State of New Jersey
BOARD OF PUBLIC UTILITIES
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

July 18, 2022

To the Service List:

Re: IN THE MATTER OF THE COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCE ANALYSIS FOR FISCAL YEAR 2023 CLEAN ENERGY PROGRAM – DOCKET NO. QO22020112

Agenda Date: June 29, 2022 – Agenda Items: 8C

Please be advised that the New Jersey Board of Public Utilities ("Board") is reissuing the Order for the above-referenced agenda item that was approved by Board at the June 29, 2022 Board agenda meeting to include comments filed by the New Jersey Utilities Association ("NJUA") and the responses to those comments.

The NJUA has been added as a commenter on page 5 of Agenda Item 8C. Also, the NJUA's comments have been summarized and the Board's responses added on pages 10, 23-24, and 26 of Agenda Item 8C.

As a consequence, the re-issued Order contains the following summaries and responses:

At page 10:

Comment: The NJUA supported the increased budget for the Comfort Partners Program, stating that this increase will enable the utilities to reach more customers and that any changes in program strategy must consider the affordability of energy for consumers. The NJUA also requested that Staff continue to coordinate closely with utilities on enhancements to the program both within the proposed budget period and for the next triennium.

Response: Staff appreciates the NJUA's support and looks forward to a continued partnership to develop and execute the Comfort Partners Program.

At pages 23-24:

Comment: The NJUA, which represents investor-owned utilities in New Jersey, submitted comments on behalf of the electric and gas utilities. The NJUA opposed expansion of the NJCEP programs into new markets, especially markets involving traditional utility services, arguing that State programs should not compete with utility offerings when utilities face increasing targets and corresponding costs in future years. In addition, the NJUA asserted that such programs would not align with the CEA targets and goals and could cause significant market confusion.

Should the State pursue a streetlight program, the NJUA recommended a collaborative process with the utilities in which the utilities propose streetlight replacement program designs that work for each of their service territories. The NJUA believed that such a process can best address implications associated with the replacement of a significant number of streetlights across the State, such as the division of EE markets between the State and the EDCs, operational concerns associated with the significant number of streetlights to be replaced, and customer service/customer satisfaction. In the NJUA's opinion, the EDCs' first-hand knowledge of their own streetlight customers and equipment means that they are best situated to develop an orderly transition to streetlight replacement programs; to help mitigate potential supply chain and other issues that may arise if a significant number of streetlight customers and lights across the State are replaced in a relatively short period of time; and to work directly with municipalities to develop an appropriate schedule based on the municipalities' unique circumstances and timeframes.

In addition, the NJUA asserted that the EDCs should have the flexibility to determine the most appropriate LED technology to deploy in different circumstances, including the deployment of both standard LEDs and "connected" LEDs depending on location, customer objectives, supply-chain availability, and operational needs. The NJUA stated that these devices can better support customers by enabling preventative maintenance, proactively identifying device failures, and reducing the number of outages. The NJUA believed that incorporating streetlight conversions as part of utility-offered EE programs will be the most cost-effective approach to achieving energy savings and the State's EMP objectives. Finally, the NJUA stated that the early adoption of LEDs prior to the end of the useful life of currently installed lighting will result in stranded costs, which can be a significant barrier to the installation of LEDs for both municipalities and the EDCs. According to the NJUA, this issue can be better addressed by the individual EDCs.

Response: Staff appreciates the comments and welcomes discussion and collaboration with the EDCs toward the end of implementing an effective streetlight replacement program.

Comment: Regarding the Benchmarking Program, the NJUA noted that the DCE Compliance filing did not provide any additional detail on the Benchmarking Straw Proposal on which the NJUA filed comments in January 2022. The NJUA referenced the following concerns as potentially relevant depending upon how the Board implements this program. The NJUA asked for further guidance regarding the release of customer information without customer consent; for clarity that the EDCs will not be responsible for handling the ultimate opt-out process, which the NJUA believed would be better handled by building owners for their tenants; and for development and review of "web services" prior to making these a requirement. In addition, the NJUA did not support including multi-family properties and campuses in the program and referenced "six major implementation challenges" that it said it described in its comments on the January 2022 Straw Proposal and asserted that all incremental operations and maintenance costs not otherwise reflected in rates, including associated utility administrative and Information Technology costs, must be fully recoverable, rather than only the cost of developing the "web services" as set forth in the Proposal.

Response: Staff has reviewed all of stakeholder comments on the benchmarking straw proposal and has been taking them into consideration while preparing recommendations for the Board on how to design and implement the Benchmarking Program. Responses to issues raised by the NJUA in its comments on the straw proposal will be included in any future Board order acting on the Benchmarking Program. In addition, Staff will be available to work with the utilities on any aspects of implementation of the Benchmarking Program that require further coordination or guidance from the BPU.

At page 26:

Comment: The NJUA supported Staff's proposal to investigate options for additional arrearage assistance using FY23 funds and hopes to work closely with Staff to refine potential approaches for assisting customers facing significant balances with such a program.

Response: Staff appreciates the commenter's support and willingness to aid in the Board's efforts to address arrearages.

Comment: Noting that in the past the NJCEP conferences have provided an excellent way to showcase the range of opportunities available to help drive down energy bills and to engage customers, and other key stakeholders, the NJUA strongly supported the proposal to host another Clean Energy Conference. The NJUA believed that this conference would be an excellent opportunity to gather input from customers and trade allies to inform both program improvements for the EDCs' current offerings and potential ideas for the next triennium.

Response: Staff thanks the commenter for their remarks.

These are the only changes to the Order, which will be re-distributed to the parties of record and the attached service list.

Sincerely,

Carmen D. Diaz

Carmen D. Diaz
Acting Secretary of the Board

Agenda Date: 6/29/22
Agenda Item: 8C

STATE OF NEW JERSEY

Board of Public Utilities
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Trenton, New Jersey 08625-0350
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CLEAN ENERGY

IN THE MATTER OF THE COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCE ANALYSIS FOR FISCAL YEAR 2023 CLEAN ENERGY PROGRAM	))))	ORDER DOCKET NO. QO22020112

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Phillip J. Passanante, Esq., Atlantic City Electric Company
Deborah M. Franco, Esq., Elizabethtown Gas Company and South Jersey Gas Company
Joshua R. Eckert, Esq., Jersey Central Power & Light Company
Andrew K. Dembia, Esq., New Jersey Natural Gas Company
Matthew M. Weissman, Esq., Public Service Electric and Gas Company
Margaret Comes, Esq., Rockland Electric Company
Michael Ambrosio, TRC Energy Services

BY THE BOARD:[1]

This Order memorializes action taken by the New Jersey Board of Public Utilities ("Board" or "BPU") at its June 29, 2022 public meeting at which the Board considered and determined the funding for the New Jersey's Clean Energy Program ("NJCEP") for Fiscal Year ("FY") 2023 ("FY23").[2]

BACKGROUND & PROCEDURAL HISTORY

On February 9, 1999, the Electric Discount and Energy Competition Act ("EDECA" or "Act"), N.J.S.A. 48:3-49 et seq., was signed into law, creating the Societal Benefits Charge ("SBC") to fund programs for the advancement of energy efficiency ("EE") and renewable energy ("RE") in New Jersey. The Act also provided for the Board to initiate proceedings and undertake a comprehensive resource analysis ("CRA") of EE and RE programs in New Jersey every four (4) years. The CRA would then be used to determine the appropriate level of funding over the next four (4) years for the EE and Class I RE programs, which are part of what is now known as the

[1] Commissioner Robert M. Gordon recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

[2] The funding levels approved in this Order are subject to State appropriations law.

NJCEP. Accordingly, in 1999, the Board initiated its first CRA proceeding, and in 2001, it issued an order setting funding levels, the programs to be funded, and the budgets for 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 – FY 2022 ("FY22").[3]

On May 31, 2022 and updated on June 3, 2022, via the BPU listserv and the NJCEP website, Board Staff ("Staff") released a request for comments, in which notice was provided of a June 9, 2022 public hearing. The request for comments included the announcement that the draft FY23 CRA ("CRA Straw Proposal") and related programs and budget for FY23 would be released during the week of May 31, 2022. On June 3, 2022, the Board released the draft CRA Straw Proposal and related programs and budget for FY23. The request for comments solicited written comments from the public on the CRA Straw Proposal, with a due date of June 20, 2022. In addition, by email dated June 21, 2022, the New Jersey Department of Environmental Protection ("NJDEP") confirmed that: (a) the Board had consulted with the NJDEP regarding the CRA Straw Proposal, including, without limit, the Proposed FY23 Funding Level set forth therein, as defined below; and (b) the NJDEP agreed with the Proposed FY23 Funding Level.

CRA STRAW PROPOSAL

The following summarizes the key components of the CRA Straw Proposal.

Funding Levels

The CRA Straw Proposal's funding levels include the funding estimated to meet the needs of the NJCEP and Staff's efforts to advance the initiatives required by L. 2018, c. 17, codified at N.J.S.A. 48:3-87.8 et al. ("Clean Energy Act" or "CEA"). For FY23, Staff recommended that the Board set a new SBC funding level of $344,665,000, which is the same funding level approved by the Board since FY15. When combined with other sources of funds, it results in total FY23 funding of $610,751,520 (collectively, "Proposed FY23 Funding Level").[3] Staff estimated that the Proposed FY23 Funding Level would be sufficient to maintain a full portfolio of programs. The table below provides more details regarding the FY23 Funding Level.

Proposed FY23 Funding Levels		
CEP Budget Category	**FY23 New SBC Funding**	**Total FY23 Funding**
Total NJCEP + State Initiatives	**344,665,000**	**610,751,520**
State Energy Initiatives	**92,674,000**	**92,674,000**
Total NJCEP	**251,991,000**	**518,077,520**
Energy Efficiency Programs	**107,459,611**	**256,373,502**
Res Low-Income (Comfort Partners)	**54,500,000**	**54,500,000**
C&I EE Programs	**25,519,289**	**78,264,244**

[3] In the early years, the budgets and programs were based on calendar years, but in 2012, the Board determined to begin basing the budgets and programs on fiscal years to align with the overall State budget cycle. In 2012, the Board ceased issuing the CRA on a four-year cycle and began to issue a CRA annually.

[3] Other sources of funding can include interest earnings, carryforward funds, and revenue from application fees.

New Construction Programs	**17,390,322**	**30,316,692**
Energy Efficiency Transition	**50,000**	**23,340,494**
State Facilities Initiative	**0**	**56,670,192**
Acoustical Testing Pilot	**0**	**3,281,880**
LED Streetlights Replacement	**10,000,000**	**10,000,000**
Distributed Energy Resources	**8,737,017**	**23,771,608**
CHP - FC	**8,237,017**	**22,084,108**
Microgrids	**500,000**	**1,687,500**
RE Programs	**8,941,455**	**31.962,396**
Offshore Wind	**5,907,559**	**28,928,500**
Solar Registration	**3,033,896**	**3,033,896**
EDA Programs	**13,660,000**	**28,910,000**
Clean Energy Manufacturing Fund	**60,000**	**60,000**
NJ Wind	**10,000,000**	**21,500,000**
R&D Energy Tech Hub	**3,600,000**	**7,350,000**
Planning and Administration	**36,478,837**	**56,289,084**
BPU Program Administration	**5,585,000**	**5,585,000**
Marketing	**8,000,000**	**10,500,000**
CEP Website	**100,000**	**500,000**
Program Evaluation/Analysis	**18,700,392**	**34,246,810**
Outreach and Education	**3,993,445**	**5,357,274**
Memberships	**100,000**	**100,000**
BPU Initiatives	**76,714,079**	**120,770,931**
Community Energy Plan Grants	**2,000,000**	**2,939,034**
Energy Storage	**2,000,000**	**22,000,000**
Heat Island Pilot	**2,500,000**	**2,500,000**
Electric Vehicle Programs	**50,000,000**	**67,000,000**
Energy Bill Assistance	**20,214,079**	**21,831,897**
Workforce Development	**0**	**4,500,000**

SBC Collection Schedule

Staff utilized the utilities' revenue and sales projections to develop the proposed monthly utility payments, resulting in the table below. Staff recommends that the Board use these assumptions for allocating the funding to utilities in FY23. The table below 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 component are used to support clean energy initiatives.

