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May 30, 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](mailto:Sherri.Golden@bpu.nj.gov)

**Re: Quarterly Progress Report of South Jersey Gas Company – 3rd Quarter Program  
Year 2023  
DOCKET NOS. QO19010040 & GO20090618**

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 2023<sup>1</sup> ("PY23") of South Jersey Gas ("SJG" 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, SJG continues to focus on implementing residential, multi-family and commercial programs and educating customers, contractors, and retailers on the portfolio of programs.

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<sup>1</sup> 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 South Jersey Gas including those as the Lead Utility on behalf of a Partner Utility. Energy savings shown within this report only reflects savings for South Jersey Gas's primary fuel.

SJG programs delivered 88,067 DTh of savings in the third quarter, or approximately 43% of the annual target.

### Residential Sector

- South Jersey 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 332 DTh in energy savings or approximately 4% of the program's PY23 target. The Home Performance with ENERGY STAR Program saw 18 projects completed.
- The Behavioral program reported 51,783 DTh in energy savings or approximately 93% of the program's PY23 target. The Behavioral Program had 172,702 customers in this quarter's treatment group.
- The Efficient Products program reported 28,054 DTh in energy savings or approximately 24% of the program's PY23 target. The Company has been providing financing for HVAC upgrades through its Board-approved energy efficiency programs since 2009 and has established a robust trade ally network that promotes the SJG's programs to customers. Since the inception of the current on-bill repayment program, as offered through the Efficient Products Program, the Company has experienced greater participation than originally forecast.
  - The Marketplace Program saw 980 participants in this quarter.
  - The Appliance Rebates Program saw 590 participants in this quarter.
    - SJG offers appliance rebates at 60 retail outlets including large and independently-owned stores.

- The HVAC Program saw 1,916 participants in this quarter.
  - In this quarter, 56 of the HVAC program participants qualified for the supplemental incentive for Low to Moderate Income customers.
- 48 EE Giveaway Kits were distributed through EmPowered Schools to students at schools located in SJG's service territory in this quarter.
- The Quick Home Energy Check Up Program had 208 completed projects.
- The Moderate Income Weatherization Program had 154 completed projects.

### Commercial Sector

- South Jersey Gas has contracted Applied Energy Group as the implementation party for the Commercial Programs.
- The Small Business Direct Install Program had 13 projects completed and an additional 4 audits were completed during the reporting period.
- The Prescriptive and Custom Program had 4 completed projects 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

- South Jersey Gas has contracted Honeywell as the implementation party for the Multi-Family Home Performance Program and Multi-Family Direct Install Program.
- South Jersey 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 171 participants this quarter.
- The Multi-Family: Prescriptive and Custom program saw 3 participants this quarter.
- Year to date, the Multi-Family sector has reported 2,515 DTh in energy savings or approximately 81% of the sector's PY23 target.

### Comfort Partners Summary

SJG continues to partner with the BPU and our utility partners to implement Comfort Partners and support our low income customers. Comfort Partners had 118 participants for this quarter resulting in 1,109 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 South Jersey 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) <sup>1,2</sup>	Comfort Partners Retail Savings (DTh) <sup>1,2</sup>	Other Programs Retail Savings (DTh) <sup>3</sup>	Total Portfolio Retail Savings (DTh) <sup>1,2</sup>	Compliance Baseline (DTh) <sup>4</sup>	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	88,067	1,109	N/A	89,176				
YTD	302,991	3,696	N/A	306,687	50,429,293	0.34%	171,460	179%

