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		<u>ENERGY AND</u>
		<u>CLEAN ENERGY</u>
IN THE MATTER OF THE PETITION OF	)	
PUBLIC SERVICE ELECTRIC & GAS	)	ORDER EXTENDING 180 DAY
COMPANY FOR APPROVAL OF ITS CLEAN	)	REVIEW PERIOD
ENERGY FUTURE-ENERGY EFFICIENCY	)	
("CEF-EE") PROGRAM ON A REGULATED	)	DOCKET NOS. GO18101112 &
BASIS	)	EO18101113

(SERVICE LIST AND STIPULATION ATTACHED)

BY COMMISSIONER SOLOMON:

**BACKGROUND AND PROCEDURAL HISTORY**

On October 11, 2018, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board" or "BPU") requesting approval of its Clean Energy Future – Energy Efficiency ("CEF-EE") Program. By way of a letter dated November 14, 2018 ("Deficiency Letter"), Board Staff ("Staff") informed the Company that it found the CEF-EE petition to be administratively deficient with respect to the minimum filing requirements for energy efficiency ("EE"), renewable energy, and conservation programs, as set forth in the Board's May 12, 2008 Order and amended through an Order issued on October 20, 2017.<sup>1</sup> In response to Staff's Deficiency Letter, the Company filed supplemental information on January 7, 2019. On January 9, 2019, Staff advised PSE&G that the CEF-EE petition was administratively complete as of January 7, 2019. The Parties agreed to request an extension of the 180-day review period from July 6, 2019 to August 19, 2019 to allow time for continuing settlement discussions. Upon the submission of a stipulation, on June 27, 2019, I issued an Order adopting the stipulation and extending the review period to August 19, 2019. To allow the Parties time for further settlement discussions, the Parties agree that an additional extension of the review period is appropriate.

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<sup>1</sup> In the Matter of Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources, and Offering Class I Renewable Energy Programs in their Respective Service Territories on a Regulated Basis Pursuant to N.J.S.A. 48:3-98.1 – Minimum Filing Requirements, BPU Docket No. QO17091004 (October 20, 2017).

In the CEF-EE filing, the Company seeks approval to implement 22 sub-programs, including seven (7) residential sub-programs, seven (7) commercial and industrial ("C&I") sub-programs, and eight (8) pilot sub-programs (collectively, "2018 EE Programs"). The Company claims that the CEF-EE residential sub-programs would, among other initiatives, promote the purchase and installation of high-efficiency appliances through rebates and on-bill incentives; provide customers with energy audits and installation of EE measures; educate residential builders and developers on energy efficient home design and construction; and educate kindergarten through 12<sup>th</sup> grade students on EE. The Company also claims that the CEF-EE C&I sub-programs would, among other activities, promote the installation of energy efficient equipment; advance efficient design and equipment installation for new buildings; optimize energy consumption in existing buildings; and upgrade all of PSE&G's existing high-pressure sodium cobra head streetlights to more efficient light emitting diode ("LED") streetlights. Lastly, the CEF-EE pilot sub-programs would consist of PSE&G implementing and managing select approaches to EE that, after the conclusion of the pilot phase, might support future EE programs in New Jersey. The total proposed investment for the 2018 EE Programs is approximately \$2.8 billion, including \$2.5 billion for investment and approximately \$283 million in administrative costs over the proposed six (6) year term of the program, with a proposed fifteen (15) year amortization period for residential and C&I program investments. The proposed 2018 EE Programs would include \$86.2 million for information technology ("IT") build investments and \$28.9 million for IT run costs. PSE&G proposes to recover costs associated with the 2018 EE Programs via a new CEF-EE Program component ("CEF-EEC") of the Company's electric and gas Green Programs Recovery Charge ("GPRC"), which would be filed annually after the proposed initial period, which the Company proposes to begin upon Board approval of the CEF-EE Program. PSE&G proposes to earn a return on its net investment based on its most recent weighted average cost of capital ("WACC"). In addition, the Company requests Board approval of a decoupling mechanism for recovering lost revenues, the Green Enabling Mechanism ("GEM"). The GEM would provide for the recovery or refund of the difference between actual revenue and the level of "allowed" revenue per customer established in the most recently completed base rate case. Under the CEF-EE program proposal, following a one (1)-year transition period, PSE&G would become the exclusive provider of Board-regulated EE programs in its service territory, with the New Jersey Office of Clean Energy ("OCE") providing oversight, standard setting, and policymaking after the transition.

By Order dated October 29, 2018, the Board determined that this matter should be retained by the Board for review and hearing and designated me as the presiding officer, with the authority to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues. The Board directed that any entities seeking to intervene or participate in this matter file the appropriate application with the Board by November 16, 2018. Moreover, to enable the Board to effectively and efficiently carry out its mandate under N.J.S.A. 48:3-98.1 and to allow development of a complete record, the Board authorized me to render decisions on stipulations, pursuant to N.J.S.A. 48:2-21.3, extending the 180-day review period, if submitted, provided that the stipulation extending the time period is executed by all parties to the proceeding. The authority so delegated was limited to extensions that do not collectively exceed 180 days, with any further request for extensions to be directed to the Board.

