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July 31, 2024

VIA ELECTRONIC MAIL ONLY

Sherri Golden, Board Secretary
New Jersey Board of Public Utilities
44 S. Clinton Avenue
P.O. Box 350
Trenton, NJ 08625
Sherri.Golden@bpu.nj.gov

**Re: Quarterly Progress Report of South Jersey Gas Company – 3rd Quarter Program
Year 2024
DOCKET NOS. QO19010040 & GO20090618**

Dear Secretary Golden:

South Jersey Gas is resubmitting the Third Quarter Progress Report to add clarifying language on its C&I program on page 5. Otherwise, the report is identical to the one submitted on May 30, 2024. Accordingly, we ask that you replace the previous report submitted on May 30, 2024.

Pursuant to the Board's current filing procedures, herein is the Quarterly Progress Report for the third quarter ("Q3") of Program Year 2024¹ ("PY24") of South Jersey Gas ("SJG" or "Company") with respect to its Clean Energy Act of 2018 ("CEA") Energy Efficiency ("EE") and Peak Demand Reduction ("PDR") Programs.

In accordance with the Order issued by the Board in connection with I/M/O the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. E020030254, Order dated March 19, 2020, this document is being electronically filed. No paper copies will follow.

¹ For the purposes of these quarterly reports, the numbering of the quarters align to these dates: **Q1** (7/1/23-9/30/23); **Q2** (10/1/23 - 12/31/23); **Q3** (1/1/24 - 3/31/24); **Q4** (4/1/24 - 6/30/24).

Energy Efficiency Program Progress - Executive Summary:

As of the third quarterly report, SJG continues to focus on implementing residential, multi-family and commercial programs and educating customers, contractors, and retailers on the portfolio of programs.

The utilities continue to collaborate and participate on working calls to ensure consistent implementation, address joint budget needs, and support contractors.

The Utilities continue to work on the development of the Statewide Coordinator (SWC) system that will facilitate the exchange of both investments and energy savings between a Lead Utility and a Partner Utility. As of Q3 PY24, user acceptance testing has been completed for all market segments – Residential, C&I and Multi-Family. SJG has exchanged data with partner utilities for the Residential programs, and received invoices for the Marketplace Program activity from electric partners. SJG is continuing to perform QA/QC on Residential HVAC, Quick Home Energy Check Up and Moderate-Income Weatherization programs. QA/QC of C&I and Multi-Family programs will follow. SJG and its Partner utilities will continue to exchange investment and energy savings data for prior period activity covering PY1-PY2, subject to completion of QA/QC. The information reflected within this report reflects all investments, financing and savings attributable to SJG as the Lead Utility, after accounting for inflows and outflows of investment transactions between the Lead Utility and a Partner Utility for the Home Performance with Energy Star Program, Quick Home Energy Check Up Program, HVAC Program and Marketplace Program, that have been successfully exchanged.

SJG programs delivered 91,683 DTh of savings in the third quarter, or approximately 35% of the annual target.

Residential Sector

- South Jersey Gas has contracted Honeywell as the implementation party for the residential programs, save for the Marketplace Program and the Behavioral Program which will be served by Uplight.
- The Existing Homes Home Performance with Energy Star program reported 657 DTh in energy savings or approximately 6% of the program's PY24 target. The Home Performance with ENERGY STAR Program saw 61 projects completed.
- The Behavioral program reported 60,651 DTh in energy savings or approximately 130% of the program's PY24 target. The Behavioral Program had 164,155 customers in this quarter's treatment group.
- The Efficient Products program reported 19,710 DTh in energy savings or approximately 12% of the program's PY24 target. The Company has been providing financing for HVAC upgrades through its Board-approved energy efficiency programs since 2009 and has established a robust trade ally network that promotes SJG's programs to customers. Since the inception of the current on-bill repayment program, as offered through the Efficient Products Program, the Company has experienced greater participation than originally forecasted.
 - The Marketplace Program saw 474 participants in this quarter.

