New Jersey's Clean Energy Program™

DIVISION OF CLEAN ENERGY

Comprehensive Energy Efficiency & Renewable Energy Resource Analysis

Funding Levels – Fiscal Year 2025

June 27, 2024

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LIST OF ACRONYMS

- ACE: Atlantic City Electric
- 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
- 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
- DP: Phase II Design Phase
- 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
- EM&V: Evaluation, Measurement, and Verification
- EMP: Energy Master Plan
- EO: Executive Order
- EPA: Environmental Protection Agency
- ES: Energy Storage
- ETG: Elizabethtown Gas
- EV: Electric Vehicle
- EV Law: Electric Vehicle Act
- FC: Fuel Cell
- FS: Phase I Feasibility Studies
- FY: Fiscal Year
- GRIP: Grid Resilience and Innovation Partnerships
- LMI: Low and Moderate Income
- MHD: Medium and Heavy Duty
- MOU: Memoranda of Understanding
- MUDs: Multi-Unit Dwellings
- MW: Megawatts
- MWh: Megawatt-hour
- NJ: New Jersey
- NJBPU: New Jersey Board of Public Utilities

- NJCEP: New Jersey's Clean Energy Program
- NJIT: New Jersey Institute of Technology
- NJNG: New Jersey Natural Gas
- NJSIP: New Jersey Storage Incentive Program
- OMB: Office of Management and Budget
- OSW: Offshore Wind
- OSWSP: Offshore Wind Strategic Plan
- OSWSP 2: Second Offshore Wind Strategic Plan
- OWEDA: Offshore Wind Economic Development Act
- PBI: Prebuild Infrastructure
- Pilot Program: Community Solar Pilot Program
- PJM: Pennsylvania Jersey Maryland
- PSE&G: Public Service Electric and Gas
- RAP: Rutgers Agrivoltaics Program
- RCGB: Rutgers University's Center for Green Buildings
- RE: Renewable Energy
- RFP: Request for Proposal
- RFQ: Request for Quotation
- RMI: Research and Monitoring Initiative
- RU: Rutgers University
- SAA: State Agreement Approach
- SAA 2.0: State Agreement Approach 2.0
- SBC: Societal Benefits Charge
- SES: Division of State Energy Services
- SFI: State Facilities Initiative
- SJG: South Jersey Gas
- SREC: Solar Renewable Energy Certificate
- SREC-II: Solar Renewable Energy Certificate II
- SuSI: Successor Solar Incentive Program
- TCDER: Town Center Distributed Energy Resources
- TI: Transition Incentive
- TRC: TRC Energy Solutions
- USDOE: United States Department of Energy
- USF: Universal Service Fund

HISTORY/BACKGROUND

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 Energy Efficiency ("EE") and Class I Renewable Energy ("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 the New Jersey Clean Energy Program ("NJCEP").[1]

On January 31, 2018, Governor Phil Murphy signed Executive Order No. 8 ("EO8") [2], which directed the New Jersey Board of Public Utilities ("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. In September 2022, Executive Order 307 further increased the Offshore Wind ("OSW") goal to 11,000 megawatts ("MW") by 2040. In November 2022, a revised solicitation schedule was announced laying out how New Jersey expects to meet the new goal.

On May 23, 2018, Governor Murphy signed the Clean Energy Act, L. 2018, c. 17 ("CEA"), 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.

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 a request for proposal ("RFP") 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 TRC Energy Solutions ("TRC") to manage the Commercial & Industrial ("C&I") EE programs. In 2007, the Board engaged Applied Energy Group ("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 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. Since October 2021, TRC has managed the programs without subcontractors.

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 ("EMP"). 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 ("DEP"), 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.

On January 20, 2023, Governor Murphy announced that the State would begin planning for the development of a new EMP for release in 2024 that will update and expand on the pathway to achieving a 100% clean energy economy by 2050 set forth in the 2019 EMP.

On February 14, 2023, through EO315, Governor Murphy declared that the policy of the State is to advance clean energy market mechanisms and other programs in order to provide for 100% of the electricity sold in the state to be derived from clean sources of electricity by January 1, 2035.