FY23 Utility Payments

Monthly Utility Funding Levels

FY23	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
PS-Electric	$13,614,098.99	$14,009,991.76	$12,460,690.18	$10,247,718.74	$9,633,938.04	$11,358,643.20	$11,815,476.28	$11,102,518.29	$10,585,326.02	$9,775,180.83	$9,940,581.87	$11,327,780.95	$135,871,945.15
JCP&L	$6,664,066.09	$7,170,112.49	$6,305,499.20	$4,902,904.51	$4,535,074.07	$5,196,662.50	$5,592,170.22	$5,291,422.28	$5,098,548.20	$4,773,420.02	$4,570,516.43	$5,339,580.08	$65,439,976.09
ACE	$2,952,194.64	$3,266,197.41	$3,038,093.29	$2,010,559.94	$1,958,150.74	$2,107,219.93	$2,455,757.99	$2,384,659.72	$2,169,410.69	$2,064,756.73	$1,845,743.16	$2,306,033.74	$28,558,777.98
RECO	$552,792.27	$552,911.96	$493,312.95	$414,780.44	$368,436.74	$419,356.68	$439,203.47	$396,104.73	$367,961.71	$363,831.62	$351,088.63	$427,755.36	$5,147,536.56
NJN	$460,125.45	$452,979.89	$460,756.34	$788,050.10	$1,606,516.71	$2,680,115.65	$3,342,201.38	$2,808,753.62	$2,242,455.62	$1,167,783.62	$634,738.96	$470,142.33	$17,114,619.67
SJG	$484,001.14	$480,204.72	$473,495.58	$448,231.79	$936,287.97	$1,445,709.88	$2,279,384.64	$2,080,290.45	$1,901,171.06	$1,329,935.58	$699,293.63	$523,536.07	$13,081,542.51
PS-Gas	$1,954,203.79	$1,766,875.54	$1,974,004.71	$2,443,020.00	$4,812,889.91	$9,052,345.36	$11,418,148.84	$11,666,996.41	$9,722,978.24	$6,534,818.28	$3,417,670.65	$2,384,155.49	$67,148,107.22
ETG	$446,719.52	$440,505.78	$458,408.91	$630,876.33	$1,269,058.53	$1,710,479.09	$2,104,625.15	$1,821,236.59	$1,495,692.95	$902,138.11	$542,285.78	$480,468.08	$12,302,494.82
Total	$27,128,201.89	$28,139,779.55	$25,664,261.16	$21,886,141.85	$25,120,352.71	$33,970,532.29	$39,446,967.97	$37,551,982.09	$33,583,544.49	$26,911,864.79	$22,001,919.11	$23,259,452.10	$344,665,000.00

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Rate Impacts

The Proposed FY23 Funding Level represents a continuation of the current funding level, and its approval will therefore have no incremental impact on rates.

SUMMARY OF COMMENTS FROM PUBLIC STAKEHOLDERS

Written and oral comments regarding the Proposed FY23 Compliance Filings and the Proposed FY23 Budget were submitted by Alexander Brown, Bloom Energy, Ceres, ChargEVC, the NJDEP, Elizabethtown Gas Company ("ETG"), Energy Efficiency Alliance of New Jersey ("EEA-NJ"), Enervee, Greg Gorman, Jersey Central Power & Light Company ("JCP&L"), Jersey Renews, Jhan Umali, Michael Winka, Middletown for Clean Energy, Mustafizur Khan, National Fuel Cell Research Center ("NFCRC"), Natural Resources Defense Council ("NRDC"), New Jersey Coalition of Automotive Retailers ("NJCAR"), the New Jersey Division of Rate Counsel ("Rate Counsel"), New Jersey Electric Vehicle Association ("NJEVA"), New Jersey League of Conservation Voters ("NJLCV"), New Jersey Natural Gas Company ("NJNG"), New Jersey Utilities Association ("NJUA"), Public Service Electric and Gas Company ("PSE&G"), South Jersey Gas Company ("SJG"), Sutirtha Datta, Vote Solar, and Xavier Le Clainche.

Below is a summary of the testimony and comments, as well as Staff's responses to them. Staff reiterates that they are conducting a series of meetings and other outreach for soliciting input on the broad features of the programs that will enable the State to meet the clean energy goals set forth in the CEA and the 2019 Energy Master Plan ("EMP")[4]. In other words, there are other, ongoing proceedings for stakeholder engagement on which may provide a better vehicle for considering input on certain program features, and Staff will continue to seek such input in other forums.

Staff notes that the process and schedule for commenting on the CRA Straw Proposal and on the associated draft Clean Energy Programs and Budget for FY23 ("FY23 Compliance Filings and Budgets") were very similar and that both proposals are being presented to the Board on the same Agenda. Because some comments do not readily lend themselves to being classified as being about one proposal versus the other, Staff strongly encourages readers interested in either proceeding to read the comments and responses regarding both proposals.

Budgets

Comment: EEA-NJ and Middletown for Clean Energy expressed their concerns with funding being allocated from the NJCEP to the FY23 State budget and indicated that the funds should only be used to support additional clean energy initiatives, such as further building electrification, marketing, website design, outreach/education, and green job development.

Response: Staff appreciates the comments submitted by commenters regarding funding allocations and the State Energy Initiatives budget line. However, this amount is set through the State budget and over the past five (5) years, there has been a reduction in the need for this non-recurring revenue. In FY23, the amount largely remains flat to FY22 due to a portion of the previously budgeted amount not being utilized. Therefore, the funding in FY23 will continue to be used primarily to support NJ Transit energy-related initiatives and the costs of State departments purchases of products in compliance with L. 2020, c. 117 (C.13:1E-99.126 et seq.), which

[4] New Jersey Board of Public Utilities, 2019 New Jersey Energy Master Plan: Pathway to 2050, available at https://nj.gov/bpu/pdf/publicnotice/NJBPU_EMP.pdf.

prohibited the provision or sale of certain single-use carryout bags, plastic straws, and polystyrene foam food service products.

Comment: NJNG provided their support for the NJCEP funding the Clean Energy Conference in FY23.

Response: Staff thanks the commenter for their remarks.

Comment: Jersey Renews commented on the need to be mindful of the amount funding that supports the Planning and Administration budget. Specifically, the commenter is concerned that too much of the funding is supporting administrative overhead rather than the actual programs. Also, Jersey Renews stated that funding for the website is listed twice in the budget.

Response: Staff thanks the commenter for their remarks. However, Staff respectfully disagrees that too much funding is budgeted for Planning and Administration. This area of the budget allows Staff to successfully implement and evaluate the efficacy of many of the core programs that are essential for BPU to address the EMP strategies, including but not limited to areas such as, grid modernization, the EMP Ratepayer Study, resource adequacy, and the administration of the Competitive Solar Incentive Program. Additionally, Staff continually monitors administrative expenses throughout the fiscal year and makes any necessary changes during true-up. Staff would also like to clarify that funding for the Clean Energy Program Website has been budgeted to support the redesign of the website. The Outreach, Website, and Other budget line, administered by TRC, supports the maintenance of the existing NJCEP website, including but not limited to, outreach initiatives, posting of public documents and reports, and training resources.

Clean Energy Equity and Comfort Partners Program

Comment: NJLCV expressed support for the self-certification process in census tract neighborhoods and for the initiative to address repair and remediation measures alongside EE upgrades. NJLCV recommended that barriers to participation in EE programs be clearly laid out to low-income applicants so that they do not go through the process of applying just to find themselves ineligible.

Response: Staff thanks NJLCV for the support, as well as for the suggestion for clear information for applicants from the outset of programs.

Comment: Vote Solar expressed support of the Comfort Partners Program and budget, as well as for whole home initiatives. Vote Solar encouraged the BPU to couple Comfort Partners with robust community partnerships and flexibility for eligible households. Vote Solar shared its view that Comfort Partners is an accessible entry into or one-stop-shop for other forms of government assistance based on the needs of participating households.

Response: Staff appreciates this comment, especially because the Whole House Pilot Program is being designed with these very considerations in mind.

Comment: Vote Solar commented that it fully supports the Board's targeted expenditures for outreach and education, especially related to programs that support low-income households. However, it was disappointed to see a decrease in the budget allocation from FY22.

To give an example of how the budget should be increased or otherwise rethought, Vote Solar noted that the lack of awareness about low- and moderate-income ("LMI") community solar in

overburdened communities ("OBC") shows how necessary it is to focus on outreach and education in OBC. Vote Solar encouraged the BPU to partner with existing organizations to spread the word about opportunities to save on bills and to collect feedback about existing or future programming.

NJLCV applauded the BPU's efforts to expand community outreach to underserved communities and minority and women-owned businesses and to provide Spanish and other language translation in support of the FY23 programs. NJLCV commented on the importance of BPU collaborating with utility companies to ensure that they have the knowledge and can speak to the full scope of the NJCEP's project offerings to their customers. In addition, NJCLV encouraged the BPU's outreach team to strongly recommend that utilities tell new customers and energy-burdened customers to apply for financial incentives or EE projects and that utilities provide at a minimum the same translation services as is provided by the BPU. NJLCV also commented that, in FY23, the team should work on expanding partnerships to include diverse community groups and organizations to help create a more well-rounded list of partners.

Response: The NJCEP's Outreach and Education budget is proposed to be approximately $1,000,000 (~15%) less in FY23 than it was in FY22 because over the course of FY22, the transition of many former NJCEP programs to the utilities was completed, thereby significantly reducing the associated need for outreach and education through the NJCEP. Instead, much of that direct outreach and education will now be provided by the utilities. In short, the budget reduction reflects the reduction in the NJCEP's overall scope, not any reduction in associated outreach and education efforts.

Further, Staff in principle agrees that it is necessary and important to conduct outreach and education in OBC and appreciates NJLCV's supportive comment in that regard. Indeed, in FY22, the NJCEP launched a Community Outreach Pilot Program ("Pilot") to enhance the work of the BPU's newly created Office of Clean Energy Equity ("OCEE") in 15 OBC. Through this effort TRC identified and contacted stakeholders such as town councils (12), environmental commissions (5), housing authorities (11), K-12 public schools (101), community-based organizations (50), and faith-based organizations (63) in the selected communities, as well as continued existing relationships with statewide, regional, and local partnerships. Notable minority organizations we have partnered with to promote programs include the Statewide Hispanic Chamber of Commerce, African American Chamber of Commerce, Essex County Latino American Chamber of Commerce, Latin American Economic Development Association, and New Jersey Association of Women Business Owners. Staff's proposal is that the Pilot would continue into FY23, shifting some of its focus to the recruitment of women- and minority-owned business enterprises, especially small businesses in OBCs, to participate in the School and Small Business Stimulus Program.

As to community solar, the NJBPU's successful Community Solar Pilot Program is currently closed. Staff expects to include outreach and education, especially in OBC, as part of the permanent Community Solar Program it is currently developing.

As to coordinating with the utilities, Staff and TRC regularly meet and share information with the utilities so as to best coordinate clean energy efforts across the variety of programs offered in the state. Each program's sponsors and administrators are educated about the other programs and encourage potential applicants to consider applying to the programs that best meet the applicants' needs. Finally, most, if not all, of the utility programs around the state provide translation services, especially in Spanish, and all parties are committed to continuously improving their outreach to non-English speakers.

Comment: Vote Solar expressed strong support for the increase in funding for Community Energy Plan Grants.

Response: Staff appreciates this support for the newly redesigned program.

Comment: Vote Solar recommended adding a budget line for the OCEE and for lowering energy burdens. Vote Solar recommended that equitable access investments be not a goal but a requirement of all programs with oversight from the OCEE. Vote Solar called for information about how programs are investing in underserved communities, OBC, or communities of color – for example, do the programs align with the federal government's Justice 40 Initiative?

Response: Staff appreciates the support for the sustained work of the OCEE, as well as for the recommendation to focus on lowering energy burdens. Staff will take the request for the BPU to report on program investments vis-à-vis overburdened and similar communities into consideration for future reporting.

Comment: NJLCV advocated for increasing the Comfort Partners eligibility threshold from 250% to 400% below federal poverty guidelines in the next few years to accommodate a larger demographic of LMI individuals.

Response: Staff notes that the utility companies' current EE programs, which are in operation from July 1, 2021 through June 30, 2024, complement Comfort Partners by offering a moderate-income weatherization program. Staff suggests that any change to Comfort Partners' eligibility threshold should be taken into consideration alongside development of the next three-year program cycle of utility EE programs.