- The Appliance Rebates Program saw 492 participants in this quarter.
 - SJG offers appliance rebates at 60 retail outlets including large and independently-owned stores.
- The HVAC Program saw 1,240 participants in this quarter.
 - In this quarter, 45 of the HVAC program participants qualified for the supplemental incentive for Low to Moderate Income customers.
- The Quick Home Energy Check Up Program had 408 completed projects.
- The Moderate Income Weatherization Program had 170 completed projects.

Commercial Sector

- South Jersey Gas has contracted Applied Energy Group as the implementation party for the Commercial Programs.
- The Small Business Direct Install Program had 2 projects completed and an additional 9 audits were completed during the reporting period.
- The Prescriptive and Custom Program had 10 completed projects in this quarter.
- The Engineered Solutions and Energy Management Programs did not deliver any savings during the reporting period but outreach efforts to larger customers are in progress and we expect these programs to start to ramp up.

Multi-Family Sector

- South Jersey Gas has contracted Honeywell as the implementation party for the Multi-Family Home Performance Program and Multi-Family Direct Install Program.
- South Jersey Gas has contracted Applied Energy Group as the implementation party for Multi-Family Engineered Solutions and Multi-Family Prescriptive and Custom Programs
- The Multi-Family: Direct Install program saw 97 participants this quarter.
- Year to date, the Multi-Family sector has reported 6,593 DTh in energy savings or approximately 154% of the sector's PY24 target.

Comfort Partners Summary

SJG continues to partner with the BPU and our utility partners to implement Comfort Partners and support our low-income customers. Comfort Partners had 94 participants for this quarter resulting in 1,322 DTh annual savings.

Table 1 shows the Company's overall performance as a percentage of retail sales, which includes retail sales reductions achieved by the Comfort Partners program, which is the primary program serving low-income customers and is co-managed by the Division of Clean Energy in conjunction with South Jersey Gas and the other investor-owned electric and gas utility companies.

Table 1 – Program Year 2024 Program Results

Period Covered	Utility-Administered Retail Savings (DTh) ^{1,2}	Comfort Partners Retail Savings (DTh) ^{1,2}	Other Programs Retail Savings (DTh) ³	Total Portfolio Retail Savings (DTh) ^{1,2}	Compliance Baseline (DTh) ⁴	Annual Target (%)	Annual Target (DTh)	Percent of Annual Target (%)
	(A)	(B)	(C)	(D) = (A)+(B)+(C)	(E)	(F)	(G) = (E)*(F)	(H) = (D) / (G)
Quarter	90,361	1,322	N/A	91,683				
YTD	223,603	2,659	N/A	226,263	50,906,112	0.51%	259,621	87%

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

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

³ Other Programs includes Company-specific programs that are not part of the Clean Energy Act (CEA) energy efficiency programs and Comfort Partners, such as legacy programs and pilots.

⁴ Calculated as average annual gas usage in the prior three plan years (i.e., July – June) per N.J.S.A. 48:3-87.9(a). Details are provided in Appendix E.

Figure 1 shows that year to date natural gas savings is 87% of the PY24 annual savings goal, and program year to date spending is 48% of the PY24 expenditure target.

