

**New Jersey's Clean Energy Program
FY 2025 Program Descriptions and Budgets**

Utility Residential Low Income

Comfort Partners Program

**Proposed Program Description and
Budget**

June 27, 2024

Residential Low-Income Program “New Jersey Comfort Partners”

The Residential Low-Income Program known as Comfort Partners (“Comfort Partners” or “Program”), managed by Atlantic City Electric Company (“ACE”), Jersey Central Power & Light Company (“JCP&L”), New Jersey Natural Gas Company (“NJNG”), Elizabethtown Gas Company (“Elizabethtown”), Rockland Electric Company (“RECO”), Public Service Electric & Gas Company (“PSE&G”), and South Jersey Gas Company (“SJG”) (collectively referred to as “Utilities”), is primarily designed to reduce the high cost of energy and lower energy bills by maximizing lifetime energy savings (kWh and therms) per dollar spent. This Program is also designed to improve energy affordability for low-income households through energy education, efficiency, and conservation. In addition to these goals, Executive Order 316 (“EO 316”) has a broad directive to provide “maximum support for building electrification, with a primary focus on the needs of low- and moderate-income customers” which this Program is intended to support.¹ To achieve these objectives, several market barriers must be overcome. Key among these are: (1) lack of information on either how to improve efficiency or the benefits of efficiency; (2) low-income customers do not have the capital necessary to upgrade efficiency or even, in many cases, keep up with regular bills; (3) low-income customers are the least likely target of market-based residential service providers due to perceptions of less capital, credit risk, and/or high transaction costs; (4) split incentives between renters and landlords; and (5) the presence of health and safety barriers that prevent energy efficiency work from being completed. The Program addresses these barriers through:

- Direct installation of cost-effective energy efficiency measures;
- Comprehensive, personalized customer energy education and counseling; and
- Installation of health and safety measures, as appropriate.

Target Market and Eligibility

The Program targets low-income households in New Jersey. The target population is characterized by high-energy burdens, which is the percent of a household’s median annual income that is used to pay for electricity and gas bills. Program participation is prioritized by energy use, with the goal of serving highest energy users first.

The Program is available to households with income at or below 250% of the federal poverty guidelines. Households located within a Low-Income designated census tract or NJ designated overburdened community (“OBC”) census block may also qualify via the income self-certification process detailed in the Location Based Eligibility section of this document. Customers who receive aid from Supplemental Security Income, Home Energy Assistance, Universal Service Fund, Lifeline, Pharmaceutical Assistance to the Aged and Disabled, Temporary Assistance to Needy Families, Section 8 Housing, Medicaid, Supplemental Nutrition Assistance Program, or General Assistance may also be

¹ Executive Order No. 316 (Feb. 15, 2023).

categorically eligible. Customers who could take advantage of Comfort Partners or engage with another State-sponsored energy saving implementation program will directly benefit from the weatherization and health and safety measures offered as part of the program.

To be eligible, a participant must be a customer of record with a separately metered electric or natural gas account and live in a single-family or multi-family residential building with 1-14 units, and the residence must be their primary home. Fuel oil and propane customers that are not good candidates for the Program will be referred to the Department of Community Affairs' Weatherization Assistance Program ("WAP") for services in conjunction with a memorandum of agreement between Comfort Partners and WAP. Customers who heat with fuel oil where WAP cannot reasonably provide critical services, such as repairing or replacing oil fired heating systems, may be considered for conversion to natural gas by Comfort Partners. In addition, customers who receive natural gas service from an investor- owned New Jersey natural gas utility and electric service from a municipal electric company will be eligible for all Comfort Partners electric and natural gas saving services. Ineligible customers are referred to either WAP, a Utility-led Moderate Income Home Weatherization Program, or a Utility-led Home Performance with Energy Star ("HPwES") Program for services. Referrals are made between Comfort Partners and WAP for measures not performed by either entity (e.g., WAP may refer customers to Comfort Partners for evaluation of central air conditioning and freezer replacements).

Location Based Eligibility

In an effort to reduce barriers to enrollment in the Program, the Comfort Partners Working Group ("Working Group") utilizes location-based eligibility ("LBE"). LBE removes the burden of income verification and creates more trust with interested, yet hesitant, potential customers. This approach can create marketing/outreach efficiencies, achieve savings in less time, reduce administrative costs, and improve cost effectiveness.

Customers residing within the geographical boundaries of low- income census tract or low-income Overburdened Communities ("OBCs") are eligible to participate in Comfort Partners without providing income verification documentation. Customers self-certify their income by signing a program income verification statement. All other program eligibility rules remain in effect and must be verified by the vendor. If fraud is suspected, implementation vendors follow the current Comfort Partners Procedures Manual suspected fraud guidelines.