Comment: Greg Gorman recommended that Comfort Partners deemphasize switching oil furnaces to gas in favor of encouraging replacement of oil and propane heating systems with heat pumps. Mr. Gorman cited other states (including New York, Massachusetts, Maine, Minnesota, and Colorado) that focus on fuel switching from gas or oil to heat-pump heating. Mr. Gorman also invoked EMP Goal 4.2.1 (Incentivize transition to electrified heat pumps, hot water heaters, and other appliances) and President Biden's recent authorization for use of the Defense Production Act to accelerate domestic production of five (5) critical clean energy technologies, including building insulation and heat pumps.

Mike Winka recommended that the FY23 Comfort Partners plan include specific goals for the installation of cold climate heat pumps to advance the goals of the 2019 EMP related to Strategy 4. Mr. Winka also recommended using a portion of the Comfort Partners budget to cover the costs of building affordable, low-income, zero-energy homes.

ETG, SJG, and NJNG expressed support for the proposed increase in the Comfort Partners budget and noted their pride in what the program has accomplished over the past two (2) decades for the most vulnerable customers. They also emphasized the need to ensure affordability for Comfort Partners customers who participate in an electrification program and noted that the program should thus be a "beneficial electrification" initiative.

NJLCV recommended that the BPU reevaluate its consideration of allowing natural gas as an alternative to electrification when repairing or replacing oil-fired heating systems through Comfort Partners, due to production of particular matter, carbon dioxide, nitrogen dioxide, and carbon monoxide by gas-fired heating systems. NJLCV noted that heat pumps provide effective heating

and cooling while reducing emissions, are able to operate at extreme temperatures, and have been found to reduce energy bills particularly when combined with weatherization measures. NJLCV cited Northeast states that are providing significant incentives for cold climate heat pumps, ranging from $1,600 in New York to $7,500 in Connecticut, and recommended that New Jersey provide similar incentives, including incentives for low-income customers.

Response: Staff thanks commenters for their interest in continued growth and innovation in the program and highlights work with Comfort Partners to develop a beneficial electrification pilot program that would offer heat pumps (including cold climate heat pumps) to replace delivered fuel and gas systems that have reached the end of their useful life, alongside existing weatherization services, in a way that ensures cost-effective and reliable service for low-income customers, with consideration of both upfront and operational costs.

Comment: Enervee emphasized the need to lower appliance energy usage, especially by low-income customers. Enervee noted that, while utility programs address some major product categories, such as refrigerators, clothes washers, and dryers, they do not offer rebates for many other types of products. Enervee also suggested that instant rebates would be less administratively cumbersome and therefore more effective. Enervee noted that Comfort Partners' budget currently allows the program to provide weatherization services for about 6,000 low-income households per year and that more should be done to reach more customers and ease the burden of high utility bills for LMI and other hard-to-reach customers. Enervee specifically suggested a statewide LMI online marketplace coordinated with utility programs that offers dozens of products beyond lighting and thermostats, including major appliances, and integrated point-of-sale financing (resulting in affordable monthly payments) specifically for these customers. To complement this marketplace program, Enervee suggested allocation of ratepayer funds for a loan loss reserve ("LLR") facility that would cover a share of losses in cases of default. Enervee estimated that an LLR allocation of $3 million could support an online retail lending program reaching 30,000–35,000 New Jersey customers and effectuating more than 40,000 efficient purchases annually, representing about 1% of market potential, with the ability to scale up the program over time.

Response: Staff thanks Enervee for these suggestions and will take these into consideration in the continued review, modification and updates of Comfort Partners and other programs.

Comment: EEA-NJ expressed support for efforts to reduce barriers to entry for participation in Comfort Partners, such as permitting customers residing in low-income census tracts to participate without providing income verification documentation. EEA-NJ requested clarification of the status of the Whole House Pilot Program and asked for regular updates on program design process.

Response: Staff anticipates a stakeholder meeting on the Whole House Pilot Program during summer and a review of the results of an asset and gap analysis and overall program update.

Comment: Jersey Renews provided their support of the Comfort Partners Program and would like to see additional funding to continue to expand EE to as many residents as feasible. Specifically, the commenter is concerned with the need to address weatherization of homes that can benefit the most.

Response: Staff agrees that there is a need to continue to expand access to affordable EE measures for all New Jersey residents. In FY23, the Comfort Partners' budget has been increased to support greater customer demand in part due to the introduction of location-based

eligibility verification, which seeks to remove barriers to allow more potential customers to participate. Additionally, Staff, through the OCEE, will continue to explore ways, through engagement with stakeholders, to improve the EE needs of low-income residents.

Comment: The NJUA supported the increased budget for the Comfort Partners Program, stating that this increase will enable the utilities to reach more customers and that any changes in program strategy must consider the affordability of energy for consumers. The NJUA also requested that Staff continue to coordinate closely with utilities on enhancements to the program both within the proposed budget period and for the next triennium.

Response: Staff appreciates the NJUA's support and looks forward to a continued partnership to develop and execute the Comfort Partners Program.

Combined Heat and Power – Fuel Cells ("CHP-FC")

Comment: Bloom Energy, with support from NFCRC, repeated comments it has made in the past that the CHP-FC Program's failure to provide special incentives for FCs as compared to CHPs and the Program's "manufacturer diversity" cap inappropriately discriminate against cleaner FCs in favor of polluting CHPs. NFCRC and Bloom also recommended that the Board follow the 2021 California Public Utility Commission ("CPUC") determination to preclude the award of incentives for internal combustion projects located in a county listed as a severe or extreme federal nonattainment area for particulate matter (PM10 or PM2.5) or eight-hour ozone (O3) in the U.S. Environmental Protection Agency Green Book in any of the three years prior to the application date. Finally, Bloom Energy commented that the Board should add a 25% "adder" or bonus to the CHP-FC Program for "non-combustion projects that reduce or eliminate diesel generator usage in LMI neighborhoods."

Response: Most of Bloom Energy's and NFCRC's comments have been made, considered, rejected, and fully responded to regarding one or more previous Staff proposals. The reader is respectfully referred to those materials; Staff will not unnecessarily repeat those responses in total here. Staff continues to believe it appropriate to favor CHPs, which by definition must be at least 60% energy efficient, over FCs, which can be as low as 40% energy efficient, with the typical FC application to the NJCEP being well below 50%. The support for CHPs over FCs is further justified because CHPs generally have a significantly lower capital cost and higher annual system efficiency than do FCs. Staff has not yet viewed all the foregoing CHP benefits as sufficiently outweighed by FCs' possible advantage in terms of non-greenhouse gas ("GHG") emissions. Further, Staff notes that CHPs are not "internal combustion" projects and that, at any rate, the CPUC determination appears to have been based on a number of factors that would require further study and analysis before a recommendation to follow the CPUC determination could be made. Staff believes that all of the above is consistent with the furthering of environmental justice and fails to see any support in Bloom Energy and NFCRC's submissions for their suggested 25% bonus. In sum, Staff believes that the current Program appropriately and cost-effectively provides the appropriate incentives for FCs that fall between 40% and 60% efficiency. At the same time, Staff notes that the Board may seek stakeholder and public input in FY23 regarding a potential re-design of the CHP-FC Program and would welcome further discussion of these topics during such process.

Comment: Bloom Energy also repeated its past comment that the proposed two-tier incentive structure providing one incentive for ≥ 40% FCs and a higher incentive for ≥ 60% FCs and CHPs is too blunt and will inappropriately encourage the development of lower efficiency FC projects. Bloom Energy again pointed out that a hospital that installs a 60% efficient CHP could receive an

incentive of up to $3,000,000 while another that installs a 59% efficient FC would be limited to $1,000,000, resulting in the NJCEP paying $2,000,000 for the 1% incremental increase in efficiency and ultimately disincentivizing the developer of the FC to invest in the technology to get its equipment from 40% to 59%. Bloom Energy suggested that a sliding scale between 40% and 60% would better achieve the NJCEP's goals.

Response: Staff preliminarily notes that the NJCEP has not yet received an application from Bloom Energy or any other FC provider that comes anywhere near the posited 59% efficiency; instead, as noted above, the applications are for units in the high 40% to low 50% range. That said, Staff agrees that there may be merit in using a sliding scale, rather than a cliff, to manage the incentivization of FCs that range between 40% and 60%. However, the proper design of such a scale would require substantial analysis, time, and stakeholder input, all of which would be more available and appropriately conducted during the previously described potential proceeding regarding redesign of the CHP-FC Program. Accordingly, although Staff does not support the adoption of the sliding scale as part of the current process, the suggestion for the sliding scale approach may be more carefully considered in the relatively near future.

Comment: NJLCV commented that it applauds the CHP-FC's Program's EE percentage requirements but is concerned that the program in practice may simply be an incentive to transition to natural gas and mixed fuel rather than to renewable energies. CHP-FCs fueled with natural gas are eligible to participate in the program. However, NJLCV argued that promoting natural gas infrastructure that is required to run a minimum of 5,000 hours/year over at least a 10-year timespan, as the CHP-FC Program rules require, is counter to the EMP's goals of 100% clean power by 2050, as well as to the Clean Energy Act's mandates that 35% of energy sold in the state be renewable energy by 2025 and 50% by 2030. Therefore, according to the NJLCV, CHP-FCs fueled with natural gas, or with natural gas mixed with renewable fuels, should be ineligible to receive any incentives.

Response: Staff appreciates the comment and NJLCV's concern that the current program design may not provide sufficient support for the development of clean and renewable energy. As part of the previously described potential proceeding regarding redesign of the CHP-FC Program, Staff may consider the issues raised by NJLCV and encourages NJLCV to actively participate in such process, if established.

Electric Vehicles

Comment: ChargEVC noted the success of the Charge Up New Jersey Program for the past two (2) years and the importance of the Program to achieving the goals created in the EV Law. Their comments focused on three (3) specific Charge Up New Jersey Program areas and additional comments on the other EV programs:

(1) ChargEVC encouraged more stakeholder engagement.

(2) ChargEVC noted that in order to meet the 2025 EV goals, additional incentives will be needed, and the commenters recommend providing $80 million worth of funding. This level of funding would better address goals and ensure New Jersey is included in the preferred market designation for EV manufacturers according to the comments. The commenters also recommend increased funding each year.

(3) ChargEVC recommended several changes to the Charge Up New Jersey Program structure, including:

- Eliminating the two-tier structure and providing a maximum incentive of $4,500;
- Avoiding the start-stop cycle by increasing funding and having defined windows of eligibility throughout the year;
- Clearly defining what is included in the MSRP to avoid incentives going to low base priced vehicles that then include additional upgrades;
- Commenter suggested that the 14-day time frame for dealers and showrooms to apply for the incentive was too short;
- ChargEVC suggested that in addition to the dashboard, additional data be shared on a transaction-based level; and
- Comments also urged that payments be made within the 30 day timeframe to dealerships and showrooms.

(4) ChargEVC suggested that the BPU should launch an incentive program for community-based electric mobility services in LMI communities.

(5) ChargEVC suggested that the residential charger program and all other public EV charging incentives should not be launched and that the funding should instead be used for the Charge Up New Jersey Program. The comments suggested that the DEP and National Electric Vehicle Infrastructure ("NEVI") Program would address those areas.

Response: Staff notes that the Charge Up New Jersey Program focuses on offering incentives to incentive-essential EV buyers or lesser; the Program is not designed to provide incentives for all EVs to meet the State's goals.

The two-tier structure and the proposed reduction to $4,000 were designed to allow the existing funding to go further and provide more incentives for EVs in New Jersey.

Staff shares ChargEVC's concern regarding the MSRP, which is why the compliance filing includes language that defines the upgrades that enhance the vehicle's value as part of the MSRP ["The MSRP cap will include all line items on the purchase or lease agreement, which relate to the value of the vehicle itself (including but not limited to battery upgrades, autonomous upgrades, wheel and tire packages, audio, and infotainment system)."]

While Staff understands that some dealers and showrooms have struggled with the 14-day requirement to submit information, this requirement is essential to ensuring that our website complies with the EV law in providing up-to-date information about the availability of incentives. Staff is exploring increasing the window. Staff is taking this consideration under advisement; however; this will remain unchanged in FY23 until the Board decides to take further action.

Staff continues to work with the Center for Sustainable Energy ("CSE") to investigate how to provide anonymized transaction level data. Staff has worked internally to reduce the approval process within the BPU and the CSE to ensure compliance with the 30-day turn around.

