



Request for Comments

Proposed NJCEP FY19 True-Up Budget and Budget Revisions

The Fiscal Year 2019 (FY19) New Jersey's Clean Energy Program (NJCEP) Budget, approved through a June 22, 2018 Board Order (Docket No. QO18040393), was established, in part, based upon an estimate of expenses and commitments expected to be incurred during Fiscal Year 2018 (FY18). Once actual expenses and commitments become known, the Board typically approves a "True-Up Budget" truing-up for the differences between expenses and commitments estimated for budgetary purposes and the expenses and commitments actually incurred. Consistent with that practice, and now that all expenses actually incurred during FY18 and commitments existing as of June 30, 2018 are final and known, Board Staff has developed a proposed budget truing-up the differences between estimated expenses and commitments versus actual expenses and commitments, which results in an additional \$21,173,038 being available for NJCEP, as well as reallocating funds among and within Programs (Proposed Revised Budget). That Proposed Revised Budget is described in more detail below.

In addition, the FY19 budget was allocated among Programs in the June 22, 2018 Order based on historical trends and forecasts. A review of FY19 first and second quarter program expenditures shows that some program spending is tracking above and below the original projections. Other program budgets have changed due to timeline changes. The Proposed Revised Budget also suggests a redistribution of \$12,735,000 to align budgets with program performance.

Finally, in light of the above and other events that have occurred since the Board in June 2018 approved the original energy savings projections for the NJCEP programs, Board Staff proposes to update those projections as described in more detail below (Proposed Updated Savings Projections).

Board Staff is requesting comments on the Proposed Revised Budget and Proposed Updated Savings Projections prior to presenting them to the Board for consideration; the schedule and process for submitting comments is set forth at the end of this Request for Comments.

[Space Intentionally Blank]

PROPOSED REVISED BUDGET

True-up Calculation

The following table shows the derivation of the \$21,173,038.47 True-up amount:

**Clean Energy Program
FY19 True-up Summary
(\$)**

	FY18 Actual	FY19		
		CRA Budget	True-up Funding*	Variance
Prior-year commitments	\$ 133,043,490.38	\$ 138,352,480.00	\$ 137,654,048.93	\$ (698,431.07)
Uncommitted carryforward	-	16,553,261.42	36,317,620.69	19,764,359.27
SBC revenue	344,665,000.00	344,665,000.00	344,665,000.00	-
Other revenue	4,004,810.05	2,516,738.58	4,623,848.85	2,107,110.27
Total Funding Sources	\$ 481,713,300.43	\$ 502,087,480.00	\$ 523,260,518.47	\$ 21,173,038.47
Prior-year commitments	\$ 133,043,490.38	\$ 138,352,480.00	\$ 137,654,048.93	\$ (698,431.07)
New funding uses**	161,379,269.52	205,474,000.00	206,172,431.07	698,431.07
CEP Total Funding Uses	\$ 294,422,759.90	\$ 343,826,480.00	\$ 343,826,480.00	\$ -
State Budget Allocations	\$ 150,972,919.84	\$ 158,261,000.00	\$ 158,261,000.00	\$ -
Total Funding Uses	\$ 445,395,679.74	\$ 502,087,480.00	\$ 502,087,480.00	\$ -
Uncommitted Resources	\$ 36,317,620.69	\$ -	\$ 21,173,038.47	\$ 21,173,038.47

* reflects FY18 actual carryforward but assumes no change in CEP total budget

** funding supports new commitments, pay-as-you-go incentives, program operating expenses]

Implementing Detailed Budgets

Staff will be submitting for the Board’s review and approval detailed budgets allocating the Proposed Revised Budget among the appropriate cost categories for each of the Programs described below.

Allocations and Rationale

1. Deductions

The Proposal is to decrease the budgets for the programs below for the following amounts and for the following reasons:

<u>Program</u>	<u>Reason(s)</u>	<u>Additional Amount</u>
Residential New Construction	Lower number of participants than projected	\$500,000
Multi Family Program	Program launch commencing later than projected date	\$5,000,000
Combined Heat & Power and RE Storage	Lower number of participants than projected	\$6,285,000
Sustainable Jersey	Certain expenses originally anticipated to be incurred during FY19 were actually paid during FY18	\$200,000
Outreach	Some initiatives commenced later than projected date	\$750,000

2. Increases

The Proposal is to increase the budgets for the programs below for the following amounts and for the following reasons:

<u>Program</u>	<u>Reason(s)</u>	<u>Additional Amount</u>
Comfort Partners	Increased number of participants and energy savings	\$2,500,000
State Facilities Initiative	Increased number of facilities served	\$15,000,000
Energy Efficient Products	Additional Services provided to Creative Partners (Foodbanks)	\$1,000,000
Commercial & Industrial Buildings	Additional Lighting Services	\$4,000,000
Direct Install (DI)	Increased number of participants and energy savings	\$5,000,000
Program Evaluation	Additional evaluations	\$2,500,000
NJIT Learning Center	Additional services added to contract.	\$35,000
Marketing	Sponsorship of events for increased program awareness	\$250,000

3. *New Initiatives*

The following are new initiatives being planned for Fiscal Year 2019. The proposed program budget and program details are noted below and will be submitted to the Board for review and approval.