Offerings and Customer Incentives

The measures considered for each home include: efficient lighting products; hot water conservation measures (water heater replacement and tank temperature turn-down); replacement of inefficient refrigerators and freezers; installation of energy efficient thermostats; insulation upgrades (attic, wall, basement, etc.); blower-door guided air sealing; duct sealing and repair; heating/cooling equipment maintenance, repair, and/or replacement; and other measures as needed. Removing barriers to installing energy efficiency measures – such as repair or replacement of a broken window, repair of a hole

in a wall and/or roof, mold remediation or the installation of rain gutters, and other health and safety related measures – may be considered on a case-by-case basis.

Failed or failing heating and/or cooling systems can be replaced for efficiency and/or health and safety reasons on a case-by-case basis. In the event of insufficient funding, or if Comfort Partners customers' homes require more treatment than the Program is designed to deliver, the Working Group will attempt to maximize and leverage available resources by entering into discussions with WAP. The goal of such discussions will be to determine DCA's interest in accepting Program referrals to install heating systems and perform other needed work for energy efficiency and/or health and safety reasons.

Measure Selection

Energy efficiency measures and other reasonable repairs required to install those measures may be installed in each home. In addition, under the "2009 Pilot", the Program evaluates homes in order to consider repairing and installing items that may not directly save energy but are necessary for installing energy-saving measures. Examples of the type of work that is conducted under the 2009 Pilot include, but are not limited to, the remediation of mold/moisture, lead and asbestos, rodent/bug infestations, structural damage, collapsing ceilings, roof repairs, electrical repairs, major plaster repair, sewer leaks/backup, and major chimney problems including incorrect flue design. For instance, repairing a roof before installing attic insulation, as provided for in the 2009 Pilot, would fall under this category. This is only available to homes owned by the occupants and does not include renters. To account for inflation and price escalation since the inception of the 2009 Pilot, the Program is seeking to increase the spending cap for these barriers from \$5000 to \$7500 per project. By doing this, the Program would be able to extend its reach to more customers who are in greatest need of the assistance provided by this program.

Cost-effectiveness is assessed on a site-specific basis, excluding health and safety. All installed measures and energy education services are provided free of charge. The selection of measures designed to reduce heating and cooling is guided by a spending calculation based on past energy consumption, which is a guide for contractors, not an absolute or prescriptive target or cap. If the site needs are greater than the calculated spending guideline, the contractor confers with the appropriate utility after documenting reasons for requesting to exceed the spending guideline. In cases where there is more than one utility manager that must be contacted for approval, the gas utility manager should be contacted first and they will send the request to the electric utility manager. Each utility will decide to what extent additional work can be performed.

Refrigerator or freezer replacement is based upon on-site monitoring of the energy use of the existing unit. Consumption thresholds for cost-effective replacement vary according to size. Any refrigerator or freezer with measured consumption above the threshold values, based on ENERGY STAR or similar efficiency standards, is eligible for free replacement with a new energy-efficient model. These values and procedures are updated to reflect changes in refrigerator efficiency.

The cost-effective installation of energy-efficient lighting products is based upon the wattage and the estimated average daily run time for the existing lamp. Domestic hot water and other custom measures are installed according to Program guidelines.

The costs associated with health and safety and home repairs, such as the repair of a roof, are excluded from the cost effectiveness test used to determine measure eligibility.

Delivery Methods

Electric and natural gas utilities with overlapping service territories jointly deliver efficiency, health and safety, and education services so that customers receive both natural gas and electric efficiency measures simultaneously. Selection of Program delivery contractors and Program delivery costs are shared between the participating natural gas and electric utilities. Currently, the Utilities contract with five (5) installation contractors and one (1) quality assurance contractor to perform the work in customers' homes.

The Program will continue its efforts to address mold/moisture remediation, roof repairs, electrical repairs, and asbestos. Remediation is considered on a case-by-case basis with the implementation contractors who contract directly with the appropriate organizations, or approved subcontractors, following Utility approval.

As of fiscal year 2024, the Utilities are fully transitioned to the new web-based system, eTrack+. PSEG Services Company serves as the Contract Administrator for the agreement with that vendor. The projected costs of that vendor and for administrative services offered by PSEG Services Company will be paid for by PSE&G and are included in PSE&G's administrative budget in Appendix A.

Quality Assurance Provisions

A minimum of 15% of randomly selected, treated homes are subject to verification and inspection by an independent contractor(s) hired by the Utilities. Quality assurance processes are continually reviewed and updated as necessary.

Program Procedures

The Program procedures, specifications, and guidelines are outlined in the Comfort Partners Procedures Manual. Those involved in the Program, including Utility representatives, contractors, and BPU Staff, must utilize this manual to guide their work within the Program.

Specifications within the manual tell installers how to install a given measure, but are not intended to provide all the information needed to do a job properly or to determine whether a given measure should be installed. The measure selection procedures provide guidance

to installers regarding the decision-making process for installing a measure and the rationale behind it.

The manual can be amended at any time as proposed by the Working Group, Comfort Partners approved contractors, or BPU Staff; however, **any changes to the manual must be approved by BPU Staff before being implemented.**

Budgets

Appendix A provides a detailed budget for the Program. Allocation of costs in different cost categories may appear to be inconsistent among Utilities. As an example, PSE&G covers the cost of statewide printing of Comfort Partners materials as well as the development, maintenance, and support of eTrack+. The Program spending allowance guidelines continue to be evaluated for Comfort Partners to be consistent with other low-income State weatherization programs.