Staff notes that the BPU is currently working on a project to propose ways to address e-mobility in LMI communities, and any future programs would be informed by that work.

Finally, Staff notes that the EV Law contained many goals, including public charging. The Clean Fleet, EV Tourism and Multi-Unit Dwelling Programs each address specific goals of the law and complement both the DEP and NEVI Program. In addition, Staff notes that the residential charger program complements the utility make-ready programs.

Comment: NJCAR requested additional stakeholder input. Commenters also recommended against the start-stop cycle as seen in the last two (2) years, which according to the comments lead to customer, dealer and automaker frustration. Commenters noted that incentives will no longer be available for plug-in hybrid electric vehicles ("PHEVs") as of December 31, 2022, and asked if there would be other vehicles eliminated from the Charge Up New Jersey Program.

NJCAR also provided comments on the proposal to adjust the incentive following federal passage of a new EV incentive or tax credit. NJCAR noted that, in their view, the $30 million in funding is inadequate and will not provide enough incentives to achieve New Jersey's EV goals. The comments also urged the payment process to be shortened to 10 days and noted that payments sometimes took nearly 60 days. NJCAR also requested the dashboard be more regularly updated. Lastly, NJCAR objected to the prohibition against "mark-ups" on the MSRP because it fails to protect consumers and imposes a financial hardship on Main Street businesses. The comments note that Tesla has repeatedly increased its MSRP, while dealerships are unable to set the MSRP as that is set by the manufacturer.

Response: Staff notes that the EV Law requires that after December 31, 2022, PHEVs no longer be eligible for the Charge Up incentive. Therefore, the Charge Up New Jersey Compliance Filing language is a reflection of that statutory requirement.

Staff notes that the language regarding the creation of a new federal EV incentive or tax credit was included to ensure that the program would not run out of funding in a rush on the program after passage. Providing the ability to adjust the incentive amount will allow for the incentive to remain impactful but at a reduced level to reflect the addition of a new federal incentive.

The two-tier structure and the proposed reduction to $4,000 were designed to allow the existing funding to go further and provide more incentives for EVs in New Jersey.

While Staff understands that some dealers and showrooms have struggled with the 14-day requirement to submit information, timely notification is essential to ensuring that our website complies with the EV law in providing up-to-date information about the availability of incentives. As noted previously, Staff is exploring increasing the window. However, this will remain unchanged in FY23 until the Board decides to take further action.

Staff notes that there is not a total prohibition on mark-ups but only on "price markups that diminish the value of the State's incentive for the consumer are not permitted. Dealers may not include mark-ups or market price adjustments for which there is no specific line item or additional underlying value." Mark-ups that have an underlying value or specific line item are still permitted.

Staff continues to work with the CSE to investigate how to provide anonymized transaction level data. Staff has worked internally to reduce the approval process within the BPU and with the Program Administrator to ensure compliance with the 30-day turn around.

Lastly, Staff notes that the incentive dashboard offers real-time data on incentive applications and that the statistics dashboard are updated monthly to provide up-to-date information.

Comment: Tesla commented that the BPU should fund the Charge Up New Jersey Program with $100 million in FY23 to ensure funding for the whole year. The commenter also focused on several administrative concerns, which include:

(1) Request that order information is provided bi-weekly or monthly rather than weekly;

(2) Request not to use last year's temporary solution of creating temporary vehicle identification numbers ("VINS") to enter customer data;

(3) Request that they receive more than 14 days to enter data-suggestions of 45 and 90 days were provided;
(4) Request to have each dealer have one portal account to view all applications rather than having multiple log ins for Staff; and

(5) Request to adjust the portal to allow for the use of automation for entering data.

Response: Staff notes that the proposed reduction to $4,000 was designed to allow the existing funding to go further and provide more incentives for EVs in New Jersey.

Staff further notes that the intent of the weekly order numbers is to better project funding levels; bi-weekly or monthly updates will not ensure that the applications do not exceed the budget.

Staff understands that the temporary solution of using temporary VIN numbers was not ideal; however, it was necessary to ensure that customers who ordered within the time frame were able to claim their incentive upon delivery. Staff is working with CSE to look at alternatives to determine if there is a need in FY23 and notes that the Charge Up New Jersey Compliance Filing recommends dealerships and showrooms collect the signed Terms and Conditions and driver's license at the time of order to mitigate future collection issues.

While Staff understands that some dealers and showrooms have struggled with the 14-day requirement to submit information, timely reporting is essential to ensuring that our website complies with the EV law in providing up-to-date information about the availability of incentives. As noted previously, Staff is exploring increasing the window. However, this will remain unchanged in FY23 until the Board decides to take further action.

Staff continues to work with the CSE to make useful updates to the system and thanks Tesla for their suggestions.

Comment: Rate Counsel commented that given the popularity of EVs, the long wait times for delivery, and the generous federal incentives, they are skeptical that Charge Up incentives will have any impact on EV purchases. Rate Counsel suggested that the goal of the incentive should be to broaden the range of potential buyers. The commenter suggested that the start and stop of the program in past years is problematic and should be avoided. Rate Counsel noted that a smaller incentive, at $2,500, per vehicle would allow for consistent funding. Rate Counsel supported the tiered incentive program and suggested that the BPU do further research to determine if the incentives are addressing middle-income residents. Rate Counsel suggested that allowing PHEV incentives until January 1, 2023 will encourage more middle-income residents to access the Program. Rate Counsel objected to the creation of the residential charger program, citing the current utility programs, and suggests if created should be limited to multi-family residents, low-income customers and residents in OBC.

Response: Staff agrees with Rate Counsel that the goal of the Program is to broaden the range of potential buyers, especially those that are incentive-essential, who could not afford the up-front costs associated with an EV.

Staff notes that the proposed reduction to $4,000 was designed to allow the existing funding to go further and provide more incentives for EVs in New Jersey. Additionally, Staff notes most moderate-income incentive users purchased vehicles under $45,000.

Staff notes that the residential charger program complements the utility make-ready program and will continue to monitor the impact of the program on meeting the State's EV and equity goals. In addition, Staff notes that the Multi-Unit Dwelling ("MUD") Program ("MUD Program") specifically offers incentives for the installation of chargers at multi-unit dwellings.

Comment: NJLCV commented on their support of the federal NEVI Program. Comments suggested that a successful program would focus on network reliability and long-term performance and that non-proprietary charger standards should be prioritized. NJLCV objected to the tiered structure, suggesting the $2,000 level was not generous enough to stimulate interest in those vehicles. The comments suggested that all incentives should be set at $4,500 and funding should be increased to $100 million. NJLCV also suggested including certified pre-owned vehicles in the Programs. Comments also suggested that the State should not reduce the incentive level if a federal incentive or rebate is created, as the stacking of incentives would be a greater inducement to purchase.

Response: Staff thanks NJLCV for their comments and believes that the NEVI Program will encourage the growth of the EV ecosystem.

The two-tier structure and the proposed reduction to $4,000 were designed to allow the existing funding to go further and provide more incentives for EVs in New Jersey. Staff notes that based on statute, the $30 million of dedicated Plug-In funding can only be used for new vehicles.

Staff further notes that the language regarding the creation of a new federal EV incentive or tax credit was included to ensure that the program would not run out of funding in a rush on the program after passage. Providing the ability to adjust the incentive amount will allow for the incentive to remain impactful but at a reduced level to reflect the addition of a new federal incentive.

Comment: NJLCV provided their support for the MUD Program, which they believe addresses a key barrier to non-homeowners entering the EV market. The commenter recommends increasing the MUD Program budget in FY23 to $6 million due to expected increase in applications and the EV Act's goal of at least 15 percent of all MUDs to have EV chargers by end of 2025.[4]

Response: Staff thanks the commenter for their support. Staff believes that the $4 million budget for the MUD Program will sufficiently cover the estimated expenses in FY23. Also, Staff will closely monitor expenditures throughout the fiscal year and may recommend any potential adjustments during true-up, if necessary.

Comment: NJEVA commented on the Charge Up New Jersey Program, noting that, in 2020, Charge Up incentives were provided for a majority of EV purchases and, in 2021, there was a significant increase in EV purchases. However, they also noted that the Charge Up incentives made up a small subset of those purchases. The commenter suggests that BPU should strive to have a larger percentage of New Jersey EV registrations receive Charge Up incentives. They

[4] N.J.S.A. 48:25-1 et seq.

also noted the following:

(1) Commenter suggested that the optimal budget for FY23 was $136.4 million with a fixed $4,000 incentive:

(2) Commenter stated that the stop start of the first two (2) years of the Program was problematic and should be addressed through increased funding and reduced incentives;

(3) Commenter agreed with the proposed $4000/$2000 tiered incentive;

(4) Commenter suggested greater stakeholder input opportunities;

(5) Commenter recommended clearly defining what is included in the MSRP to avoid incentives going to low-base priced vehicles that include additional upgrades;

(6) Commenter suggested that the 14-day time frame for dealers and showrooms to apply for the incentive was too short;

(7) Commenter indicated that in addition to the dashboard, additional data be shared on a transaction based level;

(8) Commenter also urged that payments be made within the 30-day timeframe to dealerships and showrooms; and

(9) Commenter suggested that the residential charger program and all other public EV charging incentives should not be launched and the funding should instead be used for the Charge Up New Jersey Program. The comments suggested that the DEP and the NEVI Program would address those areas.

Response: Staff thanks NJEVA for their comments and analysis and notes that their findings regarding the percentage of Charge Up recipients in comparison to the overall EV growth is an indicator of early success. The Charge Up New Jersey Program was not designed to incentivize all EVs on the road but to provide incentives to those who would not otherwise purchase an EV. The fact that we saw this large increase in the first year of the point of sale program indicates that the program was inducing interest in EVs and encouraging purchases from those who did not need a monetary incentive to purchase.

The two-tier structure and the proposed reduction to $4,000 were designed to allow the existing funding to go further and provide more incentives for EVs in New Jersey.

Staff shares NJEVA's concern regarding the MSRP, which is why the compliance filing includes language that defines the upgrades that enhance the vehicle's value as part of the MSRP.

As previously mentioned, while Staff understands that some dealers and showrooms have struggled with the 14-day requirement to submit information, timely reporting is essential to ensuring that our website complies with the EV law in providing up-to-date information about the availability of incentives. As noted previously, Staff is exploring increasing the window. However, this will remain unchanged in FY23 until the Board decides to take further action.

Staff continues to work with the CSE to investigate how to provide anonymized transaction level data. Staff has worked internally to reduce the approval process within the BPU and with the

CSE to ensure compliance with the 30-day turn around.

Staff notes that the EV Law contained many goals, including public charging. The Clean Fleet, EV Tourism and MUD Programs each address specific goals of the law and compliment both the DEP and NEVI Program. In addition, Staff notes that the residential charger program compliments the utility make-ready programs.

Comment: Jersey Renews provided their support for the tiered incentive, as the maximum $4,000 amount continues to be a generous incentive to generate interest and reduce the purchase price. Jersey Renews suggested that the BPU should analyze the impact of the lower incentive maximum on higher priced vehicles. Jersey Renews also recommended that the total budget for the Charge Up New Jersey Program should be increased to allow the program to run for longer.

Response: Staff thanks the commenter for their support and notes that the two-tier structure and the proposed reduction to $4,000 were designed to allow the existing funding to go further and provide more incentives for EVs in New Jersey.

Comment: Alexander Brown commented on the long wait times and supply chain issues that are creating concerns. Mr. Brown urged the BPU to increase funding to the Charge Up New Jersey Program to ensure that funds are consistent throughout the year. Mr. Brown suggested an algorithm that is set every quarter to adjust the incentive to match the market and ensure the funding last the whole year. Mr. Brown also recommended an alternative that would reduce the MSRP cap to ensure funding lasted the full year.

Response: The two-tier structure and the proposed reduction to $4,000 were designed to allow the existing funding to go further and provide more incentives for EVs in New Jersey.

Comment: Mustafizur Khan suggested that the language should be clear on dates of eligibility for the Charge Up New Jersey Program. Mr. Khan also expressed concerns regarding dealership mark ups.

Response: Staff notes that eligibility dates are announced at the opening of the program. In addition, the Charge Up New Jersey Compliance Filing defines the order date as, “the date which the customer places a down payment of any sort on the vehicle. Purchased or leased in the State of New Jersey at a participating dealership or showroom.”