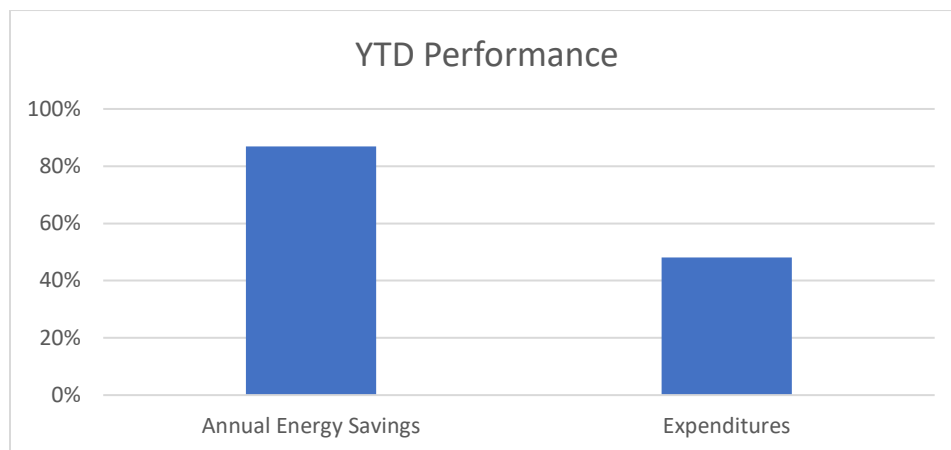


Figure 1: YTD performance of Annual Energy Savings and Budget

The Residential sector has represented 33% of the annual target savings. Low to Moderate-Income Savings was driven by the Moderate-Income Weatherization Program at 2,590 DTh in annual savings and 52,617 DTh in lifetime savings. This quarter, 3 Small Commercial projects in the C&I Direct Install and C&I Prescriptive programs were completed for 462 DTh in

annual savings. The remaining 9 completed projects in C&I Prescriptive and Custom programs, and its attributed energy savings, were considered Large Commercial.

Table 2 provides the results of the QPIs for all programs for which utilities are responsible, inclusive of the CEA-funded programs, Comfort Partners program (only included in low/moderate income lifetime savings), and any legacy energy efficiency programs administered by SJG that were authorized or funded by or through a prior filing or authorization.

Table 2 – Quantitative Performance Indicators

	Quarter				Year to Date				Annual Target ¹	Percent of Annual Target Achieved
	Utility-Administered Quarter Retail Savings	Comfort Partners Quarter Retail Savings	Other Programs Quarter Retail Savings	Total Portfolio Quarter Retail Savings	Utility-Administered YTD Retail Savings	Comfort Partners YTD Retail Savings	Other Programs YTD Retail Savings	Total Portfolio YTD Retail Savings		
Annual Energy Savings (Dth)	90,361	1,322	N/A	91,683	223,603	2,659	N/A	226,263	260,231	87%
Lifetime Savings (Dth)	582,917	24,070	N/A	606,987	1,792,942	45,009	N/A	1,837,950	2,489,060	74%
Annual Demand Savings (Dth Peak Day)										
Low/Moderate-Income Lifetime Savings (Dth) ²	59,145	24,070	N/A	83,215	159,213	45,009	N/A	204,222		
Small Commercial Lifetime Savings (Dth) ³	7,766		N/A	7,766	74,212		N/A	74,212		

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

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

³ Small Commercial lifetime savings are Direct Install program savings and those from C&I small business customers (<200 kW peak demand) in other programs.

Sector-Level Participation, Expenditures, and Annual Energy Savings

Residential Programs had 167,000 participants and delivered 85,360 DTh of energy savings during the reporting period, amounting to 33% of the overall PY24 target. The savings were driven by the Efficient Products program, especially the Marketplace Program and its smart thermostats sales delivering 1,862 DTh of energy savings. The Efficient Products programs had 2,206 participants and delivered 19,710 DTh of energy savings. The Behavioral program had 164,155 participants and delivered 60,651 DTh of energy savings. The Multi-Family Programs had 98 participants and delivered 2,454 DTh of energy savings. To date, the utility administered programs delivered 223,603 DTh in savings or 86% of the PY24 annual target.

Expenditures during the quarter are approximately 16% of the budget for PY24 and were driven by Residential Programs and cost sharing with our Partner Utility on multiple Residential Programs through Statewide Coordinator. The closing of multiple C&I and Multi-Family projects this quarter was also a contributing factor. We are partnering with our implementation teams to develop marketing and outreach plans to connect customers with trade allies, present projects, and establish a pipeline that will provide the participation needed to achieve our energy savings targets.

Table 3 – Quarterly Sector-Level Participation

Sector ¹	Current Quarter Participants	YTD Participants	Annual Forecasted Participants	Percent of Annual Forecast
Residential	167,000	178,728	193,016	93%
Multi-Family	98	412	1,353	30%
C&I	12	29	1,164	2%
Reported Totals for Utility Administered Programs	167,110	179,169	195,533	92%
Comfort Partners ²	94	385	4,420	N/A
Utility Total	167,204	179,554	195,533	92%

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

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

Quarterly Level Expenditures

The following table provides quarterly level expenditures by sector. South Jersey Gas’s expenses for this quarter were 16% of the PY24 budget.

