ Calculated as average annual gas usage in the prior three plan years (i.e., July – June) per N.J.S.A. 48:3-87.9(a). Details are provided in Appendix E.

Figure 1 shows that year to date natural gas savings is 114% of the PY23 annual savings goal, and program year to date spending is 43% of the PY23 expenditure target.

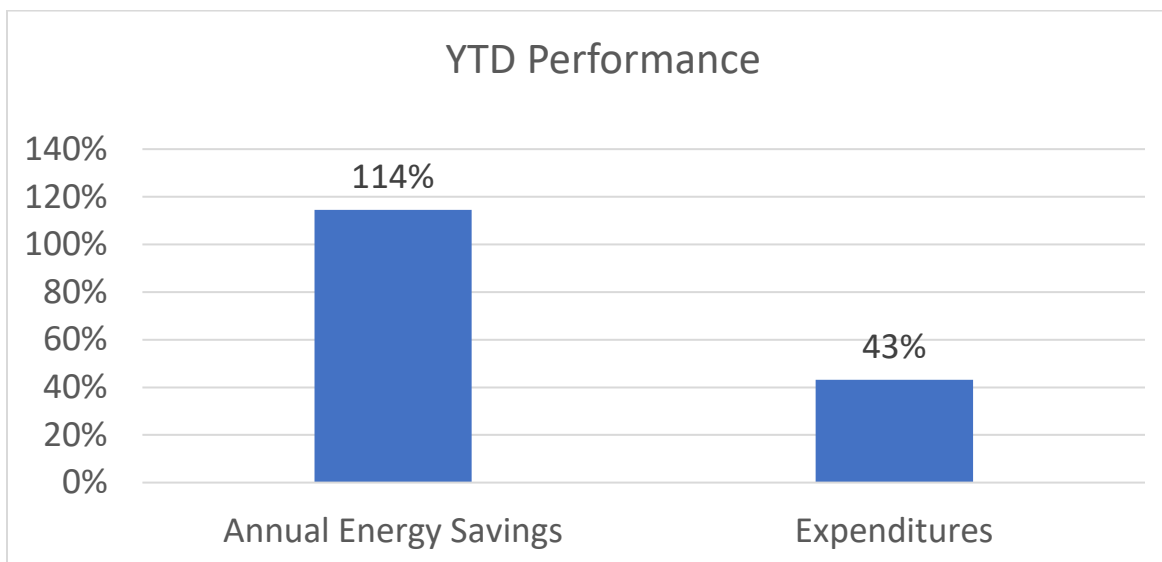


Figure 1: YTD performance of Annual Energy Savings and Budget

The Residential sector has represented 30% of the annual target savings. Low to Moderate-Income Savings was driven by the Moderate-Income Weatherization Program at 1,028 DTh in annual savings and 25,350 DTh in lifetime savings. This quarter, 4 Small Commercial projects in the C&I Direct Install Program were completed for 790 DTh in annual savings.

Table 2 provides the results of the QPIs for all programs for which utilities are responsible, inclusive of the CEA-funded programs, Comfort Partners program (only included in low/moderate income lifetime savings), and any legacy energy efficiency programs administered by ETG that were authorized or funded by or through a prior filing or authorization.

Table 2 – Quantitative Performance Indicators

	Quarter				Year to Date				Annual Target ¹	Percent of Annual Target Achieved
	Utility-Administered Quarter Retail Savings	Comfort Partners Quarter Retail Savings	Other Programs Quarter Retail Savings	Total Portfolio Quarter Retail Savings	Utility-Administered YTD Retail Savings	Comfort Partners YTD Retail Savings	Other Programs YTD Retail Savings	Total Portfolio YTD Retail Savings		
Annual Energy Savings (Dth)	56,150	798	N/A	56,947	204,083	2,395	N/A	206,478	180,426	114%
Lifetime Savings (Dth)	397,494	14,926	N/A	412,420	1,863,976	45,799	N/A	1,909,775	1,310,254	146%
Annual Demand Savings (Dth Peak Day)										
Low/Moderate-Income Lifetime Savings (Dth) ²	29,763	14,926	N/A	44,689	53,777	45,799	N/A	99,576		
Small Commercial Lifetime Savings (Dth) ³	10,473		N/A	10,473	14,874		N/A	14,874		

