



STATE OF NEW JERSEY
Board of Public Utilities
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www.nj.gov/bpu

CLEAN ENERGY

IN THE MATTER OF THE STATE ENERGY PROGRAM)
FOR PROGRAM YEAR JULY 1, 2017 – JUNE 30, 2018)
ORDER
DOCKET NO. QO17020141

Parties of Record:

Mike Ambrosio, TRC Energy Solutions
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order, the Board of Public Utilities (Board) considers the Office of Clean Energy's (OCE or Staff) 2017-2018 State Energy Program (SEP) Plan for submission to the United States Department of Energy (USDOE). Staff seeks Board approval of the proposed 2017-2018 SEP Plan at a budget level of \$1,315,368.00. This budget is comprised of \$1,096,140.00 in new federal SEP funds allocated by USDOE, and \$219,228.00 in new state matching funds. As this is a new grant period, no carryover from previous years of funding applies.

BACKGROUND AND PROCEDURAL HISTORY

The SEP was established in 1996 by consolidating two existing programs: (1) the State Energy Conservation Program (SECP); and (2) the Institutional Conservation Program (ICP). 61 Fed. Reg. 35,890 (July 8, 1996). Both the SECP and ICP came about during the energy crisis of the early 1970s when there was an increase in the United States' dependence on foreign oil. Congress responded with legislation establishing a broad range of conservation programs, supporting the development of new and more efficient sources of energy, and requiring the USDOE to lead and administer the conservation effort. The SECP was established under the Energy Policy and Conservation Act of 1975, Pub. L. No. 94-163, 89 Stat. 901, to address energy conservation. The SECP provided funding to the states for a variety of energy efficiency and renewable energy activities. 61 Fed. Reg. 35,890 (July 8, 1996). The ICP provided schools and hospitals with a technical analysis of their buildings and identified the potential savings from proposed energy conservation measures. Ibid. In creating the SEP, the USDOE combined the SECP and ICP to make it easier for states to apply for grants, and to make it more efficient for both the USDOE and the states to manage the grants. Id. at 35,891. Thus, the USDOE currently provides federal financial assistance and technical support to the states for energy programs by means of the SEP. 10 C.F.R. § 420 et seq.

Therefore, the SEP is a joint state-federal initiative whose purpose is to promote the conservation of energy, reduce the rate of growth of energy demand, and reduce dependence on imported oil. These goals are sought to be attained through the development and implementation of comprehensive state programs that are financially supported by the USDOE. The federal laws and regulations establish criteria for participation, and define how funds may be used. 42 U.S.C. § 6321 et seq.; 10 C.F.R. § 420 et seq. States must comply with the USDOE rules governing these financial awards.

To be eligible, a state must annually submit an application to the USDOE, due this year by April 11, 2017, executed by that state's Governor or his/her designee. The USDOE reviews the application and amended plan(s) in accordance with 10 C.F.R. § 420.14. The USDOE must approve or disapprove funding within sixty (60) days from the date of a timely filed application packet. The USDOE may request, if necessary, additional documents or an amended state plan reflecting changes in the activities the state is planning to undertake for the fiscal year concerned.

DISCUSSION AND FINDINGS

New Jersey is allocated federal monies each year in support of its USDOE-approved State Plans. In accordance with the formula provided in 10 C.F.R. § 420.11, New Jersey's 2017-2018 SEP allocation is \$1,096,140.00. Pursuant to USDOE regulations, New Jersey is required to match its SEP allocation either through cash, in-kind contributions, or both, in an amount totaling not less than twenty percent (20%) of the federal allocation. See 10 C.F.R. § 420.12. Therefore, New Jersey's required match obligation is \$219,228.00. Altogether, the proposed 2017-2018 SEP Plan consists of a total budget of \$1,315,368.00. Each state can propose how it intends to use its allocated share of funds to address both the national criteria and the specific environmental conditions within that state. Staff proposes that New Jersey's twenty percent (20%) match for these federal funds come from Staff's salaries for time spent managing the grant, and from New Jersey Clean Energy Program (NJCEP) administrative costs.

The SEP Plan, as proposed, is partially a continuation of the Market Title that was approved in the 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016, and 2016-2017 SEP Plans. The Market Title, "Energy Efficiency Programs for Non-Investor Owned Utility (non-IOU) Customers" expands the eligibility of the customers served by the NJCEP. Specifically, the Market Title expands the Clean Energy Programs titled Home Performance with Energy Star (HPwES), Heating, Ventilating and Air Conditioning (HVAC), and Direct Install (DI), to address both residential and commercial/industrial customers who do not contribute to the Societal Benefits Charge (SBC), and are therefore not eligible to participate in the NJCEP. The Market Title is designed to further State and federal energy conservation and efficiency goals. In particular, the SEP Plan, as proposed, will supplement or expand these programs to allow non-IOU electric customers, oil customers, and propane customers to achieve increased efficiencies using the SEP as a funding mechanism, and for the State to realize the additional environmental benefits of more energy efficient fossil-fueled equipment.