Table 4 – Quarterly Sector-Level Expenditures

Expenditures ¹	Current Quarter Expenditures (\$000)	YTD Expenditures (\$000)	Annual Budget Expenditures (\$000)	Percent of Annual Budget
Residential	\$6,775	\$20,090	\$38,931	52%
Multi-Family	\$146	\$1,003	\$3,130	32%
C&I	\$611	\$2,195	\$6,334	35%
Reported Totals for Utility Administered Programs	\$7,532	\$23,288	\$48,395	48%
Comfort Partners	\$864	\$3,092	\$4,290	72%
Utility Total	\$8,396	\$26,380	\$52,684	50%

¹ Expenditures include rebates, incentives, and loans, as well as program administration costs allocated across programs.

Quarterly Level Energy Savings

The Residential Sector largely contributed to the energy savings in this quarter, reporting 85,360 DTh of energy savings, or 33% of the PY24 annual target. This is attributed to the increased activity in the HVAC Program. As outreach efforts continue, we expect increased activity, and energy savings, for the Commercial and Multi-Family Sectors.

Table 5 – Quarterly Sector-Level Annual Energy Savings

Annual Energy Savings ¹	Current Quarter Retail (DTh)	YTD Retail (DTh)	Annual Target Retail (DTh)	Percent of Annual Target
Residential	85,360	209,576	236,271	89%
Multi-Family	2,454	6,593	4,277	154%
C&I	2,547	7,434	19,684	38%
Reported Totals for Utility Administered Programs	90,361	223,603	260,231	86%
Comfort Partners ^{2,3}	1,322	2,659	25,527	N/A
Utility Total	91,683	226,263	260,231	87%

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

² Comfort Partners Annual Target Retail Savings is a statewide target.

Portfolio Expenditures Breakdown

Program expenditures reflect South Jersey Gas expenditures for the third quarter as 16% of the PY24 budget.

Table 6 – Quarterly Costs and Budget Variances by Category¹

Total Utility EE/PDR	Quarter Reported (\$000)	YTD Reported (\$000)	Full Year Budget (\$000)	Percent of Budget Spent
Capital Costs	\$0	\$0	\$0	N/A
Utility Administration	\$364	\$1,030	\$1,749	59%
Marketing	\$203	\$431	\$1,108	39%
Outside Services	\$453	\$1,199	\$5,261	23%
Rebates ²	\$3,631	\$10,336	\$19,570	53%
No- or Low-Interest Loans	\$2,823	\$9,945	\$18,778	53%
Evaluation, Measurement & Verification (“EM&V”)	\$45	\$279	\$1,592	18%
Inspections & Quality Control	\$13	\$68	\$336	20%
Utility EE/PDR Total	\$7,532	\$23,288	\$48,395	48%

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

² Rebates include rebates and other direct investments.

Equity Metrics

These equity metrics draw from the considerable work of the New Jersey Office of Environmental Justice’s Overburdened Community (“OBC”) designations. Per New Jersey’s Environmental Justice Law, N.J.S.A. 13:1D-157, census block groups are identified as being an “Overburdened Community” when certain census criteria are met¹, and metrics reported herein reflect further direction from BPU Staff². These data are compiled into Table 7 detailing Equity Performance. South Jersey Gas has contracted Applied Energy Group on the development of Equity Metrics with the metrics agreed upon by the joint utilities.

¹ Per N.J.S.A. 13:1D-157: (1) at least 35 percent of the households qualify as low-income households; (2) at least 40 percent of the residents identify as a minority or as members of a State recognized tribal community; or (3) at least 40 percent of the households have limited English proficiency.

² Per guidance from BPU Staff, Overburdened Communities as used in Table 7 reflect those communities where at least 35 percent of the households qualify as low-income households, but exclude those communities that are solely designated as Minority, Limited English, or Minority and Limited English.