The BPU, with guidance from other State agencies and assistance from a consultant, will coordinate the State's efforts to develop a 2024 EMP that makes updates to the State's roadmap to 100% clean energy by 2035 and that provides specific proposals to be implemented both in the short-term and longer-term to achieve this goal. This process will include public hearings and allow for ample opportunities for stakeholders to provide feedback. In December 2023, Energy and Environmental Economics, Inc. was selected as the consultant to prepare the 2024 EMP. Four public hearings are scheduled in May-June 2024. Staff anticipate finalizing the 2024 EMP by the end of the year.

FUNDING LEVELS

The funding recommendations for FY25 considered NJCEP's historic results and forecasts for the year. BPU Staff ("Staff") is recommending that the Board maintain the Societal Benefits Charge ("SBC") funding level of $344,665,000 for FY25. The following table summarizes the appropriate funding levels for NJCEP's FY25 budget.

Proposed FY25 Funding Levels*		
CEP Budget Category	**FY25 New SBC Funding**	**Total FY25 Funding**
Total NJCEP + State Initiatives	**344,665,000**	**786,161,592**
State Energy Initiatives	**71,200,000**	**71,200,000**
Total NJCEP	**273,465,000**	**714,961,592**
Energy Efficiency Programs	**55,248,963**	**195,471,296**
C&I EE Programs	**19,375,745**	**55,811,570**
New Construction Programs	**35,873,218**	**60,404,447**
State Facilities Initiative	**0**	**59,991,206**
Acoustical Testing Pilot	**0**	**3,277,175**
LED Streetlights Replacement	**0**	**15,986,898**
Distributed Energy Resources	**44,039,929**	**93,188,194**

CHP - FC	14,539,929	31,500,694
Microgrids	0	1,687,500
Energy Storage	29,500,000	60,000,000
RE Programs	5,126,349	23,770,070
Offshore Wind	1,000,000	19,643,721
Solar Registration	4,126,349	4,126,349
EDA Programs	29,000,000	29,000,000
NJ Wind	22,000,000	22,000,000
R&D Energy Tech Hub	7,000,000	7,000,000
Planning and Administration	15,949,548	65,748,942
BPU Program Administration	10,000,000	10,000,000
Marketing	0	7,096,055
CEP Website	0	1,500,000
Program Evaluation/Analysis	22,638	40,399,757
Outreach and Education	5,882,117	6,602,540
Memberships	44,793	150,590
BPU Initiatives	124,100,211	307,783,090
Clean Energy Equity	16,600,211	119,524,165
Federal Grid Modernization Program State Match	25,000,000	25,000,000
Electric Vehicle Programs	82,500,000	162,258,925
Workforce Development	0	1,000,000

*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. 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.

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 worked with New Jersey's investor-owned utilities, Rate Counsel, and other stakeholders to ensure that the

new framework was put into place fully, properly, and with minimal ratepayer impact. The utilities started the programs on July 1, 2021. In December 2023, the utilities proposed programs for the next three-year cycle of utility programs, for implementation beginning on January 1, 2025.

Additionally, Executive Order 316 ("EO 316) directed that "[i]t is the policy of the State to advance the electrification of commercial and residential buildings with the goal that, by December 31, 2030, 400,000 additional dwelling units and 20,000 additional commercial spaces and/or public facilities statewide will be electrified, and an additional 10 percent of residential units serving households earning less than 80 percent of area median income will be made ready for electrification through the completion of necessary electrical repairs and upgrades."[3] EO 316 defined electrification as "the retrofitting or construction of a building with electric space heating and cooling and electric water heating systems."[4]

The FY25 NJCEP proposal provides continuation of EE funding for new construction programs for residential, governmental, commercial, and industrial markets, as well as the Local Government Energy Audits Program; Energy Savings Improvement Program; Large Energy Users Program; and Combined Heat and Power – Fuel Cells 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 has transitioned from its legacy solar incentive program (SREC registration program or SRP) to a new Successor Solar Incentive ("SuSI") 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 TI 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

[3] Executive Order No. 316 (Feb. 15, 2023).
[4] Ibid.

projects that were granted a waiver due to COVID-19). The TI Program remained open to new registrants until the launch of the SuSI 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 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 TI 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 SuSI 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. Updated incentive levels became effective for all market segments on March 13, 2023, following a one-year review. A review of the incentives in the ADI Program is required every three years; in FY25, the Board will contract for consulting services to evaluate and recommend incentive levels that will be adopted in March 2026 following stakeholder input and a public comment period.