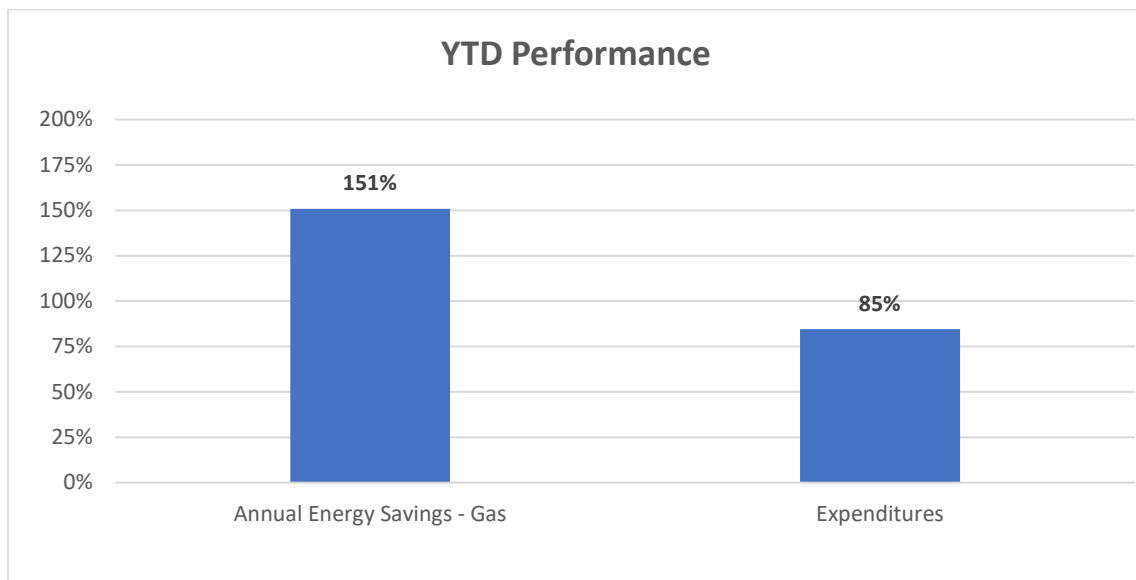
<sup>1</sup> Calculated savings at the retail (customer meter) level. Savings are estimated from participation counts and TRM calculations, where applicable.

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

<sup>3</sup> 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.

<sup>4</sup> 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 151% of the PY23 annual savings goal, and program year to date spending is 85% of the PY23 expenditure target.



*Figure 1: YTD performance of Annual Energy Savings and Budget*

The Residential sector has represented 41% of the annual target savings. Low to Moderate-Income Savings was driven by the Moderate-Income Weatherization Program at 2,088 DTh in annual savings and 42,255 DTh in lifetime savings. This quarter, 13 Small Commercial projects in the C&I Direct Install program were completed for 3,163 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 SJG that were authorized or funded by or through a prior filing or authorization.

**Table 2 – Quantitative Performance Indicators**

	Quarter				Year to Date				Annual Target <sup>1</sup>	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)	88,067	1,109	N/A	89,176	302,991	3,696	N/A	306,687	203,310	151%
Lifetime Savings (Dth)	720,824	20,344	N/A	741,168	2,954,825	69,931	N/A	3,024,755	1,780,406	170%
Annual Demand Savings (Dth Peak Day)										
Low/Moderate-Income Lifetime Savings (Dth) <sup>2</sup>	54,426	20,344	N/A	74,770	111,222	69,931	N/A	181,153		
Small Commercial Lifetime Savings (Dth) <sup>3</sup>	43,070		N/A	43,070	47,613		N/A	47,613		

<sup>1</sup> Annual targets reflect estimated impacts as filed in the Company’s EE filing.

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

<sup>3</sup> 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 176,606 participants and delivered 82,930 DTh of energy savings during the reporting period, amounting to 41% of the overall PY23 target. The savings were driven by the Efficient Products program, especially the Marketplace Program and its smart thermostats sales delivering 5,188 DTh of energy savings. The Efficient Products programs had 3,524 participants and delivered 28,054 DTh of energy savings. The Behavioral program had 172,702 participants and delivered 51,783 DTh of energy savings. The Multi-Family Programs

had 174 participants and delivered 1,118 DTh of energy savings. To date, the utility administered programs delivered 302,991 DTh in savings or 149% of the PY23 annual target.

Expenditures during the quarter are approximately 27% 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 <sup>1</sup>	Current Quarter Participants	YTD Participants	Annual Forecasted Participants	Percent of Annual Forecast
Residential	176,606	199,480	180,407	111%
Multi-Family	174	517	1,072	48%
C&I	17	26	872	3%
Reported Totals for Utility Administered Programs	176,797	200,023	182,351	110%
Comfort Partners <sup>2</sup>	118	378	5,760	N/A
Utility Total	176,915	200,401	182,351	110%

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

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

### **Quarterly Level Expenditures**

The following table provides quarterly level expenditures by sector. South Jersey Gas’s expenses for this quarter were 27% of the PY23 budget.

