



STATE OF NEW JERSEY
Board of Public Utilities
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CLEAN ENERGY

IN THE MATTER OF THE CLEAN ENERGY)
PROGRAMS AND BUDGET FOR FISCAL YEAR 2018 -) ORDER
4th BUDGET REVISIONS)
)
) DOCKET NO. QO17050465

Parties of Record:

- Janja Lupse**, CLEAResult Consulting Inc.
- Michael Ambrosio**, TRC Energy Services
- Mark Mader**, Jersey Central Power & Light
- Timothy White**, Atlantic City Electric
- Sandra Easton-Perez**, Orange & Rockland Utilities
- Bruce Grossman**, South Jersey Gas Company
- Susan Ringhof**, Public Service Electric & Gas Company
- Andrew Dembia**, New Jersey Natural Gas
- Mary Patricia Keefe**, Elizabethtown Gas Company
- Stefanie A. Brand**, Division of Rate Counsel

BY THE BOARD:

This Order memorializes action taken by the Board of Public Utilities ("Board" or "BPU") at its May 22, 2018 public meeting, at which the Board considered and determined the below-described proposed revisions to the Fiscal Year 2018 ("FY18") budgets for the New Jersey Clean Energy Program ("NJCEP").¹

BACKGROUND & PROCEDURAL HISTORY

On February 9, 1999, the Electric Discount and Energy Competition Act ("EDECA" or "Act") was signed into law, creating the societal benefits charge ("SBC") to fund programs for the advancement of energy efficiency ("EE") and renewable energy ("RE") in New Jersey. The Act also provided for the Board to initiate proceedings and undertake a comprehensive resource analysis ("CRA") of EE and RE programs in New Jersey every four years. The CRA would then

¹ The budgets approved in this Order are subject to State appropriations law.

be used to determine the appropriate level of funding over the next four years for the EE and Class I RE programs, which are part of what is now known as NJCEP. Accordingly, in 1999, the Board initiated its first CRA proceeding, and in 2001 it issued an order setting funding levels, the programs to be funded, and the budgets for those programs, all 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 – FY18.²

The Board originally established FY18 programs and program budgets through a Board Order entered in the present matter dated June 30, 2017, and it revised them through Board Orders entered in the present matter dated October 20, 2017 and February 28, 2018.

Further background and procedural history regarding certain revisions to FY18 budgets are set forth in the sections which follow.

PROPOSED 4th FY18 BUDGET REVISIONS

On April 26, 2018, Board Staff ("Staff") posted on the NJCEP website a Request for Comments regarding the proposed FY18 budget revisions described below ("4th FY18 Budget Revisions").

Revisions and Rationales

Staff proposed reallocating funds between the New Jersey Economic Development Authority ("EDA") Programs and the Offshore Wind Program and between the Interim Marketing and Sponsorship budgets, all as described below.

Since the FY18 Budget was adopted, certain commitments related to Edison Innovation Clean Manufacturing Fund ("CEMF") managed by the EDA expired and were canceled. This resulted in \$1,010,804.35 that had been in the CEMF Program's "Rebates, Grants, and Other Direct Incentives" cost category becoming available to be allocated to other programs. Consistent with the Board's Order implementing Governor Murphy's Executive Order 8's Offshore Wind ("OSW") Initiative, I/M/O the Implementation of Executive Order No. 8 on Offshore Wind and the Initiation of an OREC Funding Mechanism and Rulemaking Process, Docket No. Q018020151 (February 28, 2018), the \$1,010,804.35 amount will be allocated to the Offshore Wind Program's "Evaluation and Related Research" cost category to fund the development of an OSW program and for related studies.

In addition, Staff proposed that \$40,000 in funding be reallocated from the Interim Marketing budget to the Sponsorships budget for annual membership in the Clean Energy State's Alliance ("CESA"). CESA is a national, non-profit coalition of public agencies and organizations working together to advance clean energy; it will assist Staff in the development of offshore wind and other renewable energy policy proposals. Finally, Staff has authorized TRC Energy Services ("TRC") to become a member of both the Consortium for Energy Efficiency and the Design Lights Consortium, both of which will assist in the design and development of cutting edge energy efficiency programs. Annual membership fees would be charged against the Interim

² In the early years, the budgets and programs were based on calendar years but in 2012 the Board determined to begin basing the budgets and programs on fiscal years to align with the overall State budget cycle.

Marketing budget. Sufficient funds remain in the Interim Marketing Budget to cover all anticipated expenses, including the above memberships, through the remainder of FY18.