¹ Annual targets reflect estimated impacts as filed in the Company’s EE filing

² Low/Moderate-Income lifetime savings are provided separately for Comfort Partners and any income-qualified Residential or Multi-Family program.

³ Small Commercial lifetime savings are Direct Install program savings and those from C&I small business customers (<200 kW peak demand) in other programs.

Sector-Level Participation, Expenditures, and Annual Energy Savings

Residential Programs had 173,697 participants and delivered 56,150 DTh of energy savings during the reporting period, amounting to 30% of the overall PY23 target. The savings were driven by the Efficient Products program especially the Marketplace Program and its smart thermostats sales delivering 13,939 DTh of energy savings. The Efficient Products programs had 2,944 participants and delivered 19,886 DTh of energy savings. The Behavioral program had 170,577 participants and delivered 32,719 DTh of energy savings. The Multi-Family Programs had 186 participants and delivered 1,325 DTh of energy savings. The C&I Programs has 5 participants and delivered 821 DTh of energy savings. To date, the utility administered programs delivered 204,083 DTh in savings or 114% of the PY23 annual target.

Expenditures during the quarter are approximately 14% of the budget for PY23 and were driven by Residential Programs. The closing of multiple C&I and Multi-Family projects this quarter was also a contributing factor. We are partnering with our implementation teams to develop marketing and outreach plans to connect customers with trade allies, present projects, and establish a pipeline that will provide the participation needed to achieve our energy savings targets.

Table 3 – Quarterly Sector-Level Participation

Sector ¹	Current Quarter Participants	YTD Participants	Annual Forecasted Participants	Percent of Annual Forecast
Residential	173,697	189,867	178,227	107%
Multi-Family	186	539	913	59%
C&I	5	11	1,398	1%
Reported Totals for Utility Administered Programs	173,888	190,417	180,538	105%
Comfort Partners ²	96	303	5,760	N/A
Utility Total	173,984	190,720	180,538	105%

¹ Please note that these numbers are totals across all programs within a sector. The appendix shows the participation numbers for individual programs.

² Comfort Partners, the primary program serving low-income customers, is co-managed by the Division of Clean Energy in conjunction with Elizabethtown Gas and the other investor-owned electric and gas utility companies.

Quarterly Level Expenditures

The following table provides quarterly level expenditures by sector. Elizabethtown Gas’s expenses for this quarter were 14% of the PY23 budget.

Table 4 – Quarterly Sector-Level Expenditures

Expenditures ¹	Current Quarter Expenditures (\$000)	YTD Expenditures (\$000)	Annual Budget Expenditures (\$000)	Percent of Annual Budget
Residential	\$2,490	\$7,127	\$15,753	45%
Multi-Family	\$208	\$1,015	\$1,903	53%
C&I	\$413	\$1,167	\$3,913	30%
Reported Totals for Utility Administered Programs	\$3,110	\$9,309	\$21,569	43%
Comfort Partners	\$614	\$1,815	\$3,434	53%
Utility Total	\$3,725	\$11,124	\$25,003	44%

¹ Expenditures include rebates, incentives, and loans, as well as program administration costs allocated across programs.

Quarterly Level Energy Savings

The Residential Sector largely contributed to the energy savings in this quarter, reporting 54,003 DTh of energy savings, or 30% of the PY23 annual target. This is attributed to the increased activity in the Marketplace Program. As outreach efforts continue, we expect increased activity, and energy savings, for the Commercial and Multi-Family Sectors.