The 2017-2018 SEP Plan proposes programs, as described below, which will focus primarily on the specific customers who do not contribute to the SBC, such as those who receive their electricity from a municipal electric utility, or use oil or propane. The incentives provided for these customers will be identical to those provided by the NJCEP for similar equipment. These programs will include the following:

- **HPwES:** The HPwES program recruits and trains Building Performance Institute (BPI)-certified and accredited contractors to install energy efficiency measures in existing homes. The program includes up to \$4,000 in rebates and a buydown to 0% for loans up to a maximum of \$10,000, or 4.9% financing for up to \$15,000, to customers for the installation of such measures. This funding rebates customers who do not contribute to the SBC and are not eligible to participate in the Clean Energy Program's existing HPwES Program.
- **HVAC:** The HVAC program promotes the purchase of efficient home heating, cooling, and water heating equipment, and quality installation of such equipment. Its long-term goal is to make the high quality installation of high-efficiency residential HVAC equipment the norm in the New Jersey market. COOLAdvantage promotes the installation of new, energy efficient, residential central electric air conditioners and heat pumps. WARMAdvantage promotes energy efficient furnaces, boilers and water heaters for use in residential buildings. The funding rebates customers who do not contribute to the SBC and are not eligible to participate in the NJCEP's existing HVAC Program.
- **DI:** The Direct Install program identifies cost-effective energy efficiency opportunities, and provides incentives and direct installation of efficiency measures, such as lighting, controls, refrigeration, HVAC, and motors. The funding rebates customers who do not contribute to the SBC and are not eligible to participate in the NJCEP's existing Direct Install Program.


In addition to the programs mentioned above, this year, the SEP Plan will allocate a portion of its new federal funding to provide a subsidy to eligible applicants seeking to purchase compressed natural gas (CNG)-fueled vehicles. The primary goal of this initiative would be to improve New Jersey's air quality and reduce consumption of oil through the use of domestic natural gas. The Board would solicit applications for such purchases within the state. Staff would accept applications on a first come, first serve basis until funds are exhausted. Eligible applicants would include: municipal authorities, political subdivisions, incorporated nonprofit entities, corporations, and limited liability companies or partnerships registered to do business in New Jersey. The funding would cover a portion of the incremental costs to those applicants purchasing new CNG-fueled vehicles. Vehicles must be registered in New Jersey and primarily operated and fueled in New Jersey.

*The Board **HEREBY FINDS** that the 2017-2018 SEP Plan, as detailed above, will contribute to conservation of energy, will reduce the rate of growth of energy demand, will reduce the dependence on imported oil, and will advance State and federal energy conservation and efficiency goals. The Board **FURTHER FINDS** that the SEP Plan, as proposed, will allow customers who do not contribute to the SBC to participate in programs that further State and federal conservation and energy efficiency goals, and through the natural gas vehicle subsidy, provide grants to nonresidential entities to offset the cost of purchasing CNG-fueled vehicles, thus reducing car air pollutant emissions. The Board **HEREBY APPROVES** the SEP budget of \$1,315,368.00 and **HEREBY DIRECTS** Staff to take appropriate measures to implement such programs subject to, and consistent with, USDOE approval of the plan. Based upon the foregoing recommendations of Staff, the Board **FURTHER APPROVES** the 2017-2018 SEP Plan as proposed above, and **HEREBY AUTHORIZES** the President of the Board of Public Utilities to sign the necessary documents to submit as part of the complete 2017-2018 SEP Plan to the USDOE for approval.


This Order shall be effective on April 3, 2017.

DATED: 3/24/17

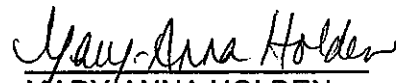
BOARD OF PUBLIC UTILITIES
BY:



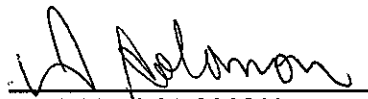
RICHARD S. MROZ
PRESIDENT



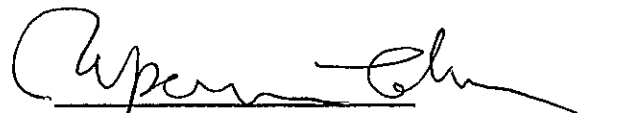
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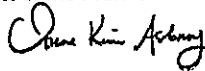
UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:



IRENE KIM ASBURY
SECRETARY

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



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