Budget Table

The following Table shows the current FY18 Budget, the proposed 4th FY18 Budget Revisions, and the resulting proposed 4th Revised FY18 Budget:

[Table Follows]

4th Revised FY18 Budget Modifications

<i>Program/Budget Line</i>	<i>Current Budget*</i>	<i>Proposed Changes</i>	<i>4th Revised NJCEP FY18 Budget</i>
Total NJCEP	\$322,718,495.97	\$0.00	\$322,718,495.97
EE Programs	\$275,899,507.45	\$0.00	\$275,899,507.45
<i>Res EE Programs</i>	\$65,842,472.41	\$0.00	\$65,842,472.41
HVAC	\$8,500,000.00		\$8,500,000.00
RNC	\$24,267,472.41		\$24,267,472.41
EE Products	\$9,000,000.00		\$9,000,000.00
HPwES	\$24,075,000.00		\$24,075,000.00
<i>Res Low Income</i>	\$30,000,000.00	\$0.00	\$30,000,000.00
Comfort Partners	\$30,000,000.00		\$30,000,000.00
C&I EE Programs	\$169,457,035.04	\$0.00	\$169,457,035.04
C&I NC	\$2,961,932.04		\$2,961,932.04
C&I EB	\$49,840,263.13		\$49,840,263.13
P4P NC	\$19,112,655.81		\$19,112,655.81
P4P EB	\$33,966,790.48		\$33,966,790.48
LGEA	\$5,483,000.00		\$5,483,000.00
DI	\$43,645,462.36		\$43,645,462.36
LEUP	\$13,300,931.22		\$13,300,931.22
Customer Tailored EE Pilot	\$1,146,000.00		\$1,146,000.00
State Facilities Initiative	\$10,600,000.00	\$0.00	\$10,600,000.00
State Facilities Initiative	\$10,600,000.00		\$10,600,000.00
Distributed Energy Resources	\$34,053,844.00	\$0.00	\$34,053,844.00
CHP/Fuel Cell	\$29,872,721.32		\$29,872,721.32
RE Storage	\$2,128,642.68		\$2,128,642.68
Microgrids	\$2,052,480.00		\$2,052,480.00
RE Programs	\$2,300,000.00	\$1,010,804.35	\$3,310,804.35
Offshore Wind	\$100,000.00	\$1,010,804.35	\$1,110,804.35
SREC Registration	\$2,200,000.00		\$2,200,000.00
EDA Programs	\$1,195,166.34	(\$1,010,804.35)	\$184,361.99
CEMF	\$1,098,625.36	(\$1,010,804.35)	\$87,821.01
GGF	\$96,540.98		\$96,540.98
LSCHP Solicitation	\$0.00		\$0.00
Planning and Administration	\$9,269,978.18	\$0.00	\$9,269,978.18
BPU Program Administration	\$3,239,499.37	\$0.00	\$3,239,499.37
BPU Program Administration	\$2,566,652.15		\$2,566,652.15
Program Transition	\$672,847.22		\$672,847.22
Marketing (w/CEP website)	\$900,000.00	(\$40,000.00)	\$860,000.00
Interim Marketing	\$900,000.00	(\$40,000.00)	\$860,000.00
Program Evaluation/Analysis	\$2,042,921.81	\$0.00	\$2,042,921.81
Program Evaluation	\$1,150,000.00		\$1,150,000.00
CEEEP	\$654,027.77		\$654,027.77
Rutgers LESS	\$238,894.04		\$238,894.04
Outreach and Education	\$3,077,557.00	\$0.00	\$3,077,557.00
Sustainable Jersey	\$675,225.00		\$675,225.00
NJIT Learning Center	\$364,288.00		\$364,288.00
NJCERN	\$38,044.00		\$38,044.00
PA Outreach - Sponsorships	\$2,000,000.00		\$2,000,000.00
Sponsorships	\$10,000.00	\$40,000.00	\$50,000.00
Sponsorships	\$10,000.00	\$40,000.00	\$50,000.00

* 3rd revised FY18 budget approved by the Board at its 2/28/18 agenda meeting

SUMMARY OF COMMENTS FROM PUBLIC STAKEHOLDERS

As previously mentioned, on April 26, 2018 Staff posted on the NJCEP website a Request for Comments regarding the proposed 4th FY18 Budget Revisions. Staff also distributed the proposed revisions on the EE Committee and RE Committee listservs. Comments were accepted through May 10, 2018. 3rd Rock Systems & Technologies ("3rd Rock"), Nexant, New Jersey Natural Gas ("NJNG"), and Utility Advantage, LLC ("Utility Advantage") submitted written comments. Below is a summary of the comments, as well as Staff's responses to them.

Comment: 3rd Rock commented that given the rise of microgrid and storage technologies in California, and New Jersey's experience with Superstorm Sandy, NJCEP is directing insufficient funding towards those technologies. It especially encourages New Jersey to direct more funding towards non-fossil-fueled applications of those technologies.

Utility Advantage commented that New Jersey is lagging behind neighboring states in its support of Demand Response ("DR"). It recommends the Board increase its support for DR by, among other things, funding DR feasibility studies, Auto DR technology, and DR incentives in areas where the current system is constrained. It also recommends working the New Jersey Department of Environmental Protection ("NJDEP") to develop regulations and incentives to require and/or encourage the use of clean energy in DR.