Table 5 – Quarterly Sector-Level Annual Energy Savings

Annual Energy Savings ¹	Current Quarter Retail (DTh)	YTD Retail (DTh)	Annual Target Retail (DTh)	Percent of Annual Target
Residential	54,003	191,997	155,620	123%
Multi-Family	1,325	3,760	3,848	98%
C&I	821	8,326	20,958	40%
Reported Totals for Utility Administered Programs	56,150	204,083	180,426	113%
Comfort Partners ²	798	2,395	29,535	N/A
Utility Total	56,947	206,478	180,426	114%

¹ Annual Energy Savings represent the total expected annual savings from all energy efficiency measures within each sector.

² Comfort Partners Annual Target Retail Savings is a statewide target.

Portfolio Expenditures Breakdown

Program expenditures reflect Elizabethtown Gas expenditures for the third quarter as 14% of the PY23 budget.

Table 6 – Quarterly Costs and Budget Variances by Category ¹

Total Utility EE/PDR	Quarter Reported (\$000)	YTD Reported (\$000)	Full Year Budget (\$000)	Percent of Budget Spent
Capital Costs ²	\$0	\$184	\$0	N/A
Utility Administration	\$170	\$703	\$957	73%
Marketing	\$42	\$235	\$527	45%
Outside Services	\$355	\$1,222	\$2,896	42%
Rebates ³	\$1,659	\$4,837	\$10,259	47%
No- or Low-Interest Loans	\$836	\$1,893	\$6,188	31%
Evaluation, Measurement & Verification (“EM&V”)	\$40	\$211	\$526	40%
Inspections & Quality Control	\$8	\$25	\$216	12%
Utility EE/PDR Total	\$3,110	\$9,309	\$21,569	43%

¹ Categories herein align to ETG’s EE plan as approved by the BPU.

² Capital Costs for Elizabethtown Gas had approximately \$316,000 left over from PY22 Capital Cost budget for the On-Bill Repayment Program. The expenditures seen here in PY23 are using the remaining budget.

³ Rebates include rebates and other direct investments.

Equity Metrics

These equity metrics draw from the considerable work of the New Jersey Office of Environmental Justice's Overburdened Community (“OBC”) designations. Per New Jersey’s Environmental Justice Law, N.J.S.A. 13:1D-157, census block groups are identified as being an “Overburdened Community” when certain census criteria are met¹, and metrics reported herein reflect further direction from BPU Staff². These data are compiled into Table 7 detailing Equity Performance. Elizabethtown Gas has contracted Applied Energy Group on the development of Equity Metrics with the metrics agreed upon by the joint utilities.

¹ Per N.J.S.A. 13:1D-157: (1) at least 35 percent of the households qualify as low-income households; (2) at least 40 percent of the residents identify as a minority or as members of a State recognized tribal community; or (3) at least 40 percent of the households have limited English proficiency.

² Per guidance from BPU Staff, Overburdened Communities as used in Table 7 reflect those communities where at least 35 percent of the households qualify as low-income households, but exclude those communities that are solely designated as Minority, Limited English, or Minority and Limited English.

Table 7 – Quarterly Equity Performance

Territory-Level Benchmarks	Overburdened ¹	Non-Overburdened	%OBC ²
# of Household Accounts	42,911	236,301	15%
# of Business Accounts	3,837	18,997	17%
Total Annual Energy (DTh)	7,127,164	41,694,008	15%