**Table 4 – Quarterly Sector-Level Expenditures**

Expenditures <sup>1</sup>	Current Quarter Expenditures (\$000)	YTD Expenditures (\$000)	Annual Budget Expenditures (\$000)	Percent of Annual Budget
Residential	\$7,915	\$27,122	\$29,755	91%
Multi-Family	\$126	\$403	\$2,215	18%
C&I	\$1,229	\$1,826	\$2,745	67%
Reported Totals for Utility Administered Programs	\$9,270	\$29,352	\$34,715	85%
Comfort Partners	\$809	\$2,375	\$3,620	66%
Utility Total	\$10,079	\$31,727	\$34,715	91%

<sup>1</sup> 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 82,930 DTh of energy savings, or 41% of the PY23 annual target. This is attributed to the increased activity in the HVAC 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 <sup>1</sup>	Current Quarter Retail (DTh)	YTD Retail (DTh)	Annual Target Retail (DTh)	Percent of Annual Target
Residential	82,930	295,982	189,287	156%
Multi-Family	1,118	2,515	3,090	81%
C&I	4,019	4,494	10,933	41%
Reported Totals for Utility Administered Programs	88,067	302,991	203,310	149%
Comfort Partners <sup>2</sup>	1,109	3,696	29,535	N/A
Utility Total	89,176	306,687	203,310	151%

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

<sup>2</sup> Comfort Partners Annual Target Retail Savings is a statewide target.

## **Portfolio Expenditures Breakdown**

Program expenditures reflect South Jersey Gas expenditures for the third quarter as 27% of the PY23 budget.

**Table 6 – Quarterly Costs and Budget Variances by Category <sup>1</sup>**

Total Utility EE/PDR	Quarter Reported (\$000)	YTD Reported (\$000)	Full Year Budget (\$000)	Percent of Budget Spent
Capital Costs <sup>2</sup>	\$0	\$168	\$0	N/A
Utility Administration	\$279	\$942	\$1,207	78%
Marketing	\$65	\$240	\$816	29%
Outside Services	\$449	\$1,677	\$3,737	45%
Rebates <sup>3</sup>	\$3,505	\$9,124	\$12,889	71%
No- or Low-Interest Loans	\$4,907	\$16,859	\$14,556	116%
Evaluation, Measurement & Verification (“EM&V”)	\$55	\$297	\$1,211	25%
Inspections & Quality Control	\$11	\$44	\$300	15%
Utility EE/PDR Total	\$9,270	\$29,352	\$34,715	85%

<sup>1</sup> Categories herein align to SJG’s EE plan as approved by the BPU.

<sup>2</sup> Capital Costs for South Jersey Gas had approximately \$251,000 left over from the PY22 Capital Costs budget for the On-Bill Repayment Program. The expenditures seen here in PY23 are using the remaining budget.

<sup>3</sup> 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 met<sup>1</sup>, and metrics reported herein reflect further direction from BPU Staff<sup>2</sup>. These data are compiled into Table 7 detailing Equity Performance. South Jersey Gas has contracted Applied Energy Group on the development of Equity Metrics with the metrics agreed upon by the joint utilities.

<sup>1</sup> 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.

<sup>2</sup> 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

Table 7 – Equity Performance  
For Period Ending PY23Q3

Territory-Level Benchmarks		Overburdened <sup>1</sup>	Non-Overburdened	%OBC <sup>2</sup>
# of Household Accounts <sup>3</sup>		85,859	321,553	21%
# of Business Accounts <sup>3</sup>		7,149	18,552	28%
Total Annual Energy (Dth) <sup>4</sup>		10,291,548	31,364,580	25%