The Board subsequently procured the services of a competitive solicitation program administrator and initiated additional stakeholder outreach to finalize the CSI Program design.

On December 7, 2022, the Board announced the new CSI Program, which offers incentives to qualifying grid supply solar facilities and net metered facilities greater than 5 MW in size. All CSI-eligible facilities, regardless of whether a project chooses to pursue an incentive or not, are subject to solar siting restrictions. On the same date, the Board approved for publication in the New Jersey Register a rule proposal that amended the SuSI Rules to establish the CSI Program and a proposal for siting rules for grid supply and large net metered solar facilities. On September 18, 2023, the proposed Siting Rules for Grid Supply and Large Net Metered Solar Facilities were adopted and published, with non-substantial changes, in the New Jersey Register at 55 N.J.R. 2015(a). On December 18, 2023, proposed rules establishing the CSI Program were adopted and published in the New Jersey Register at 55 N.J.R. 2555(a). Substantial changes proposed upon adoption were also published in the New Jersey Register at 55 N.J.R. 2461(a) for a 60-day public comment period.

The CSI Program awards Solar Renewable Energy Certificate II ("SREC-IIs") through a competitive solicitation, with separate solicitations for four market tranches: basic grid supply projects; grid supply projects sited on the built environment; grid supply projects sited on contaminated sites and landfills; and net metered non-residential projects greater than five (5) MW. A fifth tranche allows for storage in combination with a grid supply solar award from tranche 1, 2 or 3. Following a pre-qualification review of eligibility criteria, projects submit a bid for an SREC-II award in their tranche, specified in dollars per Megawatt-hour ("MWh") of solar electricity production; pre-qualified projects compete on bid price only. Megawatt procurement targets, totaling 300 MW, are as follows:

Tranche	**Target (MW)**
1. Basic Grid Supply	140
2. Grid Supply on the Built Environment	80
3. Grid Supply on Contaminated Sites or Landfills	40
4. Net Metered Non-residential above 5 MW	40
TOTAL	**300**
5. Storage paired with Grid Supply Solar (Tranche 1, 2, or 3)	160 MWh

The first solicitation under the CSI was opened on February 1, 2023, and closed to bids on March 31, 2023. The Board declined to make any awards in the first solicitation, as all bid prices were above confidential price caps set by the Board. Following an in-depth analysis of the specific financial assumptions and external factors that inform setting the price caps for a given solicitation, the Board directed that the second solicitation in the CSI Program open in Quarter 4 of 2023 on an expedited timeline.

The second solicitation of the CSI Program opened November 27, 2023, and closed on February 29, 2024. The total procurement target for the second solicitation remained at 300 MW, allocated as above. By Order on April 17, 2024, the Board awarded 310.21 MW of solar generation and 80 MWh of storage paired with solar generation, across 8 projects in Tranche 1: Basic Grid Supply and Tranche 3: Grid Supply on Contaminated Sites or Landfills. Projects were selected by lowest SREC-II bid price. Unbid capacity in Tranches 2 and 4 was reallocated to Tranche 1 in order to award additional competitively-priced projects, as was un-awarded capacity in Tranche 3 after awards were made in that tranche. The Board determined that awarding competitively-priced capacity over the 300 MW solicitation target was in the best interest of New Jersey ratepayers. Solicitations continue on an annual basis going forward.

The Siting Rules for Grid Supply and Large Net Metered Solar Facilities provide a mechanism to allow siting of CSI-eligible facilities on otherwise restricted land uses if the developer petitions for and receives a waiver of the siting prohibition upon demonstrating that a CSI-eligible project on a prohibited land use is in the public interest. The Board has established a process through which, in consultation with its sister agencies, it determines whether the project is in the public interest such that the Petitioner may be granted a waiver, before a

project may participate in a CSI Program solicitation.