Staff shares the commenter’s concern regarding the MSRP, which is why the Charge Up New Jersey Compliance Filing includes language that defines the upgrades that enhance the vehicle’s value as part of the MSRP [“The MSRP cap will include all line items on the purchase or lease agreement which relate to the value of the vehicle itself (including but not limited to battery upgrades, autonomous upgrades, wheel and tire packages, audio, and infotainment system).”].

Comment: Xavier Le Clainche expressed concern about excessive mark ups. Mr. Le Clainche also suggested reserving funding at the time of order and encouraged a post-purchase incentive.

Response: Staff shares the commenter’s concern regarding the MSRP, which is why the Charge Up New Jersey Compliance Filing includes language that defines the upgrades that enhance the vehicle’s value as part of the MSRP [“The MSRP cap will include all line items on the purchase or lease agreement which relate to the value of the vehicle itself (including but not limited to battery upgrades, autonomous upgrades, wheel and tire packages, audio, and infotainment system).”].

Staff also notes that there is not a total prohibition on mark-ups but only on "price markups that diminish the value of the State's incentive for the consumer are not permitted. Dealers may not include mark-ups or market price adjustments for which there is no specific line item or additional underlying value." Mark-ups that have an underlying value or specific line item are still permitted.

Staff notes that over 20% of all orders did not end in delivery in Year Two. Reserving funds at the time of delivery also created several administrative concerns that were addressed by stakeholders. In FY23, there is a requirement for weekly order information to better inform projected funding impact.

Additionally, the EV Law specifically created a point-of-sale program, and the post-purchase program in Year One was necessitated by eligibility that began prior to the launch of the program.

Comment: Jhan Umali commented that he would like to see vehicles purchased while the Charge Up New Jersey Program was closed be eligible for an incentive.

Response: Staff notes that the Program is designed to provide funding for incentive-essential residents, who would not otherwise purchase an EV. The program is funded to ensure funding for those who access the program while it is open, not to incentivize every EV purchased in the State.

Comment: Sutirtha Datta asked when the point-of-sale incentive program would re-open in FY23.

Response: Staff notes that the FY23 Charge Up New Jersey Compliance Filing proposes rules for a point-of-sale program in FY23.

Energy Efficiency

Comment: Mike Winka commented that, during FY23, the State will be funding the construction of approximately 3,300 new units of affordable housing and recommended that the NJCEP funds should be used to ensure that they are built as zero emission ("ZE") homes, with EV charging ports, cold climate heat pumps, heat pump water heaters, electric induction stoves, significant electric storage capacity, and similar clean energy technology. Mr. Winka argued that this would increase awareness of ZE homes and make New Jersey a leader in this area.

Response: Staff is currently coordinating with TRC, the NC Program Manager, to develop proposed changes to the NC Program for consideration by the Board in early FY23. Specifically, Staff intends to conduct a process to seek stakeholder and public input regarding the development of a re-designed NC Program that would, among other things, unify the NJCEP's several NC EE programs, including its Residential NC Program, into one new unified NC Program. As part of that re-design, Staff is considering proposing additional incentives for electrification and decarbonization, including specific pathways and/or enhanced incentives for the same. Staff encourages the commenter and all interested stakeholders to actively participate in the forthcoming process. It would be inappropriate to incorporate the commenter's suggested changes prior to the implementation of that public stakeholder process.

Comment: Mike Winka commented that NJCEP's residential EE programs should provide higher incentives for cold climate heat pumps and specifically earmark budget funds for incentivizing cold climate heat pumps. He also commented that the Commercial & Industrial ("C&I") EE programs inappropriately provide higher incentives for various types of less efficient, greenhouse-

gas-producing fossil-fueled C&I technologies than they do for highly efficient geothermal heat pumps. For example, the commenter claims that a natural gas heating system with an electric chiller receives a higher incentive than a similarly-sized cold climate heat pump does, even though the cold climate heat pump is three times more efficient. Similarly, the commenter states that a natural gas cooling system receives an incentive ten times greater than the incentive for a similarly-sized geothermal heat pump, even though the geothermal heat pump is more than three (3) times more efficient than the natural gas cooling system. Further, he stated the C&I EE programs inappropriately do not provide any incentive at all for heat pump water heaters.

NRDC commented that the Board should launch its re-designed NC Program as soon as possible and that the program should focus on decarbonization by supporting technologies such as cold climate heat pumps and all-electric appliances.

Response: Staff incorporates its previous response here about the potential re-design of NJCEP's NC into one unified NC Program. It further notes that as part of that re-design, it intends to seriously consider special incentives for electrification and decarbonization, including specific pathways and/or enhanced incentives for the same. Finally, Staff notes that Mr. Winka's statements about the relative incentives are not accurate in all cases, as the subject incentives vary based on a number of factors, including, among other things, efficiency and size.

To the degree that Mr. Winka's comments are directed at incentives for retrofits, Staff notes that all residential retrofits, and the vast majority of C&I retrofits, are now covered by utility programs, not by the NJCEP and are therefore outside the scope of this proceeding.

Comment: Middletown for Clean Energy cited EMP Strategy 4.2 (calling for incentives for the transition to electric heat pumps, hot water heater, and other electric appliances) and the 2019 Integrated Energy Plan (citing EVs and heat pumps as the key technologies to assist New Jersey in reaching its 100% clean energy goals) to support its recommendations for the following:

(1) setting an initial goal of electrifying 100,000 new and retrofit residential building units by 2025 and 800,000 by 2030, with accompanying budget support; including specific goals for installing only cold climate heat pumps as part of the NJCEP's residential and multi-family new construction ("NC") programs; replacing failed or failing heating or cooling systems, or replacing fuel oil heating systems not serviceable by the Weatherization Assistance Program, with cold climate heat pump systems in Comfort Partners; providing Comfort Partners' participants with an operational incentive to cover incremental electrical heating costs during exceptionally cold weather; and maximizing cold climate heat pumps in all future State facility projects with the Division of Property Management and Construction;

(2) developing a building electrification roadmap and having the NJIT Clean Energy Learning Center provide training for building designers, developers, and heating, ventilation, and air conditioning ("HVAC") contractors in cold climate heat pump technology and installation; increasing the budget for marketing, outreach, and education to ensure that residents and businesses are aware of cold climate heat pump programs and incentives;

(3) ensuring that the 3,300 affordable housing units that Governor Murphy has included in the New Jersey budget to be built using $305 million in federal COVID-19 rescue funds are built to all-electric, zero energy building standards, including cold climate heat pumps for space heating and cooling and water heating, EV charging, and, to the extent possible, solar with battery storage;

(4) establishing incentive budgets for new and retrofit residential units that guarantee that at least 34,000 units are electrified with cold climate heat pumps in 2023; include an additional incentive of at least $1,000 for each newly constructed residential unit for cold climate heat pump installation either via upfront rebates or clean energy credits with a ten-year payback; include an incentive of $5,000 for each retrofitted residential unit for the same, with a comparable incentive for owner- or tenant-occupied multi-family housing with collective HVAC; include more incentives for incremental electrical panel work; include an additional $1,000 incentive for installation of cold climate heat pumps in the NC Program;

(5) eliminating natural gas incentives for new and retrofit installations; and

(6) working with the New Jersey Department of Community Affairs and other agencies to support strong building electrification residential and commercial building codes for NC, retrofitting, and remodeling by, at a minimum, adopting the IECC 2021, 2024, and 2027 building energy codes with no weakening amendments; evaluate and incorporate building electrification into these codes; and increase funding for the Rutgers Center for Green Building to evaluate the costs and benefits, including non-energy benefits, of strengthening building energy codes to advance building electrification.

Response: Staff thanks Middletown for Clean Energy for the comprehensive, helpful suggestions, and recommendations and will take them all into account during the development of a building decarbonization plan by the BPU that will include, without being limited to, Comfort Partners, the NJCEP's NC Program, utility existing buildings programs, and building energy codes.

Comment: Ceres recommended that the BPU offer building electrification programs and incentives to all customer classes. Ceres noted widespread lack of awareness about current heat pump technology cold weather capabilities and called for the BPU to offer programs and incentives that attract significant program participation and lead to the level of market transformation necessary to meet the climate crisis. Ceres also recommended an assessment of brand awareness and brand performance to better understand the effectiveness of current outreach and education efforts throughout the state.

Response: Staff agrees that it is essential for beneficial electrification opportunities to be available for all customer classes while prioritizing participation by the most vulnerable communities.

Comment: EEA-NJ recommended that, as of FY23, State Energy Program ("SEP") funds allocated to New Jersey be used to support the electrification of delivered fuel and municipal electric customers.

Response: Staff thanks EEA-NJ for the suggestion and notes that SEP funds have historically supported EE opportunities for customers not served by an investor-owned utility. Staff is exploring how the NJCEP can continue to offer EE and beneficial electrification opportunities for these customers with future SEP funds.

Comment: EEA-NJ recommended targeting programs to customers by leveraging advanced

metering initiatives ("AMI"), especially in low-income communities. EEA-NJ stated that AMI can identify greater energy-saving opportunities, focus on savings during specific times of day, and focus on energy reductions that maximize grid efficiency. EEA-NJ further stated that this can help to increase participation in EE programs and improve affordability for customers.

Response: Staff appreciates the suggestion and will take this into consideration for future program designs.

Comment: EEA-NJ urged the BPU to consider greater flexibility in the use of funding among the programs to accommodate supply chain issues.

Response: Staff appreciates the need to provide sufficient flexibility in program funding to accommodate changes in the marketplace, including fluctuations in supply chains and costs, and will work with the utilities and stakeholders to incorporate this into future program design.

Comment: JCP&L requested clarification on the intended path forward on the BPU's benchmarking program, especially in light of the anticipated implementation timeline.

Response: Staff has been working diligently to develop the details of the benchmarking program, given that it is a new program for New Jersey. Staff shares and appreciates the attention to the implementation timeline.

Comment: PSE&G stated that the FY23 compliance filings for the NJCEP and Comfort Partners EE programs do not comply with several key requirements of the Board's EE framework order as adopted on June 10, 2020 regarding reporting spending, savings, quantitative performance indicators, and cost-effectiveness results.

EEA-NJ acknowledged the significant amount of effort that the BPU has put into its EE transition over the past year, including transitioning programs to utilities, establishing new stakeholder working groups, and creating a new cost test that better reflects the climate, health, and economic benefits of EE investments, among other EE program redesigns. Moving forward, EEA-NJ asked the BPU to consider increased consistency, timeliness, transparency, and accountability in EE program evaluation and reporting for both utility and State-run programs. In particular, EEA-NJ called for State programs to report on cost-effectiveness, environmental benefits, program participation, expenditures, and costs to achieve, per the Board's EE framework order.

Response: Staff appreciates the comments on reporting metrics and will follow up to ensure that NJCEP and the utilities are including consistent metrics in their reports.

Comment: JCP&L and NJNG expressed general support for a well-planned and comprehensive replacement of streetlights within its service territory but noted concerns about a program that does not include electric distribution companies ("EDCs") playing a primary role in its development and implementation. JCP&L noted a particular concern about the company's ability to capture energy savings associated with the program for the purposes of attaining its escalating energy savings requirements under the CEA and the Board's June 10, 2020 EE framework order. JCP&L encouraged the Board to address this issue by either providing for the utilities to run streetlight programs through their EE portfolios or by adjusting the prospective relative savings to be achieved under utility-led and State-led programs. Overall, JCP&L called for significant coordination between the BPU and the EDCs on a streetlight replacement program and also advocated for a utility-led approach in coordination and collaboration with the municipalities.

PSE&G expressed support for a light-emitting diode ("LED") streetlight conversions and the Board's consideration of program options but argued that the state's EDCs are best positioned to design and drive a comprehensive, efficient, and effective approach to converting streetlights because they own and service the majority of streetlights in the State. PSE&G expressed concern regarding potential transfer of ownership of streetlights to municipalities because these assets are included in rates and due to stranded cost considerations. PSE&G also expressed support for a collaborative process through which the EDCs, Staff, and other interested stakeholders would work together to develop an approach for streetlight replacement.

Response: Staff appreciates the comments and welcomes the opportunity to further discuss and work through issues and concerns with the EDCs, Rate Counsel, and other stakeholders as part of development of an effective and thoughtful LED Streetlights straw proposal that will provide multiple benefits to New Jersey.

Comment: NRDC recommended that the BPU set aside funding to secure outside consultants for assistance with program design, baseline studies, and implementation for building decarbonization.