Table 7 – Quarterly Equity Performance

Territory-Level Benchmarks		Overburdened ¹	Non-Overburdened	%OBC ²				
# of Household Accounts ³		75,092	294,981	20%				
# of Business Accounts ³		8,655	18,467	32%				
Total Annual Energy (Dth) ⁴		13,315,218	25,643,619	34%				
Programs	Sub Program or Offering	Types of Sub Program Offering	Quarter Overburdened ¹	Quarter Non-Overburdened	% OBC ²	YTD Overburdened	YTD Non-Overburdened	% OBC ²
Participation								
Residential - Efficient Products	HVAC	Core	158	1,082	13%	512	3,736	12%
	Appliance Rebates	Core	47	445	10%	171	1,297	12%
	Online Marketplace	Core	68	406	14%	1,291	6,325	17%
	EE Giveaway Kits	Core	0	0	N/A	0	1	0%
Residential - Existing Homes	Home Performance with Energy Star	Core	5	56	8%	8	110	7%
	Quick Home Energy Checkup	Additional	61	347	15%	132	573	19%
	Moderate Income Weatherization	Additional	37	133	22%	77	340	18%
Behavioral	Behavioral	Additional	35,157	128,998	21%	35,157	128,998	21%
C&I Direct Install	Direct Install	Core	1	1	50%	7	4	64%
Energy Solutions for Business	Prescriptive/Custom	Core	1	9	10%	5	13	28%
	Energy Management	Additional	0	0	N/A	0	0	N/A
	Engineered Solutions	Additional	0	0	N/A	0	0	N/A
Multi-Family	Multi-Family Home Performance with Energy Star	Core	0	0	N/A	0	2	0%
	Multi-Family Direct Install	Core	66	31	68%	71	290	20%
	Multi-Family Prescriptive / Custom	Core	0	1	0%	1	1	50%
	Multi-Family Engineered Solutions	Core	0	0	N/A	0	1	0%
Total Core Participation			346	2,031	15%	2,066	11,780	15%
Total Additional Participation			35,255	129,478	21%	35,366	129,911	21%
Total Participation			35,601	131,509	21%	37,432	141,691	21%
Annual Energy Savings (dth)								
Residential - Efficient Products	HVAC	Core	2,369	15,264	13%	6,784	46,840	13%
	Appliance Rebates	Core	20	195	10%	74	561	12%
	Online Marketplace	Core	263	1,599	14%	5,129	25,200	17%
	EE Giveaway Kits	Core	0	0	N/A	0	3	0%
Residential - Existing Homes	Home Performance with Energy Star	Core	104	553	16%	160	1,386	10%
	Quick Home Energy Check-Up	Additional	255	1,497	15%	716	2,720	21%
	Moderate Income Weatherization	Additional	553	2,038	21%	1,212	5,507	18%
Behavioral	Behavioral	Additional	12,990	47,661	21%	24,262	89,022	21%
C&I Direct Install	Direct Install	Core	347	107	76%	2,176	2,480	47%
Energy Solutions for Business	Prescriptive/Custom	Core	1,029	1,065	49%	1,497	1,282	54%
	Energy Management	Additional	0	0	N/A	0	0	N/A
	Engineered Solutions	Additional	0	0	N/A	0	0	N/A
Multi-Family	Multi-Family Home Performance with Energy Star	Core	0	0	N/A	0	328	0%
	Multi-Family Direct Install	Core	419	195	68%	451	1,495	23%
	Multi-Family Prescriptive / Custom	Core	0	1,840	0%	129	1,840	7%
	Multi-Family Engineered Solutions	Core	0	0	N/A	0	2,348	0%
Total Core Annual Energy Savings			4,551	20,817	18%	16,401	83,763	16%
Total Additional Annual Energy Savings			13,797	51,195	21%	26,190	97,249	21%
Total Annual Energy Savings			18,349	72,012	20%	42,591	181,012	19%
Lifetime Energy Savings (dth)								
Residential - Efficient Products	HVAC	Core	45,431	289,318	14%	128,881	884,682	13%
	Appliance Rebates	Core	241	2,297	9%	876	6,594	12%
	Online Marketplace	Core	2,007	12,085	14%	38,627	189,565	17%
	EE Giveaway Kits	Core	0	0	N/A	0	31	0%
Residential - Existing Homes	Home Performance with Energy Star	Core	2,514	14,394	15%	3,913	35,296	10%
	Quick Home Energy Checkup	Additional	2,569	15,119	15%	7,197	27,447	21%
	Moderate Income Weatherization	Additional	11,622	40,995	22%	24,891	108,226	19%
Behavioral	Behavioral	Additional	12,990	47,661	21%	24,262	89,022	21%
C&I Direct Install	Direct Install	Core	6,389	1,211	84%	34,760	38,989	47%
Energy Solutions for Business	Prescriptive/Custom	Core	18,485	19,047	49%	27,673	23,191	54%
	Energy Management	Additional	0	0	N/A	0	0	N/A
	Engineered Solutions	Additional	0	0	N/A	0	0	N/A
Multi-Family	Multi-Family Home Performance with Energy Star	Core	0	0	N/A	0	5,583	0%
	Multi-Family Direct Install	Core	4,186	1,946	68%	4,509	14,954	23%
	Multi-Family Prescriptive / Custom	Core	0	32,408	0%	1,940	32,408	6%
	Multi-Family Engineered Solutions	Core	0	0	N/A	0	39,425	0%
Total Core Lifetime Energy Savings			79,254	372,708	18%	241,179	1,270,718	16%
Total Additional Participation			27,181	103,774	21%	56,350	224,695	20%
Total Lifetime Energy Savings			106,435	476,482	18%	297,529	1,495,413	17%