By November 16, 2018, nine (9) entities had filed to intervene, and six (6) entities had filed to participate. Specifically, New Jersey Natural Gas Company; the New Jersey Large Energy Users Coalition ("NJLEUC"); Tendril Networks, Inc. ("Tendril"); Direct Energy, representing five (5) affiliated third party energy supplier companies, including Direct Energy Business, LLC, Direct Energy Business Marketing, LLC, Direct Energy Services, LLC, Gateway Energy Services Corporation, NJR Retail Services Company, Centrica Business Solutions, NRG Energy, Inc. and Just Energy Group, Inc. ("Direct Energy"); the Eastern Environmental Law Center ("EELC"), on behalf of Environment New Jersey, Sierra Club, Environmental Defense Fund, New Jersey League of Conservation Voters, and Natural Resources Defense Council; Enel X North America, Inc. ("Enel X"); the Keystone Energy Efficiency Alliance ("KEEA"); MaGrann Associates; and Sunrun, Inc. ("Sunrun") moved to intervene. Atlantic City Electric Company ("ACE"); Jersey Central Power & Light Company; Rockland Electric Company; Google, LLC ("Google"); Lime Energy Co. ("Lime Energy"); and Signify (formerly Philips Lighting North America Corporation) moved to participate.

On January 22, 2019, I issued a Prehearing Order in this matter which, among other things, established the issues to be determined by the Board, set forth a procedural schedule, and granted intervener status to the NJLEUC and the EELC, and granted participant status to the remaining movants, with the exception of KEEA.

On January 29, 2019, Sunrun moved for reconsideration of the Prehearing Order insofar as it denied Sunrun intervener status. On the same date, Direct Energy moved for interlocutory review of the Prehearing Order insofar as it denied Direct Energy intervener status. Both entities argued that their interests as competitors in the EE field could only be adequately represented by themselves. On February 1 and February 8, 2019, PSE&G filed opposition to Direct Energy's motion and to Sunrun's motion, respectively.

On February 5, 2019, Sunrun requested that the Board consider its motion for reconsideration as a motion for interlocutory review.

On February 27, 2019, the Board issued an Order denying the motions of Direct Energy and Sunrun and granting KEEA's motion to intervene.

Following adequate public notice, six (6) public hearings on the Company's petition were held on the following dates in PSE&G's service territory: two (2) hearings on March 13, 2019 in New Brunswick, two (2) hearings on March 18, 2019 in Mount Holly, and two (2) hearings on March 21, 2019 in Hackensack.

The Company, the New Jersey Division of Rate Counsel ("Rate Counsel"), NJLEUC, EELC, KEEA, and Staff (collectively, "Parties") have engaged in extensive discovery and participated in a number of discovery and settlement conferences. Evidentiary hearings were held on May 1 and 2, 2019 at the Office of Administrative Law in Mercerville, New Jersey.

By May 17, 2019, post-hearing initial briefs were submitted by the following parties and participants: PSE&G, Rate Counsel, NJLEUC, EELC, Enel X, ACE, Direct Energy, Google, Lime Energy, Signify, Sunrun, Tendril, and Staff. On May 29, 2019, post-hearing reply briefs were submitted by the following parties and participants: PSE&G, Rate Counsel, EELC, Google, and Sunrun.

The Parties engaged in settlement discussions on March 25, April 9, June 18, and July 15, 2019 and are continuing to discuss settlement.

On June 27, 2019, I issued an Order approving a stipulation signed by all of the Parties extending the deadline for Board action on the CEF-EE filing from July 6, 2019 until August 19, 2019. The purpose of that initial extension was to provide additional time for the Parties to engage in settlement discussions.

### **STIPULATION**

Based on the current status of settlement discussions, the Parties have agreed that a further extension of the 180-day review period is appropriate. Accordingly, on August 6, 2019, the Parties entered into a stipulation to extend the review period ("Stipulation") from August 19, 2019 until September 18, 2019 to allow time for further settlement discussions.

### **DISCUSSION AND FINDING**

N.J.S.A. 48:2-21.3 allows any public utility to file with the Board a written stipulation waiving the effective date of any tariff or rate, subject to the Board's approval. In this case, the Parties have agreed to an extension until September 18, 2019. No party has opposed the Stipulation or the extension of the review period. I **HEREBY FIND** that the Stipulation extending the review period to September 18, 2019 is fair, reasonable, and in the public interest by providing additional time for review of the CEF-EE program. Accordingly, I **HEREBY ADOPT** the attached Stipulation, incorporating by reference its terms and conditions as if fully set forth herein, and **HEREBY EXTEND** the review period to September 18, 2019.

This provisional ruling is subject to ratification or other alteration by the Board as it deems appropriate during the proceedings in this matter.

DATED: 8/12/19



DIANNE SOLOMON  
PRESIDING COMMISSIONER

In the Matter of the Petition of Public Service Electric and Gas Company for Approval of its  
Clean Energy Future – Energy Efficiency (“CEF-EE”) Program on a Regulated Basis

BPU Docket Nos. GO18101112 & EO18101113

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