The Utilities will request BPU Staff to review budget modifications as outlined in Docket No. EO13050376V (“February Order”).² No budget modification shall be deemed approved until BPU Staff notifies the Utilities of approval. Budget modifications will be subject to all pertinent language reflected in the February Order, which includes the following:

1. Funds may be reallocated between Utilities and line items within the Program budget provided the overall Board-approved Program budget remains unchanged, and the overall statewide administrative costs for the Program are not increased;
2. Up to 10% of the Program budget may be reallocated within the Program during any 60-day period; and
3. The Program budget may be reduced if it appears unlikely that the Program budget will be exhausted. The Program budget may be determined to be underperforming, after a review of commitments, Program goals, participation levels, performance trends and other relevant factors. The Program budget reductions shall be limited to 10% within any 60-day period. The Program budget shall not be reduced by more than 25% within any 180-day period.

Goals and Energy Savings

Goals

² In re the Clean Energy Programs and Budget for Fiscal Year 2014; Revised Fiscal Year 2014 Budget and Delegation of Limited Budget Authority, BPU Docket No. EO13050376V, Order dated February 4, 2014.

In the Fiscal Year 2025 Comfort Partners Program Compliance filing, the target for the number of electric service customers to be served and committed is 4,303 on a twelve-month basis from July 1, 2024 through June 30, 2025. The target for the number of natural gas service customers to be served and committed is 3,978 on a twelve-month basis from July 1, 2024 through June 30, 2025. Although the unit goals for Fiscal Year 2025 have decreased from the FY 2024 totals, the Working Group is seeking identical budget allocations for the upcoming year. This decision is supported by several factors. Vendors were granted a 4.7% Consumer Price Index (CPI) adjustment, which was incorporated into their contracts and is set to be applied at the beginning of Contract Year 3 (Fiscal Year 2024). Furthermore, inflationary pressures and rising prices of goods and materials, particularly those subject to cost-plus markup invoicing, have led to an increase in average job values. Lastly, the proposed expansion of spending on the "2009 Pilot" program necessitates additional expenditure per project.

Energy Savings

Energy saving estimates for the purpose of this filing were calculated using the latest protocols approved by the BPU on December 2, 2020, in Docket No. QO20090584.³ Based on that standard and the projected number of customers served, it is estimated that the Program will now save approximately 3,353 MWH of electric and 25,429 MMBTU of natural gas during Fiscal Year 2025, with a lifetime savings of approximately 37,623 MWH of electric and 452,893 MMBTU of natural gas.

Appendix A

Fiscal Year 2025 Comfort Partners Budget

July 1st 2024 - June 30th 2025 CP Budget								
		Admin and Program Development	Sales, Marketing, Call Centers, Web Site	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other QC	Evaluation & Research	Contractor Perf. Incentives
ACE	\$3,166,694.00	\$270,897.00	\$56,175.00	\$54,225.00	\$2,674,979.00	\$110,418.00	\$0.00	\$0.00
JCP&L	\$6,021,172.00	\$541,099.00	\$127,249.00	\$100,749.00	\$5,032,455.00	\$219,620.00	\$0.00	\$0.00
PSE&G- Elec	\$9,801,263.00	\$1,068,249.00	\$220,809.00	\$169,809.00	\$8,040,473.00	\$301,923.00	\$0.00	\$0.00
RECO	\$408,400.00	\$70,600.00	\$15,600.00	\$15,600.00	\$280,000.00	\$26,600.00	\$0.00	\$0.00
NJNG	\$6,630,359.00	\$267,732.00	\$133,732.00	\$127,065.00	\$5,886,598.00	\$215,232.00	\$0.00	\$0.00
Elizabethtown	\$3,790,634.00	\$246,197.00	\$66,297.00	\$68,682.00	\$3,241,776.00	\$167,682.00	\$0.00	\$0.00
PSE&G-Gas	\$22,869,617.00	\$2,492,582.00	\$515,222.00	\$396,222.00	\$18,761,104.00	\$704,487.00	\$0.00	\$0.00
SJG	\$4,289,861.00	\$347,047.00	\$80,434.00	\$77,697.00	\$3,635,786.00	\$148,897.00	\$0.00	\$0.00
TOTAL	\$56,978,000.00	\$5,304,403.00	\$1,215,518.00	\$1,010,049.00	\$47,553,171.00	\$1,894,859.00	\$0.00	\$0.00
PSE&G - Combined	\$32,670,880.00	\$3,560,831.00	\$736,031.00	\$566,031.00	\$26,801,577.00	\$1,006,410.00	\$0.00	\$0.00

³ In re New Jersey's Clean Energy Program – Fiscal Year 2021 Protocols to Measure Resource Savings, BPU Docket No. QO20090584, Order dated December 2, 2020.