Programs	Sub Program or Offering	Types of Sub Program Offering	Quarter Overburdened ¹	Quarter Non-Overburdened	%OBC ²	YTD Overburdened	YTD Non-Overburdened	%OBC ²
Participation								
Residential - Efficient Products	HVAC	Core	19	330	5%	45	748	6%
	Appliance Rebates	Core	28	380	7%	69	1,124	6%
	Online Marketplace	Core	253	1,933	12%	1,688	14,948	10%
Residential - Existing Homes	Energy Efficient Kits	Core	0	1	0%	74	244	23%
	Home Performance with Energy Star	Core	1	6	14%	2	19	10%
	Quick Home Energy Check-Up	Additional	5	85	6%	12	191	6%
	Moderate Income Weatherization	Additional	16	63	20%	24	102	19%
	Behavioral	Additional	31,714	138,863	19%	31,714	138,863	19%
C&I Direct Install	Direct Install	Core	0	4	0%	0	6	0%
Energy Solutions for Business	Prescriptive/Custom	Core	0	1	0%	0	5	0%
	Energy Management	Additional	0	0	N/A	0	0	N/A
	Engineered Solutions	Additional	0	0	N/A	0	0	N/A
Multifamily	Multi-Family Home Performance with Energy Star	Core	0	72	0%	72	236	23%
	Multi-Family Direct Install	Core	0	114	0%	53	178	23%
	Multi-Family Prescriptive / Custom	Core	0	0	N/A	0	0	N/A
	Multi-Family Engineered Solutions	Core	0	0	N/A	0	0	N/A
Total Core Participation			301	2,841	10%	2,003	17,508	10%
Total Additional Participation			31,735	139,011	19%	31,750	139,156	19%
Total Participation			32,036	141,852	18%	33,753	156,664	18%
Annual Energy Savings (DTh)								
Residential - Efficient Products	HVAC	Core	301	5,435	5%	719	11,498	6%
	Appliance Rebates	Core	15	193	7%	36	564	6%
	Online Marketplace	Core	1,623	12,317	12%	10,882	96,825	10%
Residential - Existing Homes	Energy Efficient Kits	Core	0	3	0%	481	1,583	23%
	Home Performance with Energy Star	Core	72	181	29%	124	617	17%
	Quick Home Energy Check-Up	Additional	10	107	9%	17	285	6%
	Moderate Income Weatherization	Additional	98	930	10%	256	1,608	14%
	Behavioral	Additional	6,083	26,636	19%	12,364	54,137	19%
C&I Direct Install	Direct Install	Core	0	790	0%	0	1,087	0%
Energy Solutions for Business	Prescriptive/Custom	Core	0	32	0%	0	7,239	0%
	Energy Management	Additional	0	0	N/A	0	0	N/A
	Engineered Solutions	Additional	0	0	N/A	0	0	N/A
Multifamily	Multi-Family Home Performance with Energy Star	Core	0	920	0%	830	2,241	27%
	Multi-Family Direct Install	Core	0	405	0%	211	478	31%
	Multi-Family Prescriptive / Custom	Core	0	0	N/A	0	0	N/A
	Multi-Family Engineered Solutions	Core	0	0	N/A	0	0	N/A
Total Core Annual Energy Savings			2,011	20,274	9%	13,283	122,133	10%
Total Additional Annual Energy Savings			6,191	27,673	18%	12,637	56,030	18%
Total Annual Energy Savings			8,202	47,948	15%	25,920	178,163	13%
Lifetime Energy Savings (DTh)								
Residential - Efficient Products	HVAC	Core	5,553	104,312	5%	13,720	219,482	6%
	Appliance Rebates	Core	180	2,271	7%	420	6,626	6%
	Online Marketplace	Core	17,834	135,347	12%	119,534	1,063,957	10%
Residential - Existing Homes	Energy Efficient Kits	Core	0	26	0%	4,716	15,514	23%
	Home Performance with Energy Star	Core	1,768	4,167	30%	2,810	13,587	17%
	Quick Home Energy Check-Up	Additional	101	1,073	9%	173	2,857	6%
	Moderate Income Weatherization	Additional	1,960	23,390	8%	5,702	37,578	13%
	Behavioral	Additional	8,240	36,080	19%	34,618	151,584	19%
C&I Direct Install	Direct Install	Core	0	10,473	0%	0	14,651	0%
Energy Solutions for Business	Prescriptive/Custom	Core	0	632	0%	0	143,902	0%
	Energy Management	Additional	0	0	N/A	0	0	N/A
	Engineered Solutions	Additional	0	0	N/A	0	0	N/A
Multifamily	Multi-Family Home Performance with Energy Star	Core	0	20,338	0%	18,803	49,989	27%
	Multi-Family Direct Install	Core	0	4,048	0%	2,106	4,778	31%
	Multi-Family Prescriptive / Custom	Core	0	0	N/A	0	0	N/A
	Multi-Family Engineered Solutions	Core	0	0	N/A	0	0	N/A
Total Core Lifetime Energy Savings			25,335	281,615	8%	162,110	1,532,487	10%
Total Additional Lifetime Energy Savings			10,301	60,543	15%	40,493	192,019	17%
Total Lifetime Energy Savings			35,636	342,158	9%	202,603	1,724,505	11%