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 aimed 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 in the Pilot Program, 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. As of November 30, 2023, 101 community solar projects with 137 MW capacity have come online, and they serve more than 16,000 subscribers.

Following the end of the second solicitation, the Board announced that the Pilot Program would be transitioning to a permanent program. Staff issued a straw proposal on the permanent Community Solar Energy Program on March 30, 2023, and conducted a stakeholder meeting on April 24, 2023.

The Board established the permanent Community Solar Energy Program on August 16, 2023. The program uses a first-come, first-served registration process similar to the ADI Program, but with a tiebreaker based on subscriber savings should capacity fill quickly. A 225 MW capacity block opened on November 15, 2023. The tranche for Public Service Electric and Gas ("PSE&G") exceeded capacity during the initial registration period and projects were accepted based on the guaranteed bill credit discount for subscribers until the tranche was full. As of April 11, 2024, the tranches for Jersey Central Power and Light Company, Atlantic City Electric Company ("ACE"), and Rockland Electric Company also closed to new registrations as capacity filled for each tranche. Pursuant to L. 2023, c. 200, signed by Governor Murphy on January 4, 2024, the Board opened an additional 275 MW of capacity during Energy Year 2024. During FY25, the Board will contract for escrow services, as Community Solar projects are required to post escrow with the Board, the amount of which will be reimbursed to the applicant when the registered Community Solar project commences commercial operation.

To further support cost savings for low-income ratepayers by making solar more accessible, the Board submitted a $250 million Solar for All grant application to the Environmental Protection Agency ("EPA") in 2023. In April 2024, New Jersey was awarded $156,120,000 that will be administered through the Board to accelerate the clean energy transition in underserved communities.

Dual-Use (Agrivoltaics)

In July 2021, Governor Murphy, pursuant to EMP Goal 2.1.8, signed the Dual-Use Solar

Energy Act of 2021 (L. 2021, c. 170, "Dual-Use Act"), which directs the Board to adopt rules establishing a Dual-Use Solar Energy Pilot Program ("Pilot Program") for the development of dual-use solar projects on productive farmland (also known as "Agrivoltaics"). The Pilot Program is designed to encourage the development of dual-use solar facilities and the creation of a new segment of the solar industry in New Jersey that is compatible with the State's rich agricultural heritage. Specifically, the Pilot Program seeks to demonstrate and study the compatibility of active agricultural or horticultural production and solar photovoltaic infrastructure on the same land. Staff engaged the Rutgers Agrivoltaics Program ("RAP") at Rutgers University ("RU") for providing crucial input into the design of the Pilot Program; on May 1, 2023, the Board approved and executed a three-year grant agreement with RAP to facilitate the development and implementation of a Pilot Program.

Throughout 2023, and in close collaboration with the New Jersey Department of Agriculture, the DEP, and other interested stakeholders, the Board conducted robust public engagement to gather input on the implementation of this law.

On November 9, 2023, a Straw Proposal was issued for public comment, with a corrected version issued on November 21, 2023. Written comments were due on December 13, 2023.

On November 14, 2023, Staff, in conjunction with RAP, presented an overview of the Straw Proposal at the New Jersey Farm Bureau's annual conference, with approximately 80 attendees including stakeholders primarily from the agricultural community, academia, and federal, state, and local government.

On November 29, 2023, Staff held and led a stakeholder meeting, with approximately 129 attendees and 14 participants who provided public comment during the meeting. Staff received 16 written comments, representing 22 entities.

In 2024, the Board will conduct a rulemaking for the Pilot Program and run the first solicitation to select dual-use projects.

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 MW 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 Pennsylvania Jersey Maryland ("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 a Request for Quotation ("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 by Staff, PJM, and Staff's consultant resulted in the Board awarding, in October 2022, a suite of projects to support interconnection of 6,400 MW of OSW. These projects are expected to save New Jersey ("NJ") ratepayers hundreds of millions of dollars.

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.

For each fiscal year, beginning with FY21, the Board has entered into an MOU with the Economic Development Authority ("EDA") to provide funding to support the continued development and execution of offshore wind workforce, education, research, and innovation programs as part of the development of the to-be-created Wind Institute.