Response: DR programs, as such, are currently managed directly by the state's electric utilities and are not part of the NJCEP that is the subject of this Request for Comments. That said, Staff agrees that the development of related technologies such as microgrids and storage should be encouraged and supported. Regarding microgrids, the Board has approved funding for thirteen (13) feasibility studies and anticipates receiving the results of the studies shortly. Staff has also included additional funding for microgrids in the proposed FY19 budget. The proposed FY19 program also anticipates restarting the Renewable Energy Storage Program after seeking input from stakeholders and the public to identify the barriers to development of such projects and the best ways to overcome same.

Comment: 3rd Rock commented that the Energy Resiliency Bank ("ERB") idea needs to be resurrected to fuel innovation, encourage smaller, more creative, new entrants to participate, and help accelerate the pace of change towards cleaner more sustainable production, transportation/transmission, and storage of electricity.

Response: The EDA created the ERB several years ago as a means to deploy \$200,000,000 of second round Community Development Block Grant-Disaster Recovery ("CDBG-DR") funds allocated by the U.S. Department of Housing and Urban Development ("HUD") to New Jersey for disaster recovery after Superstorm Sandy. Those funds were all committed prior to September 30, 2016, the date upon which EDA ceased accepting ERB applications. No similar funding has been made available by HUD or EDA. Although Staff agrees that the ERB was an effective vehicle for deploying the special HUD funds, it respectfully submits that its current Microgrid and other Distributed Energy Resources ("DER") programs are an effective and efficient way to deploy its more limited funding to support these technologies.

Comment: NJNG stated its support for the proposal to rejoin CEE.

Response: Staff appreciates the commenter's support.

Comment: Utility Advantage expressed concern about the lack of diversity in the energy industry and suggested that funding be set aside for programs that will support the inclusion and advancement of women in New Jersey's energy related industries, such as supporting the Council for Women in Energy & Environmental Leadership ("CWEEL") and/or CWEEL's local chapters.

Response: Staff is also interested in fostering diversity in the energy industry and in exploring ways to do so with organizations such as CWEEL. However, Staff considers the proposed budget allocations to be important to supporting NJCEP's core mission of reducing energy.

Comment: Nexant asked a series of questions about how and when the Board will develop a Request for Proposals ("RFP") and related Scope(s) of Work ("SoW") for the engagement of the OSW consultant for which budget funds are proposed to be transferred per the present Order.

Response: The RFPs and SoWs are being developed. The first request was released to potential bidders in April 2018. Once subsequent RFP's/SOWs are finalized, they will be issued by the Board to potential bidders.

BOARD STAFF RECOMMENDATIONS

Having reviewed and considered the comments, Staff recommends that the Board adopt and approve the proposed 4th FY18 Budget Revisions as originally proposed and summarized above.

DISCUSSION AND FINDINGS

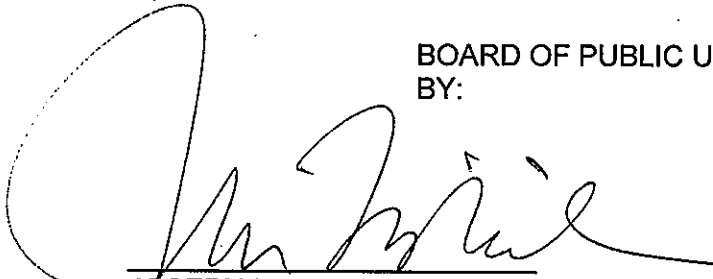
Consistent with the contract with TRC, NJCEP's Program Administrator, Staff coordinated with TRC regarding the proposed 4th FY18 Budget Revisions. Staff also distributed the proposed 4th FY18 Budget Revisions to the EE and RE listservs, posted them on the NJCEP website, and solicited written comments about them from stakeholders and the public before submitting them to the Board. The Board has considered the comments and Staff's responses to them. Accordingly, the Board **HEREBY FINDS** that the processes utilized in developing the 4th FY18 Budget Revisions were appropriate and provided stakeholders and interested members of the public with adequate notice and opportunity to comment on them.

Having reviewed the record, the Board **HEREBY FINDS** that the 4th FY18 Budget Revisions will benefit customers and are consistent with the EMP goal of reducing energy usage and associated emissions. Therefore, the Board **HEREBY APPROVES** the 4th FY18 Budget Revisions.

This Order shall be effective on June 1, 2018.

DATED: 5/22/18

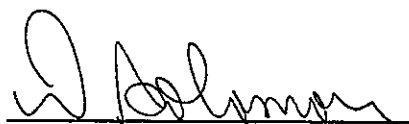
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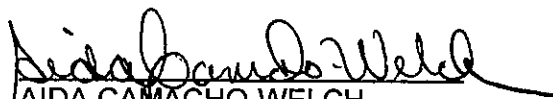
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ATTEST: 

AIDA CAMACHO-WELCH
SECRETARY

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

IN THE MATTER OF THE CLEAN ENERGY PROGRAMS AND BUDGET FOR FISCAL YEAR
2018 4th BUDGET REVISIONS

DOCKET NO. QO17050465

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