Response: Staff is evaluating the need for outside consultants as part of the development of a building decarbonization plan by the BPU.

Comment: NRDC recommended that the BPU open a generic docket, similar to the EE proceeding, on utility-led beneficial building decarbonization programs. NRDC stated that beneficial building decarbonization programs should be "core" utility programs; the Board should consider additional metrics to measure program success beyond annual percentage reductions in retail sales, such as British thermal unit ("BTUs") or GHG emissions; and other elements of evaluation, measurement, and verification ("EM&V"), workforce development, and implementation should be addressed through this docket.

Response: Staff is currently considering how best to make adjustments to the framework design for the utilities' future EE programs, which encompasses quite a broad range of issues but includes all of the topics raised by NRDC. More specifically, topics for discussion will include, but not be limited to, treatment of energy savings, target setting (including fuel-neutral and greenhouse gas reduction targets), program design (including decarbonization and financing), contractor participation, and EM&V. Staff appreciates that a lot of work and discussions are required for these future programs, even while implementation of current programs is ongoing.

Comment: NRDC called for the Board to launch its building energy benchmarking program as soon as possible.

Response: Staff has been working diligently to develop the details of the benchmarking initiative, given that it is a new program for New Jersey. Staff shares and appreciates the attention to the implementation timeline.

Comment: NRDC also called for the Board to begin work on building performance standards that would require building owners to improve building performance over time after benchmarking their buildings.

Response: Staff notes that NRDC's comment aligns with EMP Goal 3.3.2, which states that, "benchmarking is a necessary first step in establishing appropriate building performance standards in existing buildings." Staff looks forward to implementing the benchmarking initiative

as called for by the CEA and then continuing to work with stakeholders on next steps and future initiatives.

Comment: The NJUA, which represents investor-owned utilities in New Jersey, submitted comments on behalf of the electric and gas utilities. The NJUA opposed expansion of the NJCEP programs into new markets, especially markets involving traditional utility services, arguing that State programs should not compete with utility offerings when utilities face increasing targets and corresponding costs in future years. In addition, the NJUA asserted that such programs would not align with the CEA targets and goals and could cause significant market confusion.

Should the State pursue a streetlight program, the NJUA recommended a collaborative process with the utilities in which the utilities propose streetlight replacement program designs that work for each of their service territories. The NJUA believed that such a process can best address implications associated with the replacement of a significant number of streetlights across the State, such as the division of EE markets between the State and the EDCs, operational concerns associated with the significant number of streetlights to be replaced, and customer service/customer satisfaction. In the NJUA's opinion, the EDCs' first-hand knowledge of their own streetlight customers and equipment means that they are best situated to develop an orderly transition to streetlight replacement programs; to help mitigate potential supply chain and other issues that may arise if a significant number of streetlight customers and lights across the State are replaced in a relatively short period of time; and to work directly with municipalities to develop an appropriate schedule based on the municipalities' unique circumstances and timeframes.

In addition, the NJUA asserted that the EDCs should have the flexibility to determine the most appropriate LED technology to deploy in different circumstances, including the deployment of both standard LEDs and "connected" LEDs depending on location, customer objectives, supply-chain availability, and operational needs. The NJUA stated that these devices can better support customers by enabling preventative maintenance, proactively identifying device failures, and reducing the number of outages. The NJUA believed that incorporating streetlight conversions as part of utility-offered EE programs will be the most cost-effective approach to achieving energy savings and the State's EMP objectives. Finally, the NJUA stated that the early adoption of LEDs prior to the end of the useful life of currently installed lighting will result in stranded costs, which can be a significant barrier to the installation of LEDs for both municipalities and the EDCs. According to the NJUA, this issue can be better addressed by the individual EDCs.

Response: Staff appreciates the comments and welcomes discussion and collaboration with the EDCs toward the end of implementing an effective streetlight replacement program.

Comment: Regarding the Benchmarking Program, the NJUA noted that the DCE Compliance filing did not provide any additional detail on the Benchmarking Straw Proposal on which the NJUA filed comments in January 2022. The NJUA referenced the following concerns as potentially relevant depending upon how the Board implements this program. The NJUA asked for further guidance regarding the release of customer information without customer consent; for clarity that the EDCs will not be responsible for handling the ultimate opt-out process, which the NJUA believed would be better handled by building owners for their tenants; and for development and review of "web services" prior to making these a requirement. In addition, the NJUA did not support including multi-family properties and campuses in the program and referenced "six major implementation challenges" that it said it described in its comments on the January 2022 Straw Proposal and asserted that all incremental operations and maintenance costs not otherwise reflected in rates, including associated utility administrative and Information Technology costs, must be fully recoverable, rather than only the cost of developing the "web services" as set forth

in the Proposal.

Response: Staff has reviewed all of stakeholder comments on the benchmarking straw proposal and has been taking them into consideration while preparing recommendations for the Board on how to design and implement the Benchmarking Program. Responses to issues raised by the NJUA in its comments on the straw proposal will be included in any future Board order acting on the Benchmarking Program. In addition, Staff will be available to work with the utilities on any aspects of implementation of the Benchmarking Program that require further coordination or guidance from the BPU.

General Comments

Comment: Ceres and Vote Solar commented on the need to continue to make the budget process more transparent to allow for insight into the success of meeting the State's climate and equity goals. Additionally, Vote Solar recommended Staff include a budget summary along with prior year and federal funding levels to better explain the budget proposal.

Response: Staff agrees with commenters that transparency is an important part of the budget process and have continued to make efforts to improve the understanding of how the NJCEP funding is being used. For example, the FY23 DCE Compliance Filing was substantially rewritten to better demonstrate how the NJCEP funding is being used to support the seven strategies of the EMP. Staff thanks commenters for their comments and will take these suggestions into consideration for the future.

Comment: Jersey Renews provided their support for the BPU's marketing campaign and advocated for the continued assessment of the efficacy of these campaigns. Specifically, the commenter urged the BPU to using existing partners to promote programs and not put funds towards programs that sell themselves.

Response: Staff appreciates the commenter's support. Staff notes that the BPU continues to work with TRC and its other partners to ensure the most efficient use of the NJCEP's marketing funds. Staff thanks the commenter for their suggestions and will take them into consideration in the future.

Comment: NJLCV provided their support for the Acoustical Testing Pilot Program and Heat Island Pilot Program. Additionally, NJLCV commended the BPU on the framework approach to achieve workforce development, particularly in OBC.

Response: Staff thanks the commenter for their support of these programs.

Comment: The NJDEP expressed support for the proposed pilot project that seeks to address the impacts of the heat island effect. The NJDEP notes, "This pilot would involve interagency coordination on the initiative with the goal of offering incentives to address several of the underlying factors that contribute to the heat island effect and will also have the benefit of increasing energy efficiency and resilience."

Response: Staff appreciates the NJDEP's support and looks forward to working together on developing a pilot program to address the urban heat island effect.

Comment: Mike Winka recommended modifying the methodology for collecting the SBC from ratepayers such that the SBC collection would be based on the percentage of greenhouse gas

emissions avoided or saved in the electric and natural gas sectors rather than on energy usage. Mr. Winka argued that this methodology would align the SBC collection and the NJCEP with the goals of the EMP.

Response: Staff appreciates this comment and agrees with the need to align the NJCEP with the EMP and greenhouse gas emission reduction goals to the greatest extent possible and feasible. For example, Staff is currently in discussions with the Statewide Evaluator, utility companies, Rate Counsel, and stakeholders about how to better align the New Jersey Cost Test ("NJCT") (which quantifies costs and benefits of EE programs) and the regulatory framework for utility and State EE programs with the EMP, including through consideration of targets for greenhouse gas emission reductions and methodology to encourage beneficial electrification.

Comment: PSE&G commented that the TRC Compliance Filing should provide more clarity on the use of the NJCT in Appendix F. The Appendix contains no details on how the NJCT was calculated but does indicate that a "modified NJCT" was used in the benefit cost analysis. Appendix F should also be more specific as to what set of avoided cost values were used in the calculation of all of the cost benefit tests.
Response: Staff agrees and recommends that the Board add a description of the New Jersey Cost Test to the TRC Compliance Filing Appendix F.

As to the avoided cost values, they are based upon the Rutgers Center for Green Building Technical Memo, Energy Efficiency Benefit-Cost Analysis Avoided Cost Assumptions for 2019 BCA, March 2021, Updated May 6, 2021. Staff recommends that the Board also have this citation added to the TRC Compliance Filing Appendix F.

Comment: Mike Winka commented that the NJCEP should revise or supplement its cost-benefit analyses to address not only the energy saved and money saved thereby, but also important non-energy benefits of the NJCEP programs, such as the value of reducing the social cost of carbon, as the commenter claims the NJCEP already does in its solar programs.

Response: Staff in principle agrees with this comment, and Staff notes that the TRC Compliance Filing includes the results of cost-benefit analyses for six (6) different analyses/tests, of which two, i.e., the Societal Cost and New Jersey Cost tests, reflect the value of certain non-energy benefits, including the cost of avoided carbon. The results of all six (6) tests are considered in assessing the costs and benefits of the NJCEP programs.

Comment: PSE&G commented that there are several planning and reporting upgrades that should be incorporated into the TRC Compliance Filing to bring it into full compliance with the Board's Order Directing the Utilities to Establish Energy Efficiency and Peak demand Reduction Programs, In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, Docket Nos. QO19010040, QO19060748 & QO17091004 (June 10, 2020) ("Framework Order"). More specifically, PSE&G commented that the TRC Compliance Filing should include: (a) development of a three-year plan and budget based on the State's performance targets, (b) a list of Quantitative Performance Indicators ("QPIs") that the portfolio of programs is planning to achieve for the year, and (c) a comparison of the planned energy savings against the Program Year 2 targets of annual energy savings as a percent of statewide retail sales.

PSE&G also commented that there were other details of the TRC Compliance Filing that should be upgraded to help ensure all spending and savings can easily be combined with utility programs to show a complete picture of statewide spending and savings: (i) it should use therms, rather

than MMBTUs, to measure gas savings, and (ii) it should use the set of spending categories for planning and reporting that were identified in the Framework Order, namely, capital cost, utility administration, marketing, outside services, incentives (including rebates and low or no interest loans), inspections and quality control, and evaluation, not the long-standing categories that the TRC Compliance Filing uses.

Response: Staff concurs in principle with PSE&G's comments. However, implementing them will involve the resolution of some significant issues, such as whether any new programs are needed, and, if so, who will administer them and with what funds. Accordingly, Staff intends to use FY23 to develop an approach to implementing most of PSE&G's suggestions, which approach would be shared with the utilities and other stakeholders before being recommended. In that regard, Staff's preliminary approach would be to address these issues through the second triennium working group meetings so that PSE&G's suggestions can be implemented in time for all State program managers to submit their first three-year plans concurrent with the utilities' second three-year plans, which utility plans will be submitted to the Board by November 1, 2023 and are expected to be approved by the Board for implementation by July 1, 2024.

Comment: The NJUA supported Staff's proposal to investigate options for additional arrearage assistance using FY23 funds and hopes to work closely with Staff to refine potential approaches for assisting customers facing significant balances with such a program.

Response: Staff appreciates the commenter's support and willingness to aid in the Board's efforts to address arrearages.

Comment: Noting that in the past the NJCEP conferences have provided an excellent way to showcase the range of opportunities available to help drive down energy bills and to engage customers, and other key stakeholders, the NJUA strongly supported the proposal to host another Clean Energy Conference. The NJUA believed that this conference would be an excellent opportunity to gather input from customers and trade allies to inform both program improvements for the EDCs' current offerings and potential ideas for the next triennium.

Response: Staff thanks the commenter for their remarks.

Grid Modernization

Comment: Vote Solar provided their support for the continued funding of the grid modernization proceeding but was interested in seeing the NJCEP support integrated distribution planning ("IDP").

Response: Interconnection reform was the first grid modernization issue addressed, but the BPU agrees with the commenter that IDP is a critical component of grid modernization that will enable the State to meet its clean energy goals. Staff notes that the BPU plans to address IDP in FY23.

Workforce Development

Comment: Middletown for Clean Energy called for the BPU to work with the Governor's Council on Climate and the Green Economy and other agencies, including the Economic Development authority ("EDA"), to develop a green jobs program to attract HVAC manufacturing and manufacture millions of cold climate heat pumps in New Jersey.