Programs	Sub Program or Offering	Types of Sub Program Offering	Quarter Overburdened <sup>1</sup>	Quarter Non-Overburdened	% OBC <sup>2</sup>	YTD Overburdened	YTD Non-Overburdened	% OBC <sup>2</sup>
<b>Participation</b>								
Residential - Efficient Products	HVAC	Core	212	1,704	11%	569	5,163	10%
	Appliance Rebates	Core	62	528	11%	198	1,376	13%
	Online Marketplace	Core	155	825	16%	3,066	15,124	17%
Residential - Existing Homes	EE Giveaway Kits	Core	6	32	16%	209	854	37%
	Home Performance with Energy Star	Core	0	18	0%	2	64	3%
	Quick Home Energy Checkup	Additional	27	181	13%	64	340	16%
Behavioral	Moderate Income Weatherization	Additional	44	110	29%	74	175	30%
	Behavioral	Additional	23,360	149,342	14%	23,360	149,342	14%
C&I Direct Install	Direct Install	Core	4	9	31%	5	13	28%
	Prescriptive/Custom	Core	1	3	25%	1	7	13%
Energy Solutions for Business	Energy Management	Additional	0	0	N/A	0	0	N/A
	Engineered Solutions	Additional	0	0	N/A	0	0	N/A
	Multi-Family Home Performance with Energy Star	Core	0	0	N/A	0	0	N/A
Multi-Family	Multi-Family Direct Install	Core	5	166	3%	8	506	2%
	Multi-Family Prescriptive / Custom	Core	3	0	100%	3	0	100%
	Multi-Family Engineered Solutions	Core	0	0	N/A	0	0	N/A
Total Core Participation			448	3,285	12%	4,061	22,607	15%
Total Additional Participation			23,431	149,633	14%	23,498	149,857	14%
Total Participation			23,879	152,918	14%	27,559	172,464	14%
<b>Annual Energy Savings (dth)</b>								
Residential - Efficient Products	HVAC	Core	2,639	19,816	12%	6,856	57,126	11%
	Appliance Rebates	Core	32	275	10%	101	714	12%
	Online Marketplace	Core	787	4,401	15%	19,596	96,711	17%
Residential - Existing Homes	EE Giveaway Kits	Core	17	88	16%	1,337	2,182	38%
	Home Performance with Energy Star	Core	0	332	0%	46	1,356	3%
	Quick Home Energy Check-Up	Additional	106	567	16%	219	987	18%
Behavioral	Moderate Income Weatherization	Additional	472	1,616	23%	964	2,791	26%
	Behavioral	Additional	7,004	44,778	14%	14,202	90,793	14%
C&I Direct Install	Direct Install	Core	939	2,224	30%	1,041	2,446	30%
	Prescriptive/Custom	Core	213	643	25%	213	793	21%
Energy Solutions for Business	Energy Management	Additional	0	0	N/A	0	0	N/A
	Engineered Solutions	Additional	0	0	N/A	0	0	N/A
	Multi-Family Home Performance with Energy Star	Core	0	0	N/A	0	0	N/A
Multi-Family	Multi-Family Direct Install	Core	15	732	2%	22	2,122	1%
	Multi-Family Prescriptive / Custom	Core	371	0	100%	371	0	100%
	Multi-Family Engineered Solutions	Core	0	0	N/A	0	0	N/A
Total Core Annual Energy Savings			5,012	28,511	15%	29,584	163,450	15%
Total Additional Annual Energy Savings			7,583	46,961	14%	15,386	94,571	14%
Total Annual Energy Savings			12,595	75,472	14%	44,970	258,021	15%
<b>Lifetime Energy Savings (dth)</b>								
Residential - Efficient Products	HVAC	Core	49,494	372,477	12%	128,371	1,069,506	11%
	Appliance Rebates	Core	375	3,243	10%	1,190	8,406	12%
	Online Marketplace	Core	8,596	48,138	15%	215,226	1,062,054	17%
Residential - Existing Homes	EE Giveaway Kits	Core	157	838	16%	13,096	21,361	38%
	Home Performance with Energy Star	Core	0	8,302	0%	987	31,959	3%
	Quick Home Energy Checkup	Additional	1,065	5,682	16%	2,197	9,893	18%
Behavioral	Moderate Income Weatherization	Additional	9,753	32,502	23%	21,453	55,916	28%
	Behavioral	Additional	9,535	60,959	14%	39,766	254,221	14%
C&I Direct Install	Direct Install	Core	12,527	30,543	29%	14,076	33,537	30%
	Prescriptive/Custom	Core	4,183	11,055	27%	4,183	13,778	23%
Energy Solutions for Business	Energy Management	Additional	0	0	N/A	0	0	N/A
	Engineered Solutions	Additional	0	0	N/A	0	0	N/A
	Multi-Family Home Performance with Energy Star	Core	0	0	N/A	0	0	N/A
Multi-Family	Multi-Family Direct Install	Core	148	7,321	2%	221	21,243	1%
	Multi-Family Prescriptive / Custom	Core	5,682	0	100%	5,682	0	100%
	Multi-Family Engineered Solutions	Core	0	0	N/A	0	0	N/A
Total Core Lifetime Energy Savings			81,162	481,917	14%	983,030	2,261,845	14%
Total Additional Participation			20,353	99,143	17%	63,417	320,030	17%
Total Lifetime Energy Savings			101,515	581,059	15%	446,447	2,581,874	15%

<sup>1</sup> 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](http://www.nj.gov/dep/ej/communities.html)).

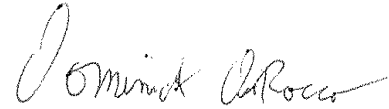
<sup>2</sup> The Ratio column shows the ratio of the overburdened metric over the non-overburdened metric. Comparing the territory-level benchmark ratios versus the program ratios shows how equitable the distribution of the program is between the overburdened and non-overburdened populations. If the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

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

<sup>4</sup> 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 long horizontal flourish 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