<u>Program</u>	<u>Description</u>	<u>Additional Amount</u>
Clean Energy Conference	A Clean Energy Conference is being designed.	\$750,000
Community Energy Grants	Competitive grant process to allow for community planning of energy initiatives	\$2,323,038
Research and Analysis	Additional services to analyze and model market impacts	\$250,000

Clean Energy Conference: The Division of Clean Energy is planning to host a Clean Energy Conference in the Fall of FY 2020 which will continue to improve the visibility and exposure of New Jersey's Clean Energy Program and to advance the state's clean energy goals. The Conference will help educate the public about the benefits derived from the Clean Energy Program and the opportunities available through the program. The conference will deliver a platform that will inform industry stakeholders about upcoming changes and enhancements to New Jersey's clean energy initiatives increasing New Jersey's National Recognition as a leader in clean energy.

Conference Format — The conference will focus on clean energy initiatives. As planning continues, a theme will be developed, but will provide speakers dedicated to presenting technologies and applications that are commercially available and ready for adoption as well as emerging technologies.

Promotion — The conference will include public relations strategies prior to the conference to ensure a high degree of awareness for the various audiences, the media, and the potential exhibitors. Following the conference, additional promotional activities will be planned. The promotion plan includes public relations (press releases, PR support including talking point development, story line creation and media outreach) and increased exposure of the NJ Clean Energy Program Web site.

Event Management — In addition to hosting the conference, the conference will include signage, program and conference materials, and coordination of PowerPoint presentations from speakers.

Community Energy Grants:

The Board of Public Utilities through the Clean Energy Program will launch phase one of Community Energy Grants.

As work has progressed on the Energy Master Plan, the state realizes that comprehensive planning should occur on every level. To see real, sustainable changes to our energy footprint it is imperative that New Jersey's residents and communities also work towards these same goals.

For nearly two decades the New Jersey Clean Energy Program has worked with municipalities and business to find energy efficiencies and incentivize infrastructure improvements that create efficiencies and/or create opportunities for clean energy.

In order for New Jersey to meet the State’s energy efficiency goals and climate action plans, the Board of Public Utilities is looking to help communities leverage the existing programs as well as encourage other energy saving behavior modifications, with the goal to reduce energy usage as a whole.

The creation of Community Energy Planning Grant is the first step in having communities, municipalities and counties identify their own needs, benchmark energy usage and emissions and create their own community energy plan to hit goals that are in line with Governor Murphy’s goals to fight climate change.

The Program will be managed by BPU Staff. The grants will be for the creation of a Community Energy Plan including any benchmarking and audit services that are needed. The maximum grant award would be determined by the size of community applying for the grant but will not exceed \$25,000 per grant. Community size will be based on the population of the municipality or county.

Applicants eligible for a grant include: government entities, including a municipalities or counties; a Green Teams or Sustainable Jersey organizations created within a municipality or county; or New Jersey institution of higher education’s Environmental Studies or Sustainability Program on behalf of at least one governmental entity.

An applicant must provide a detailed listing of local government partners, businesses and community organizations willing to participate in the formation and implementation of a Community Energy Planning Grant and must provide the proposed use for the grant money. Grants will provided on a competitive basis. A detailed application process will be subsequently reviewed and approved by the Board.

Research and Analysis: Staff will be utilizing new technologies and software to assist in the daily administration of the Program.

4. Ratification of Staff Authorized Reallocation

On February 11, 2019, staff submitted a Request for Comments to issue a staff authorized addition of \$1,000,000 to the Local Government Energy Audit Program from the Commercial and Industrial Buildings Program which was tracking lower participation then forecasted.