Vote Solar encouraged the BPU to convene a stakeholder group with groups representing

education and vocational training, OBCs, and industry to ensure that workforce development programming meets the needs of participants and equips them for life-sustaining, long-term careers in the clean energy and EE fields. Vote Solar asked how the program will be evaluated, what the goal will be for job training slots, what the meaning of workforce development is, and whether the BPU is partnering with both trainers and future employers to ensure that participants are linked with jobs.

Ceres called for development of a comprehensive workforce development plan, with an accompanying budget, that focuses on training, hiring, and supporting a multiracial, multiethnic, and multilingual workforce that will improve program participation, especially among communities and households that are historically disadvantaged or face barriers to EE investment.

Response: Staff fully supports development of a comprehensive clean energy workforce development plan – that is, a plan for training, hiring, and retaining a diverse clean energy workforce to engage in life-sustaining, long-term careers in multiple clean energy fields. The BPU is currently working with the Governor's Council on Climate and the Green Economy, the BPU-led EE Workforce Development Working Group called for by the Board, and other State agencies on an EE workforce development plan, with the possibility of expanding to additional clean energy areas.

STAFF RECOMMENDATIONS

The CRA Straw Proposal sets out in detail the rationale utilized by Staff in developing the Proposed FY23 Funding Level. Having reviewed and considered the comments regarding the this funding level, Staff recommends that the Board set, adopt, and approve the Proposed FY23 Funding Level and Proposed FY23 Utility Payments.

DISCUSSION AND FINDINGS

The CRA Straw Proposal recognizes the value of renewable energy and EE as a foundational energy resource that, when delivered cost-effectively, reduces the cost of energy for all ratepayers while providing additional benefits. These benefits include the health and safety improvements associated with improved air quality, lower environmental compliance costs, increased grid reliability, and increased economic development opportunities in the form of jobs in the clean energy economy and the opportunity for New Jersey businesses to compete more effectively with out-of-state businesses. In addition, the programs and initiatives in the CRA Straw Proposal will help New Jersey to continue to establish itself as a national leader in clean energy programs.

Staff distributed the CRA Straw Proposal, including the FY23 Funding Level, to the BPU listserv and posted it on the NJCEP website. Staff accepted oral comments at a public hearing and solicited written comments from stakeholders and the public, which have been summarized and responded to in this Order. Accordingly, the Board **HEREBY FINDS** that the process utilized in developing the Proposed FY23 Funding Level was appropriate and provided stakeholders and interested members of the public with notice and opportunity to comment.

The Board has reviewed the CRA Straw Proposal, including, without limit, the Proposed FY23 Funding Level set forth therein, the oral and written comments submitted by stakeholders, and Staff's recommendations regarding the same. The Board agrees with the rationale supporting the Proposed FY23 Funding Level in the CRA Straw Proposal and agrees with and accepts Staff's recommendations. The Board **HEREBY FINDS** that the Proposed FY23 Funding Level will benefit customers by reducing energy usage and associated emissions, will provide

environmental benefits, and is otherwise appropriate. Therefore, the Board **HEREBY APPROVES** the CRA Straw Proposal's Proposed FY23 Funding Level.

The Board has reviewed Staff's recommendation for allocating the funding to the State's electric and natural gas public utilities. The Board **HEREBY FINDS** that the recommended allocation of the FY23 funding to the electric and natural gas public utilities is reasonable and consistent with the methodology approved by the Board in its 2008 CRA III Order.[5] Based on the above, the Board **HEREBY APPROVES** the Proposed FY23 Utility Payments (as approved, "FY23 Utility Payments").

The FY23 Utility Payments shall be made consistent with the Board's existing policies and procedures, including but not limited to, the utilities' deduction of monthly Comfort Partners Program costs from the stated FY23 Utility Payments amounts. In addition, the Board **HEREBY AUTHORIZES** the utilities to continue utilizing deferred accounting, through the SBC, for the NJCEP revenues and expenses, as set out in previous Orders of the Board. The Board will consider ratemaking issues, as appropriate, in the context of specific utility rate filings with the Board.

The Board notes that Staff circulated its proposed FY23 programs and budget on June 3, 2022, and those programs and budget are addressed in a separate Order.

[5] In re Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for the 2009 – 2012 Clean Energy Program, BPU Docket No. EO07030203 (September 30, 2008).

This Order shall be effective on June 29, 2022.

DATED: June 29, 2022

BOARD OF PUBLIC UTILITIES
BY:

JOSEPH L. FIORDALISO
PRESIDENT

MARY-ANNA HOLDEN
COMMISSIONER

DIANNE SOLOMON
COMMISSIONER

UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:

CARMEN D. DIAZ
ACTING SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.

IN THE MATTER OF THE COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCE ANALYSIS FOR FISCAL YEAR 2023 CLEAN ENERGY PROGRAM

DOCKET NO. QO22020112

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New Jersey's Clean Energy Program™

DIVISION OF CLEAN ENERGY

Comprehensive Energy Efficiency & Renewable Energy Resource Analysis

Funding Levels – Fiscal Year 2023

June 29, 2022

Contents

LIST OF ACRONYMS

- ADI: Administratively Determined Incentive
- AEG: Applied Energy Group
- Board or BPU: New Jersey Board of Public Utilities
- C&I: Commercial & Industrial
- CEA: Clean Energy Act of 2018
- CHP-FC: Combined Heat and Power – Fuel Cells
- CSI: Competitive Solar Incentive
- 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
- ESIP: Energy Savings Improvement Program
- EO: Executive Order
- FC: Fuel Cell
- FY: Fiscal Year
- HVAC: Heating, Ventilation and Air Conditioning
- LEUP: Large Energy Users Program
- LGEA: Local Government Energy Audits
- MUDs: Multi-Unit Dwellings
- MHD: Medium and Heavy Duty
- MOU: Memoranda of Understanding
- 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
- SAA: State Agreement Approach
- SBC: Societal Benefits Charge
- SES: Division of State Energy Services
- SFI: State Facilities Initiative
- SREC: Solar Renewable Energy Certificate
- TI: Transition Incentive
- TRC: TRC Energy Solutions
- USDOE: United States Department of Energy

EXECUTIVE SUMMARY

On February 9, 1999, the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. (EDECA), was signed into law. Among other things, EDECA 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 ("Comprehensive Resource Analysis" or "CRA") 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 (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. 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 low-income 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, to be achieved in the prior three years within five years of implementation of their programs.

[1] In the early years, the budgets and programs were based on calendar years, but in 2012, the Board approved the budgets and programs 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 2022.

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. Following multiple extensions, these contracts 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, 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 the 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 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, following months of research, review, and stakeholder input, the 2019 EMP was unveiled. 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.

Per the requirements of the EMP Statute, L. 1977, c. 146 (N.J.S.A. 52:27F-14 et seq.), BPU, with guidance from other State agencies, will coordinate the State's efforts in 2022 to release an EMP Update to serve as a progress report towards achieving the seven key strategies enumerated in 2019. This process will include public hearings and allow for ample opportunities for stakeholders to provide feedback.

FUNDING LEVELS

The funding recommendations for FY23 considered NJCEP's historic results and forecasts for the year. BPU Staff (Staff) is recommending that the Board maintain an SBC funding level of $344,665,000 for FY23. The following table summarizes the appropriate funding levels for NJCEP FY23 budget.

Proposed FY23 Funding Levels*		
CEP Budget Category	FY23 New SBC Funding	Total FY23 Funding
Total NJCEP + State Initiatives	344,665,000	610,751,520
State Energy Initiatives	92,674,000	92,674,000
Total NJCEP	251,991,000	518,077,520
Energy Efficiency Programs	107,459,611	256,373,502
Res Low-Income (Comfort Partners)	54,500,000	54,500,000
C&I EE Programs	25,519,289	78,264,244
New Construction Programs	17,390,322	30,316,692
Energy Efficiency Transition	50,000	23,340,494
State Facilities Initiative	0	56,670,192
Acoustical Testing Pilot	0	3,281,880
LED Streetlights Replacement	10,000,000	10,000,000
Distributed Energy Resources	8,737,017	23,771,608
CHP - FC	8,237,017	22,084,108
Microgrids	500,000	1,687,500
RE Programs	8,941,455	31.962,396
Offshore Wind	5,907,559	28,928,500
Solar Registration	3,033,896	3,033,896
EDA Programs	13,660,000	28,910,000
Clean Energy Manufacturing Fund	60,000	60,000

NJ Wind	10,000,000	21,500,000
R&D Energy Tech Hub	3,600,000	7,350,000
Planning and Administration	**36,478,837**	**56,289,084**
BPU Program Administration	5,585,000	5,585,000
Marketing	8,000,000	10,500,000
CEP Website	100,000	500,000
Program Evaluation/Analysis	18,700,392	34,246,810
Outreach and Education	3,993,445	5,357,274
Memberships	100,000	100,000
BPU Initiatives	**76,714,079**	**120,770,931**
Community Energy Plan Grants	2,000,000	2,939,034
Energy Storage	2,000,000	22,000,000
Heat Island Pilot	2,500,000	2,500,000
Electric Vehicle Programs	50,000,000	67,000,000
Energy Bill Assistance	20,214,079	21,831,897
Workforce Development	0	4,500,000

*Numbers presented in the above table may not add up precisely to totals provided due to rounding.

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 worked with the New Jersey Division of Rate Counsel, utilities, and other stakeholders, including through four stakeholder meetings to advance the study.

On February 1, 2019, the BPU held a public meeting and accepted written comments through February 15, 2019 to solicit responses to 12 questions that helped to 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, Rate Counsel, and other stakeholders to ensure that the new framework is put into place fully, properly, and with minimal ratepayer impact. The utilities started the programs on July 1, 2021. These working groups will continue in FY23, along with a working group dedicated to developing recommendations on the policies and programs for the next three-year cycle of utility programs, which begin on July 1, 2024.

In FY22, Staff began facilitating working groups to assist in the transition and implementation of State and utility EE programs. Staff has begun 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 FY23 NJCEP proposal provides continuation of EE funding for new construction programs for residential, governmental, commercial, and industrial markets, as well as the Comfort Partners Program for low-income residents (which is co-managed by the BPU and utility companies); the Local Government Energy Audits (LGEA) Program; Energy Savings Improvement Program (ESIP); Large Energy Users Program (LEUP); Combined Heat and Power – Fuel Cells Program (CHP-FC); and Acoustical Testing Program. Whenever possible, NJCEP EE programs include 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 finalizing the transition 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 (TI) Program designed to provide a bridge between the legacy SREC program and a successor incentive program. The adopted rules for the TI Program were 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 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 (with some exceptions for projects that were granted a waiver due to COVID-19). The Transition Incentive Program remained open to new registrants until the launch of the Successor Incentive Program.

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 to the Governor and Legislature the New Jersey Solar Transition Final Capstone Report, 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 the Successor Solar Incentive Program ("Successor Program" or "SuSi Program"). The initial straw proposal recommended that the Board employ two programs to provide incentives to solar electric generation facilities: an administratively-determined incentive for behind-the-meter projects sized 5 MW or less as well as all community solar projects, and a competitive solicitation program for grid supply projects and non-residential net metered projects over 5 MW. Details concerning the closure of the Transition Incentive program were also addressed in Staff's straw proposal and the subject of public input.

On July 28, 2021, the Board approved the framework for the Successor Solar Incentive Program, which included eligibility details and incentive levels for the Administratively Determined Incentive ("ADI") Program and an outline for the Competitive Solar Incentive ("CSI") Program. The Board also approved the closure of the TI Program to new registrations effective on August 27, 2021. The ADI Program opened to new registrations on August 28, 2021. The Board subsequently procured the services of a competitive solicitation program administrator and initiated additional stakeholder outreach to finalize the CSI program design. The final details of the CSI Program will be approved by the Board based upon the public input solicited in the stakeholder proceeding.

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.

On December 20, 2019, the Board granted conditional approval to 45 projects representing almost 78 MW in the first solicitation, and, on October 28, 2021, the Board granted conditional approval to 105 projects representing 165 MW in the second solicitation. All 150 projects selected to participate in the Pilot Program have committed to allocating at least 51% of project capacity to low- and moderate-income subscribers.

Following the end of the second solicitation, the Board announced that the Pilot Program would be transitioning to a permanent program. On April 11, 2022, Staff issued a request for comments that sought preliminary stakeholder input on the design of a permanent Community Solar Energy Program. Written comments were received through May 6, 2022. Staff anticipates that these comments will inform the drafting of a Staff Straw Proposal, which will be published for stakeholder feedback.