Beginning in FY22, Staff, working with DEP, has administered the Research and Monitoring Initiative ("RMI"). The RMI is funded by a fee charged to the awarded projects in OSW solicitations 2 and 3 and is designed to identify and fund projects to evaluate the potential impact of OSW on NJ's natural resources and wildlife.

In September 2022, Governor Murphy signed EO 307 further increasing the State's OSW goal to 11,000 MW by 2040.

In March 2023, the Board issued its third OSW solicitation for between 1,200 and 4,000 MW.

Evaluation of applications received in August 2023 resulted in awards by the Board to two projects, Leading Light Wind at 2,400 MW and Attentive Energy Project 2 at 1,342 MW in January 2024.

In order to support the coordinated transmission of the additional 3,500 MW created by EO 307, in April 2023, the Board initiated the second use of the SAA 2.0 ("SAA 2.0"). In February 2024, the Board issued an RFQ to retain a consultant to support Board Staff with SAA 2.0.

In April 2023, the Board issued an RFQ for a consultant to assist Staff in the development of a second Offshore Wind Strategic Plan ("OSWSP 2"). In July 2023 a consultant for the second OSWSP was retained. Work on the OSWSP 2 is currently ongoing.

To maximize the benefits of the SAA awards, the Board is pursuing a transmission corridor called the Prebuild Infrastructure ("PBI"), for qualified offshore wind projects. In November 2023, the Board issued a solicitation for the PBI. Applications from that solicitation were received in April 2024 and evaluation by Staff and Staff's consultants is currently underway.

In January 2024, the Board retained a consultant to assist Board Staff with the fourth OSW solicitation. The Board issued its fourth Solicitation for between 1,200 and 4,000 MW in April 2024.

In FY25, funding is requested for specific activities, including retaining a consultant to assist Staff in the development of the fifth solicitation guidance document and evaluation of the proposals; continued funding for the Rutgers University Center for Ocean Observing Leadership work; continued funding for the National Offshore Wind Research and Development Consortium, the South Jersey Port Corporation; and the ongoing Wind Institute activities.

OTHER DISTRIBUTED ENERGY RESOURCES

Microgrids

In 2012, Superstorm Sandy gives NJ an energy resilience wake up call. In 2014, NJBPU funded the New Jersey Institute of Technology Town Center Distributed Energy Resources Potential Report. In 2015, the EMP 2015 Update called for increasing the use of microgrids. In 2016, NJBPU releases a Microgrid Report. Between 2017 and 2019, NJBPU established a Town Center Distributed Energy Resources Microgrid Incentive Program Phase I Feasibility Studies, and provided $2 million funding assistance for thirteen municipalities/county entities to prepare FS reports. In 2020, NJBPU Staff solicited DP incentive applications from FS participants, received 11 applications, and recommended funding 8 applications. In 2021, NJBPU entered into MOUs and granted awards totaling $3.75 million for 7 awardees. Between 2022 and 2024, engineering designs were prepared by awardees via their consultants. In 2024, the NJBPU approved DP MOU extensions.

Energy Storage

In 2018, Governor Murphy signed the CEA into law. The Act establishes two goals for energy storage: 600 MW by 2021 and 2,000 MW by 2030. The Act directed BPU to implement a program to achieve the goals. In FY19, the Board retained RU to conduct an analysis of energy storage ("ES") in NJ pursuant to the CEA. 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 April 7, 2021. The second CSI solicitation, announced awards in April of 2024, including 80MWh of storage paired with solar generation. Phase Two of the energy storage program was launched in September 2022 with the issue of a straw proposal and stakeholder process for the New Jersey Storage Incentive Program ("NJSIP"). In 2023, BPU issued a Request for Information to solicit and receive further stakeholder commentary. Staff, with assistance from a consultant, anticipate releasing a revised Straw Proposal in the 2nd Quarter of 2024 and providing a recommendation to the Board for NJSIP implementation by the end of the 4th Quarter of 2024.