¹ Across all programs, subprograms, or offerings, participation/expenditures/savings are classified as either in an Environmental Justice Overburdened Community census block or not based on the program participant’s address. Overburdened Community census blocks were developed and defined by the NJ Department of Environmental Protection (www.nj.gov/dep/ej/communities.html).

² The Ratio column shows the ratio of the overburdened metric over the non-overburdened metric. Comparing the territory-level benchmark ratios versus the program ratios shows how equitable the distribution of the program is between the overburdened and non-overburdened populations. If the program ratio is greater than the benchmark ratio, then the overburdened population is better represented in the program.

³ Estimation of accounts with overburdened designation determined to be active immediately preceding the current Plan Year.

⁴ Estimation of usage with overburdened designation for the 12-month period immediately preceding the current Plan Year.

If you have any questions, please feel free to contact me directly.

Respectfully,

A handwritten signature in black ink that reads "Dominick DiRocco". The signature is written in a cursive style with a large initial 'D' and a long horizontal stroke at the end.

Dominick DiRocco

DD/caj

cc: Brian Lipman
Maura Caroselli
Mamie Purnell
Carlena Morrison
Stacy Richardson
Phillip Chao
Maureen Minkel
Peter Druckenmiller
Michael Savacool
Frank Vetri

Appendix A – Participant Definitions

NJ Program		Participants (as lead utility)
Efficient Products	HVAC	Sum of HVAC units (multiple units per customer, counts as multiple participants)
	Lighting - Upstream	Quantity of packages sold (based on SKU) - net of returns (negative in current period)
	Rebated Products	Quantity of units rebated (based on SKU)
	Mid-Stream Products	Quantity of units sold (based on SKU) - net of returns (negative in current period)
	Appliance Recycling	Count of visits to premise not units
	Online Marketplace	Quantity of units sold (based on SKU) - net of returns (negative in current period)
	EE Kits - Giveaway	Per kit delivered
	Consumer Electronics	For rebated programs, count of rebate applications For Midstream, every measure is considered a participant - net of returns (negative in current period)
Existing Homes	Home Performance with Energy Star	Count of completed HPwES projects
	Quick Home Energy Checkup	Count of completed visits
	Moderate Income Weatherization	Same as HPwES - (distinction would be paying for audit in this program)
Behavioral	Behavioral	Count of treatment customers at end of reporting period
C&I Direct Install	Direct Install	Count based on number of applications/projects completed, not account number
Energy Solutions for Business	Prescriptive/Custom	Count based on number of applications/projects completed, not account number
	Energy Management	Count based on number of applications/projects completed, not account number
	Engineered Solutions	Count based on number of applications/projects completed, not account number
Multi-Family	HPwES	Count of completed HPwES projects
	Direct Install	Count based on number of projects completed
	Prescriptive/Custom	Count based on number of applications/projects completed, not account number
	Engineered Solutions	Count based on number of applications/projects completed, not account number