<u>Program</u>	<u>Reason(s)</u>	<u>Additional Amount</u>
Local Government Energy Audits	Increased number of audit entities	\$1,000,000
Commercial & Industrial Buildings	Decreased number of participants	\$1,000,000

Budget Tables

The following table shows the Original Budget (approved by the Board in June 2018), the Proposed Budget Revisions, and the resulting Proposed Revised FY19 Budget:

Proposed FY19 True-Up Budget

<i>Program/Budget Line</i>	<i>FY19 Initial budget per 6/22/18 Order</i>	<i>FY19 Initial budget per 6/22/18 Order (with Staff Authorized Changes 2/19/19)</i>	<i>Budget Revisions (new funding available)</i>	<i>FY19 Reallocations</i>	<i>Revised FY19 Budget</i>
Total -NJCEP + State Initiatives	\$502,087,480	\$502,087,480	\$21,173,038		\$523,260,518
State Energy Initiatives	\$158,261,000	\$158,261,000			\$158,261,000
Total NJCEP	\$343,826,480	\$343,826,480	\$21,173,038		\$364,999,518
EE Programs	\$288,545,000	\$288,545,000	\$17,500,000	\$4,500,000	\$310,545,000
Res EE Programs	\$75,700,000	\$75,700,000	\$0	\$500,000	\$76,200,000
Residential Existing Homes	\$34,700,000	\$34,700,000			\$34,700,000
RNC	\$23,000,000	\$23,000,000		(\$500,000)	\$22,500,000
EE Products	\$18,000,000	\$18,000,000		\$1,000,000	\$19,000,000
Res Low Income	\$36,000,000	\$36,000,000	\$2,500,000	\$0	\$38,500,000
Comfort Partners	\$36,000,000	\$36,000,000	\$2,500,000		\$38,500,000
C&I EE Programs	\$155,245,000	\$155,245,000	\$0	\$9,000,000	\$164,245,000
C&I Buildings*	\$112,445,000	\$111,445,000		\$4,000,000	\$115,445,000
LGEA*	\$3,800,000	\$4,800,000		\$0	\$4,800,000
DI	\$39,000,000	\$39,000,000		\$5,000,000	\$44,000,000
Multi-family EE	\$6,000,000	\$6,000,000	\$0	(\$5,000,000)	\$1,000,000
Multi-family	\$6,000,000	\$6,000,000		(\$5,000,000)	\$1,000,000
State Facilities Initiative	\$15,600,000	\$15,600,000	\$15,000,000	\$0	\$30,600,000
State Facilities Initiative	\$15,600,000	\$15,600,000	\$15,000,000		\$30,600,000
Distributed Energy Resources	\$35,252,480	\$35,252,480	\$0	(\$6,285,000)	\$28,967,480
CHP - RE Storage	\$31,200,000	\$31,200,000		(\$6,285,000)	\$24,915,000
Microgrids	\$4,052,480	\$4,052,480			\$4,052,480
RE Programs	\$3,300,000	\$3,300,000	\$0		\$3,300,000
Offshore Wind	\$1,150,000	\$1,150,000			\$1,150,000
SREC Registration	\$2,150,000	\$2,150,000			\$2,150,000
EDA Programs	\$109,000	\$109,000	\$0		\$109,000
CEMF	\$31,000	\$31,000			\$31,000
GGF	\$78,000	\$78,000			\$78,000
Planning and Administration	\$16,620,000	\$16,620,000	\$350,000	\$1,785,000	\$18,755,000

<i>Program/Budget Line</i>	<i>FY19 Initial budget per 6/22/18 Order</i>	<i>FY19 Initial budget per 6/22/18 Order (with Staff Authorized Changes 2/19/19)</i>	<i>Budget Revisions (new funding available)</i>	<i>FY19 Reallocations</i>	<i>Revised FY19 Budget</i>
BPU Program Administration	\$2,600,000	\$2,600,000		\$0	\$2,600,000
BPU Program Administration	\$2,600,000	\$2,600,000			\$2,600,000
Marketing	\$4,000,000	\$4,000,000	\$350,000	\$0	\$4,350,000
New Marketing Contract	\$4,000,000	\$4,000,000			\$4,000,000
Sponsorships			\$250,000		\$250,000
Marketing Materials			\$100,000		\$100,000
Program Evaluation/Analysis	\$3,500,000	\$3,500,000		\$2,700,000	\$6,200,000
Program Evaluation	\$3,500,000	\$3,500,000		\$2,700,000	\$6,200,000
Outreach and Education	\$6,450,000	\$6,450,000		(\$915,000)	\$5,535,000
Sustainable Jersey	\$800,000	\$800,000		(\$200,000)	\$600,000
NJIT Learning Center	\$650,000	\$650,000		\$35,000	\$685,000
Outreach, Website, Other	\$5,000,000	\$5,000,000		(\$750,000)	\$4,250,000
Sponsorships	\$70,000	\$70,000			\$70,000
Sponsorships	\$70,000	\$70,000			\$70,000
Conference			\$750,000		\$750,000
Conference			\$750,000		\$750,000
Community Energy Grants			\$2,323,038		\$2,323,038
Community Energy Grants			\$2,323,038		\$2,323,038
Research and Analysis			\$250,000		\$250,000
Modeling and Analysis of Markets			\$250,000		\$250,000

* Board approved True Up budget as modified pursuant to Staff authorized budget modification

[Space Intentionally Blank]

PROPOSED UPDATED SAVINGS PROJECTIONS

TRC proposes to update the original, June 2018 FY19 energy savings projections for NJCEP programs. The proposed updated projections are set in Table 1 below, with explanations for each update set forth immediately below Table 1. For your convenience, the original projections, approved by the Board in June 2018, are set forth in Table 2 below.