Grid Modernization

To support the integration of distributed energy resources into the electric transmission and distribution system on NJ, in FY22-FY23 the Board initiated a grid modernization proceeding with an initial focus on reforming New Jersey's interconnection process. A consultant was retained to conduct a study and to organize several stakeholder meetings. A final report was accepted by the Board in FY23 that contained nine recommendations for improving the state's interconnection rules and processes. Draft rule change language was issued for public comment to implement four of the recommendations. This was followed by further stakeholder engagement to come to a rule proposal, which was approved by the Board for posting in the NJ Register on April 30, 2024. The remaining five recommendations are being pursued through industry expert workgroups currently launching in the second half of 2024.

Additionally, Staff submitted a $27 million grant application to the United States Department of Energy ("USDOE") as part of the Grid Resilience and Innovation Partnerships ("GRIP") grant program on April 17, 2024. The BPU's GRIP application seeks to expand distributed energy resource hosting capacity in constrained circuits in ACE's service territory. ACE and Electric Power Research Institute are partners on the proposal. To upgrade our grid to support more modern uses and spur clean energy investments, the BPU is allocating $25 million to serve as federal grant matching funds for applications related to the innovative and modern use of the grid.

BPU INITIATIVES

Clean Energy Equity

The BPU, through the OCEE and other relevant State agencies continue to expand energy

assistance programs, such as Comfort Partners, Weatherization Assistance Program, and other EE programs, to provide education and community outreach in order to increase participation and reduce energy burden. The details of many of these programs, including much of the EE work overseen by the OCEE, is addressed under Strategy 3 of the 2019 EMP. In addition, the Comfort Partners Compliance Filing further outlines the work that is being performed through this program.

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 Electrical Vehicles ("EVs") and the development of supporting plug-in EV charging infrastructure.[5] 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. At least 330,000 registered light-duty, plug-in EVs in NJ by December 31, 2025, and at least 2 million EVs registered in NJ by December 31, 2035.
2. At least 85% of all new light-duty vehicles sold or leased in NJ shall be plug- in EVs by December 31, 2040.
3. At least 25% of State-owned non-emergency light duty vehicles shall be plug-in EVs by December 31, 2025.
4. 100% of State-owned non-emergency light-duty vehicles shall be plug-in EVs 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. Establishment of goals by the DEP, in consultation with the Board for vehicle electrification and infrastructure development for medium and heavy duty vehicles by December 31, 2020.

In FY21-FY24, NJCEP continued to advance those goals in a variety of different ways. The Board approved four Electric Distribution Companies petitions to launch light-duty EV public charging, and Staff is working with utility staff to ensure the successful implementation of those programs. 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 EVs in the State and assist NJ residents in making the switch to driving EVs 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.

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

Staff launched the post-purchase incentive in May 2020 and the point-of-sale incentive began in July 2021. Since the launch of CUNJ over $120 million has incentivized over 36,000 EVs.

An incentive for residential chargers, was launched on July 25, 2022 and in its first year has provided nearly 2,000 chargers with over $475,000 in funding, in the second year of the program over 4,000 chargers received over $1 million in incentives.

The EV Law also established goals to encourage the State-owned non-emergency light-duty vehicle EV adoption. The EV Law calls for at least 25 percent of the fleet to be plug-in EVs by December 31, 2025, and 100 percent by December 31, 2035. In order to achieve those goals, after a successful pilot program utilizing the 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 an 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 NJ, reducing range anxiety for our residents, and encouraging EV driving tourists to choose NJ as their tourism destination. In FY24, the EV Tourism, Clean Fleet, and MUD programs continued and have provided significant funding to hundreds of additional chargers, in February 2024 began to be administered by the same entity that administers the CUNJ program. In FY24, Staff added funding for an E-Mobility Pilot Program, due to staff constraints that program creation will continue into FY25. Staff proposes to continue all the Clean Transportation programs from FY24, as well as adding funding for an MHD Depot charging program as envisioned by A4794 and funding for a Vehicle to Grid School Bus Pilot in consultation with DEP's School Bus Program, which is also funded in this budget.

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 ("OMB"), Fiscal, Administration and the Division of Property Management and Construction ("DPMC"), along with the BPU's SES and fiscal division. SES works with OMB to review energy related capital requests. The SFI funds are allocated for and spent on projects identified by the SES and the DPMC.