¹ Across all programs, subprograms, or offerings, participation/expenditures/savings are classified as either in an Environmental Justice Overburdened Community census block or not based on the program participant’s address. Overburdened Community census blocks were developed and defined by the NJ Department of Environmental Protection (www.nj.gov/dep/ej/communities.html).

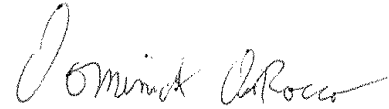
² The Ratio column shows the ratio of the overburdened metric over the non-overburdened metric. Comparing the territory-level benchmark ratios versus the program ratios shows how equitable the distribution of the program is between the overburdened and non-overburdened populations. If the program ratio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

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

⁴ Estimation of usage with overburdened designation for the 12-month period immediately preceding the current Plan Year.

If you have any questions, please feel free to contact me directly.

Respectfully,

A handwritten signature in black ink that reads "Dominick DiRocco". The signature is written in a cursive, flowing style.

Dominick DiRocco

DD/caj

cc: Brian Lipman
Maura Caroselli
Mamie Purnell
Carlena Morrison
Stacy Richardson
Phillip Chao
Ed McFadden
Maureen Minkel
Peter Druckenmiller
Michael Savacool
Frank Vetri
Andrew Lee
Dylan Bakley

Appendix A – Participant Definitions

NJ Program		Participants (as lead utility)
Efficient Products	HVAC	Sum of HVAC units (multiple units per customer, counts as multiple participants)
	Lighting - Upstream	Quantity of packages sold (based on SKU) - net of returns (negative in current period)
	Rebated Products	Quantity of units rebated (based on SKU)
	Mid-Stream Products	Quantity of units sold (based on SKU) - net of returns (negative in current period)
	Appliance Recycling	Count of visits to premise not units
	Online Marketplace	Quantity of units sold (based on SKU) - net of returns (negative in current period)
	EE Kits - Giveaway	Per kit delivered
	Consumer Electronics	For rebated programs, count of rebate applications For Midstream, every measure is considered a participant - net of returns (negative in current period)
Existing Homes	Home Performance with Energy Star	Count of completed HPwES projects
	Quick Home Energy Checkup	Count of completed visits
	Moderate Income Weatherization	Same as HPwES - (distinction would be paying for audit in this program)
Behavioral	Behavioral	Count of treatment customers at end of reporting period
C&I Direct Install	Direct Install	Count based on number of applications/projects completed, not account number
Energy Solutions for Business	Prescriptive/Custom	Count based on number of applications/projects completed, not account number
	Energy Management	Count based on number of applications/projects completed, not account number
	Engineered Solutions	Count based on number of applications/projects completed, not account number
Multi-Family	HPwES	Count of completed HPwES projects
	Direct Install	Count based on number of projects completed
	Prescriptive/Custom	Count based on number of applications/projects completed, not account number
	Engineered Solutions	Count based on number of applications/projects completed, not account number