TABLE 1
NJCEP FY19 Energy Savings Goals: Portfolio Summary
(Proposed Update)

Energy Efficiency	Annual MWH Savings FY19	Lifetime MWH Savings FY19	Annual kW Savings FY19	Annual Fuel MMBtu Savings FY19	Lifetime Fuel MMBtu Savings FY19
RES-HVAC	2,052	32,263	1,490	129,023	2,493,220
RES-New Construction	3,851	77,028	1,980	56,162	1,123,101
RES EEP – Appliances & Appliance Recycling	14,730	109,598	2,014	9,829	110,509
RES EEP - Lighting	280,018	4,383,438	22,923	(459,895)	(6,898,418)
RES-HPwES	2,736	48,105	790	94,635	2,065,230
RESIDENTIAL TOTAL	303,387	4,650,432	29,197	(170,246)	(1,106,358)
C&I-New Construction	10,794	161,113	2,000	10,694	209,646
C&I-Retrofit	145,528	2,277,572	27,000	64,724	1,161,764
C&I-Pay-for-Performance NC	6,362	103,257	5,500	8,274	133,225
C&I-Pay-for-Performance	13,002	208,464	3,000	164,723	3,325,706
C&I-Local Govt Energy Audit	0	0	0	0	0
C&I-Direct Install	54,749	819,608	11,400	139,391	2,360,297
C&I-Large Energy Users	5,262	94,711	500	5,982	107,667
C&I-Pilot-Customer Tailored	9,022	134,276	1,600	16,422	316,048
C&I TOTAL	244,719	3,799,001	51,000	410,210	7,614,353
Multifamily	110	1,843	18	595	12,084
DER TOTAL	33,536	670,648	4,100	1,617	32,333
PORTFOLIO TOTAL	581,752	9,121,924	84,315	242,176	6,552,412

- RES-HVAC, RES-New Construction, and RES-HPwES would be reduced to correct for an inadvertent error made in calculating the original savings.
- RES-Energy Efficient Products would be significantly increased to reflect the re-launch of the Lighting Component.
- Multifamily would be reduced to reflect the delay in its originally expected launch.

- Annual MW Savings and Therm Savings would be converted respectively to Annual kW Savings and Fuel MMBtu Savings to more closely align with the metrics provided in the Progress Towards Goal (PTG) Reports and other NJCEP reports.

TABLE 2
(Original June 2018)

NJCEP FY19 Energy Savings Goals: Portfolio Summary

Energy Efficiency	Annual MWH Savings	Lifetime MWH Savings	Annual MW Savings	Annual Therm Savings	Lifetime Therm Savings
	FY19	FY19	FY19	FY19	FY19
RES-HVAC	5,332	81,700	3.9	3,148,358	60,787,739
RES-New Construction	9,331	186,621	4.3	1,352,882	27,057,794
RES-Energy Efficient Products	65,958	741,775	8.2	1,019,745	11,434,132
RES-HPwES	3,616	66,754	0.9	1,144,176	24,812,093
RESIDENTIAL TOTAL	84,238	1,076,850	17.3	6,665,161	124,091,758
C&I-New Construction	10,794	161,113	2.0	106,941	2,096,458
C&I-Retrofit	145,528	2,277,572	27.0	647,244	11,617,644
C&I-Pay-for-Performance NC	6,362	103,257	5.5	82,744	1,332,251
C&I-Pay-for-Performance	13,002	208,464	3.0	1,647,228	33,257,056
C&I-Local Govt Energy Audit	0	0	0.0	0	0
C&I-Direct Install	54,749	819,608	11.4	1,393,910	23,602,974
C&I-Large Energy Users	5,262	94,711	0.5	59,815	1,076,670
C&I-Pilot-Customer Tailored	9,022	134,276	1.6	164,222	3,160,476
C&I TOTAL	244,719	3,799,002	51.0	4,102,102	76,143,528
Multifamily	2,503	41,965	1.0	284,296	5,771,522
DER TOTAL	33,536	670,648	4.1	16,166	323,329
PORTFOLIO TOTAL	364,995	5,588,465	73.3	11,067,725	206,330,138

PROCESS AND SCHEDULE FOR SUBMITTING COMMENTS

Staff is requesting comments on the above proposal prior to presenting it to the Board. Comments regarding the foregoing should be submitted to publiccomments@njcleanenergy.com by 5 pm on March 20, 2019 under the subject heading “Request for Comments - Proposed NJCEP FY19 True-Up Budget and Budget Revisions.”