The Board previously entered into two MOUs with DPMC to implement projects, approved by the Board on February 22, 2017[6] and on November 13, 2019[7]. 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.[8]

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 Heating, Ventilation and Air Conditioning 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. DPMC-led projects are given project numbers and bid through the State's procurement process. All issued RFPs are available through NJStart.

OUTREACH AND EDUCATION

In FY25, 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 BPU, led by the Chief of Staff's Office and the Division of Clean Energy ("DCE"), in partnership with RU, planned, coordinated, and held the highly successful 2022 Clean Energy Conference: Achieving Our Clean Energy Future. On October 3-4, 2022, at Harrah's in Atlantic City, over 720 registrants attended the conference. Among the speakers were Governor Phil Murphy; Federal Energy Regulator Commissioner, Willie Phillips; Princeton University's Jessie Jenkins; EDA CEO, Tim Sullivan; DEP Commissioner, Shawn LaTourette; Governor's Office on Climate Action and the Green Economy's Jane Cohen; BPU Commissioners Mary-Anna Holden, Bob Gordon, and Dr. Zenon Christodoulou; as well as over 25 other Staff, industry, state, and policy experts. This was the first Clean Energy Conference in a decade. The conference improved the visibility and exposure of the NJCEP and advanced the State's clean energy goals by helping to educate the public about the benefits derived from the NJCEP and the opportunities available through the program, thereby, increasing program participation. The conference delivered a platform that informed industry, nonprofit, and other public stakeholders about progress made on a number of clean energy topics and program areas, as well as upcoming changes and enhancements to New Jersey's clean energy initiatives. Thus, it increased New Jersey's national recognition as a leader in clean energy.

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[6] 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.

[7] 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").

[8] 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.

The evaluation studies are managed by the Statewide Evaluator and conducted by three entities.

First, the Rutgers Center for Green Building will continue to support the BPU's DCE by performing and managing several program evaluations and studies, as well as by performing cost-benefit analyses of NJCEP programs and other related research activities.

Second, the Evaluation Study Team, contracted in FY23 for three years, will conduct additional research and evaluation studies in FY24, including those with statewide applicability.

Third, independent program evaluators contracted by the utilities conduct annual impact and process studies to evaluate EE programs specific to each utility.

Funding in FY25 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.

In addition to the above-mentioned studies, Staff is working towards developing the Equity

and Rates Study. The purpose of this project is to evaluate the effectiveness of current assistance programs and the design of rates and tariffs and to examine the extent to which they protect low- and moderate-income ("LMI") customers from increasing energy burden due to impacts of the clean energy transition. Drawing upon experiences in other jurisdictions, literature studies, and current assistance programs and rate design in NJ, a consultant working with Staff will provide recommendations for policies, programs, and changes to rate design to provide a progressive and equitable approach to energy costs for LMI households.

SBC COLLECTION SCHEDULE

For FY25, the allocation of the funding to utilities is based on the statewide Universal Service Fund ("USF") 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

	2022-23 Estimated Retail Revenues (000)*	% of Total Revenues
Electric	$7,792,555	63.78%
Natural Gas	$4,424,411	36.22%
Total	$12,216,966	100.00%

Year	Total Funding Level	Electric	Natural Gas
Allocation %		**63.78%**	**36.22%**
FY25	$344,665,000	$219,843,533	$124,821,467