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. A consultant for the OSWSP was retained and work began in 2018. 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 resulted in awards by the Board to two projects, Ocean Wind 2 at 1,148 MW and Atlantic Shores at 1,510 MW 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 received in September 2021. Evaluation of the proposals is ongoing, with a decision by the Board expected in October 2022.

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 Innovation and New Development (WIND) Institute. In FY22, the Board entered into a second MOU with the EDA to support the WIND Institute.

In FY23, funding is requested for specific activities, including retaining a consultant to assist Staff in the development of a solicitation three guidance document and evaluation of solicitation three proposals, continued funding for the Rutgers University Center for Ocean Observing Leadership work, retaining a consultant to update the OSW Strategic Plan, and continued funding of the consultant assisting Staff in the SAA evaluation.

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. The BPU also launched Phase II of the TCDER Incentive Program in FY20. All Phase I participants with an approved feasibility study were eligible for Phase II, which consists of incentives for a detailed design of the TCDER Microgrid. After one feasibility study participant voluntarily withdrew from consideration, there were 12 eligible applicants for Phase II incentives, and 11 applications were received in May 2020. In FY21, the BPU awarded incentives to eight (8) projects. After Phase II is complete, applicants will decide whether to move forward with Phase III, which will encompass the construction and implementation of the TCDER microgrid projects. To assist towns to advance to Phase III,

the BPU applied for and received a grant of approximately $300,000 from the U.S. Department of Energy to conduct a study regarding financing microgrids.

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.

As part of Phase One of the ES approach, a solar+storage program was included in the Solar Successor Program Straw Proposal released for public comment in FY21. Phase Two of the energy storage 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" or "EV Law"), 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.
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 continued to advance those goals in a variety of different ways. In FY21, the Board approved two EDC petitions to launch light-duty EV public charging programs, and

[3] N.J.S.A. 48:25-3 to -11.

Staff is working with utility staff to ensure the successful implementation of those programs. Additionally, Staff is currently reviewing the two remaining EDC 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 seeking stakeholder input on the subject of Medium and Heavy Duty (MHD) EV charging and plans to provide multiple opportunities for input on MHD investment and on mechanisms for rate recovery and rate setting for MHD EV charging.

The Electric Vehicle Act also created the Charge Up New Jersey Program (CUNJ) within the NJCEP 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. 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. Staff launched Phase 1 of the program, the post-purchase incentive, in May 2020. In the first year of the program, which launched in FY20 and closed in FY21, CUNJ provided over 7,000 vehicles with over $36 million in incentives. Staff launched Phase 2, the point-of-sale incentive, at the beginning of FY22 on July 5, 2021; CUNJ anticipates providing over 6,500 vehicles with over $24 million in incentives. Staff is planning to launch Phase 3, which includes an incentive for residential chargers, later in the fiscal year.

The EV law also 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 December 31, 2025, and 100 percent by December 31, 2035. In order to achieve those goals, after a successful pilot program utilizing the United States Department of Energy (USDOE) funds in FY22, Staff launched the Clean Fleet Program, to assist in funding the increased up-front costs associated with the adoption of light-duty EVs for the State and municipal fleets.

Additionally, the EV law established goals for public chargers, as well as chargers located at Multi-Unit Dwellings (MUDs) and hotels. In FY22, the Board utilized appropriation from the State's General Fund to create programs to fund chargers at MUDs, tourism locations, and hotels. The Board's EV Tourism Program was designed to encourage the building of more corridor and community chargers throughout New Jersey, reducing range anxiety for our residents, and encouraging EV driving tourists to choose New Jersey as their tourism destination. In FY23, Staff proposes continuing the EV Tourism and MUD Programs.

STATE ENERGY SERVICES

The State Facilities Initiative (SFI) allows the State to lead by example by identifying and implementing EE projects at governmental and 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 Memoranda of Understanding (MOUs) with DPMC to implement projects, approved by the Board on February 22, 2017[4] and on November 13, 2019[5]. 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. In addition, the Board entered into a separate MOU with NJ Transit on February 17, 2021 to upgrade transit garages.[6]

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 FY23, outreach and education will continue to play a key role in driving energy savings by educating all customer markets on the benefits and cost savings associated with energy reduction plans.

The Division of Clean Energy postponed the 2021 Clean Energy Conference due to the health crisis. The conference, now planned for FY23, will help educate the public about the benefits derived from NJCEP and the opportunities available through the program. The conference will provide a platform to inform industry, government, and trade stakeholders about upcoming changes and enhancements to New Jersey's clean energy initiatives and will increase national recognition of New Jersey as a leader in clean energy.

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[4] In re 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. QO17010075, Order Dated February 22, 2017.

[5] In re 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. QO19101423, Order Dated November 13, 2019 ("2019 MOU").

[6] In re the Memorandum of Understanding Between the New Jersey Transit Corporation and the New Jersey Board of Public Utilities Regarding the Use of Funds Generated by SBC to Support the Development of Infrastructure Related to Battery Electric Buses, BPU Docket No. EO21020265, Order Dated February 17, 2021.

The DCE anticipates improving the visibility and exposure of NJCEP and advancing the State's clean energy goals through a variety of educational efforts, including outreach through 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 utility and 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 EE, RE generating sources, and emerging technologies and to evaluate the market potential for current and emerging clean energy technologies.

Per the CEA, the Board established an Evaluation, Measurement, and Verification (EM&V) Working Group in FY22 to develop the evaluation, measurement, and verification process for EE and peak demand reduction programs. As required by the Board on June 10, 2020, Staff procured a statewide evaluator to manage the working group. Through the EM&V Working Group, the statewide evaluator, Staff, Rate Counsel, and utility representatives prioritized and designed evaluation studies to evaluate both utility and NJCEP EE programs.

While 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, the Center for Green Building has also taken on another major responsibility in FY22 - leading several evaluation studies in support of the EM&V Working Group. In FY23, an independent statewide evaluation team will be contracted to conduct additional evaluation studies.

Additionally, New Jersey's interconnection rules and processes require updating in order to achieve 100% clean energy by 2050. In FY22, Staff engaged a contractor to assist with updating New Jersey's interconnection rules so that they reflect national best practices and better enable the State to achieve its clean energy goals. Necessary updates to the State's interconnection rules include but are not limited to: updates to the interconnection process, modernization of utility processes for studying interconnection requests, updates to technical interconnection study standards, updates necessary to coordinate interconnection requests with the regional transmission system, incorporation of updated Institute of Electrical and Electronics Engineers or other standards, and other changes that will facilitate New Jersey meeting its ambitious clean energy targets. To date, three stakeholder meetings have been held regarding the interconnection process. The consultant's final report is expected in Q3 2022, with the next step being implementation of rule changes to update New Jersey's interconnection process.

Funding in FY23 is requested to continue the grid modernization proceeding, conduct a study of the potential to use renewable natural gas and/or green hydrogen as a means to reduce greenhouse gas emissions, and for additional new clean energy technology initiatives that may arise.

SBC COLLECTION SCHEDULE

For FY23, 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

	2020-21 Estimated Retail Revenues (000)*	% of Total Revenues
Electric	$6,858,311	68.19%
Natural Gas	$3,199,716	31.81%
Total	$10,058,027	100.00%

Year	Total Funding Level	Electric	Natural Gas
Allocation %		**68.19%**	**31.81%**
FY23	$344,665,000	$235,018,236	$109,646,764

*** Retail revenues from PSE&G USF filing Attachment A dated June 25, 2021**

Projected Sales Volumes
Estimates of Normalized Jurisdictional Sales
Units in (000s)

	2021 July	2021 August	2021 September	2021 October	2021 November	2021 December	2022 January	2022 February	2022 March	2022 April	2022 May	2022 June	Total	
Gas Therms*														
NJNG	18,967	18,672	18,993	32,484	66,222	110,476	137,768	115,779	92,436	48,137	26,164	19,380	705,477	15.61%
SJG	19,951	19,794	19,518	18,476	38,594	59,593	93,958	85,751	78,368	54,821	28,825	21,581	539,231	11.93%
PSE&G	80,554	72,832	81,370	100,703	198,391	373,144	470,664	480,922	400,788	269,370	140,879	98,277	2,767,894	61.24%
ETG	18,414	18,158	18,896	26,005	52,312	70,507	86,754	75,073	61,654	37,187	22,353	19,805	507,118	11.22%
Total	137,885	129,456	138,776	177,669	355,519	613,721	789,144	757,525	633,245	409,515	218,222	159,042	4,519,719	100.00%
Electric MWH														
PSE&G	3,980,907	4,096,670	3,643,638	2,996,542	2,817,066	3,321,388	3,454,971	3,246,494	3,095,262	2,858,367	2,906,732	3,312,363	39,730,400	57.81%
JCP&L	1,948,644	2,096,617	1,843,795	1,433,661	1,326,104	1,519,559	1,635,210	1,547,268	1,490,870	1,395,799	1,336,468	1,561,350	19,135,344	27.84%
ACE	863,253	955,071	888,371	587,909	572,584	616,173	718,090	697,300	634,359	603,757	539,715	674,309	8,350,890	12.15%
RECO	161,642	161,677	144,250	121,286	107,735	122,624	128,428	115,825	107,596	106,388	102,662	125,080	1,505,194	2.19%
Total	6,954,446	7,310,036	6,520,054	5,139,398	4,823,489	5,579,745	5,936,698	5,606,887	5,328,086	4,964,310	4,885,576	5,673,102	68,721,829	100.00%

*Gas sales exclude wholesale therms
source: 6/25/21 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

FY23	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
PS-Electric	$13,614,098.99	$14,009,991.76	$12,460,690.18	$10,247,718.74	$9,633,938.04	$11,358,643.20	$11,815,476.28	$11,102,518.29	$10,585,326.02	$9,775,180.83	$9,940,581.87	$11,327,780.95	$135,871,945.15
JCP&L	$6,664,066.09	$7,170,112.49	$6,305,499.20	$4,902,904.51	$4,535,074.07	$5,196,662.50	$5,592,170.22	$5,291,422.28	$5,098,548.20	$4,773,420.02	$4,570,516.43	$5,339,580.08	$65,439,976.09
ACE	$2,952,194.64	$3,266,197.41	$3,038,093.29	$2,010,559.94	$1,958,150.74	$2,107,219.93	$2,455,757.99	$2,384,659.72	$2,169,410.69	$2,064,756.73	$1,845,743.16	$2,306,033.74	$28,558,777.98
RECO	$552,792.27	$552,911.96	$493,312.95	$414,780.44	$368,436.74	$419,356.68	$439,203.47	$396,104.73	$367,961.71	$363,831.62	$351,088.63	$427,755.36	$5,147,536.56
NJN	$460,125.45	$452,979.89	$460,756.34	$788,050.10	$1,606,516.71	$2,680,115.65	$3,342,201.38	$2,808,753.62	$2,242,455.62	$1,167,783.62	$634,738.96	$470,142.33	$17,114,619.67
SJG	$484,001.14	$480,204.72	$473,495.58	$448,231.79	$936,287.97	$1,445,709.88	$2,279,384.64	$2,080,290.45	$1,901,171.06	$1,329,935.58	$699,293.63	$523,536.07	$13,081,542.51
PS-Gas	$1,954,203.79	$1,766,875.54	$1,974,004.71	$2,443,020.00	$4,812,889.91	$9,052,345.36	$11,418,148.84	$11,666,996.41	$9,722,978.24	$6,534,818.28	$3,417,670.65	$2,384,155.49	$67,148,107.22
ETG	$446,719.52	$440,505.78	$458,408.91	$630,876.33	$1,269,058.53	$1,710,479.09	$2,104,625.15	$1,821,236.59	$1,495,692.95	$902,138.11	$542,285.78	$480,468.08	$12,302,494.82
Total	$27,128,201.89	$28,139,779.55	$25,664,261.16	$21,886,141.85	$25,120,352.71	$33,970,532.29	$39,446,967.97	$37,551,982.09	$33,583,544.49	$26,911,864.79	$22,001,919.11	$23,259,452.10	$344,665,000.00

CONCLUSION

In May 2018, Governor Murphy's EO28 directed the State to achieve 100% clean energy by 2050. Staff's FY23 CRA straw proposal is intended to advance the State toward that goal and 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. These benefits include the health benefits associated with improved air quality, lower environmental compliance costs, increased grid reliability, as well as 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.