*** Retail revenues from PSE&G USF filing Attachment A dated June 28, 2023**

Projected Sales Volumes														
Estimates of Normalized Jurisdictional Sales														
Units in (000s)														
	2023	2023	2023	2023	2023	2023	2024	2024	2024	2024	2024	2024		
	July	August	September	October	November	December	January	February	March	April	May	June	Total	
Gas Therms*														
NJNG	20,484	19,847	19,963	36,678	72,233	113,636	137,753	119,195	95,398	53,352	29,953	20,761	739,254	16%
SJG	21,425	19,102	21,212	21,922	34,323	65,064	93,722	92,482	80,805	54,392	31,615	23,459	559,524	12%
PSE&G	76,490	66,959	72,280	104,519	221,774	380,288	464,794	475,549	399,805	266,088	151,563	94,883	2,774,992	60%
ETG	20,444	20,536	20,002	21,036	38,466	65,554	82,327	83,573	69,854	53,767	31,605	20,476	527,640	11%
Total	138,843	126,444	133,458	184,155	366,797	624,542	778,595	770,798	645,861	427,600	244,736	159,580	4,601,410	100%
Electric MWH														
PSE&G	3,874,591	3,864,288	3,480,104	2,983,244	2,880,566	3,284,901	3,361,212	3,146,862	3,098,537	2,820,087	2,702,927	3,142,034	38,639,355	57%
JCP&L	1,989,661	2,126,400	1,943,235	1,529,494	1,360,696	1,507,575	1,694,934	1,641,053	1,577,097	1,395,325	1,306,240	1,544,503	19,616,213	29%
ACE	889,070	971,871	912,190	630,978	614,361	639,859	741,892	697,376	643,928	604,628	550,196	696,563	8,592,911	13%
RECO	156,291	156,729	144,919	115,827	102,730	114,181	127,908	111,460	108,601	103,958	98,802	122,754	1,464,160	2%
Total	6,909,613	7,119,288	6,480,448	5,259,543	4,958,353	5,546,516	5,925,946	5,596,751	5,428,164	4,923,998	4,658,166	5,505,853	68,312,639	100%
*Gas sales exclude wholesale therms														
Source: 6/28/23 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

FY25	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
PS-Electric	$12,469,197.93	$12,436,040.70	$11,199,660.83	$9,600,667.25	$9,270,230.17	$10,571,460.20	$10,817,043.62	$10,127,222.24	$9,971,703.88	$9,075,595.52	$8,698,552.16	$10,111,683.27	$124,349,057.78
JCP&L	$6,403,121.34	$6,843,173.17	$6,253,714.67	$4,922,212.55	$4,378,987.10	$4,851,673.34	$5,454,631.11	$5,281,230.96	$5,075,409.99	$4,490,431.11	$4,203,738.43	$4,970,514.00	$63,128,837.76
ACE	$2,861,202.96	$3,127,671.75	$2,935,606.13	$2,030,612.06	$1,977,134.90	$2,059,192.13	$2,387,553.88	$2,244,292.65	$2,072,286.74	$1,945,811.67	$1,770,640.36	$2,241,676.91	$27,653,682.14
RECO	$502,975.24	$504,384.81	$466,377.90	$372,754.11	$330,605.38	$367,456.96	$411,633.15	$358,700.24	$349,499.42	$334,557.33	$317,964.31	$395,046.56	$4,711,955.41
NJN	$555,672.24	$538,398.17	$541,539.89	$994,954.56	$1,959,457.68	$3,082,575.12	$3,736,799.04	$3,233,368.29	$2,587,831.70	$1,447,270.61	$812,538.04	$563,173.91	$20,053,579.25
SJG	$581,188.13	$518,175.14	$575,423.84	$594,686.67	$931,068.15	$1,764,987.19	$2,542,366.71	$2,508,733.32	$2,191,970.55	$1,475,493.53	$857,614.02	$636,379.60	$15,178,086.86
PS-Gas	$2,074,916.03	$1,816,376.17	$1,960,722.50	$2,835,256.55	$6,016,028.94	$10,315,996.00	$12,608,360.48	$12,900,117.01	$10,845,430.43	$7,218,121.35	$4,111,414.21	$2,573,882.49	$75,276,622.14
ETG	$554,580.06	$557,075.73	$542,590.02	$570,639.12	$1,043,459.04	$1,778,269.49	$2,233,267.11	$2,267,067.09	$1,894,914.68	$1,458,526.03	$857,342.15	$555,448.12	$14,313,178.65
Total	$26,002,853.93	$26,341,295.62	$24,475,635.80	$21,921,782.88	$25,906,971.37	$34,791,610.43	$40,191,655.11	$38,920,731.80	$34,989,047.39	$27,445,807.14	$21,629,803.66	$22,047,804.87	$344,665,000.00

CONCLUSION

In February 2023, Governor Murphy's EO315[9] directed 100% of the electricity sold in the state to be derived from clean sources of electricity by January 1, 2035. Staff's FY25 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 NJ on the path toward achieving the Governor's clean energy goals.

[9] Executive Order No. 315.