



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

ENERGY

In the Matter of the Process Pertaining to the Use of)
Monies Appropriated into the Global Warming Solutions)
Fund (GWSF) Pursuant to P.L. 2007, c.340; and)
)
)
In the Matter of the Use of Monies Appropriated into the)
Global Warming Solutions Fund Pursuant to P.L. 2007,)
c.340, for Calendar Year 2009)
)

ORDER APPROVING USE
OF FUTURE GWSF MONIES

Docket Nos. EO09010040 &
EO09050350

(SERVICE LIST ATTACHED)

BY THE BOARD:

On January 13, 2008, Governor Corzine signed into law an act L. 2007, c. 340 (RGGI Act),¹ concerning the reduction of greenhouse gas emissions. The RGGI Act established the Global Warming Solutions Fund (GWSF) to hold: 1) monies received as a result of any sale, exchange, or other conveyance of allowances through a greenhouse gas emissions allowance trading program; 2) such monies as are appropriated by the Legislature; and 3) any return on investment of any monies deposited in the fund.² After appropriation for administrative costs, the New Jersey Board of Public Utilities (Board) shall receive twenty percent (20%) of the money deposited in the GWSF.

Pursuant to the RGGI Act, the Board may use its share of the funds to support programs that are designed to reduce electricity demand or costs to electricity customers in the low-income and moderate-income residential sector with a focus on urban areas, including efforts to address heat island effect and reduce impacts on ratepayers attributable to the implementation of the Act.³

¹ Codified at N.J.S.A. 26:2C-46 to – 57 and N.J.S.A. 48:3-98.1, and amending N.J.S.A. 48:3-87.
² N.J.S.A. 26:2C-50.
³ N.J.S.A. 26:2C-51(b)(2).

On January 28, 2009 and February 24, 2009, the Board considered the use of the monies from the December 17, 2008 RGGI auction. The Board found that the current economic climate presented immediate and severe challenges and a risk of imminent harm to electricity customers. The Board, therefore, ordered that the money it was allotted from the GWSF from the RGGI auction held on December 17, 2008, be allocated to assist limited-income household electric customers in crisis situations. The Board further ordered Board Staff to develop a solicitation for a Residential Electric Limited Income Emergency Fund (RELIEF) to provide grant(s) for program(s) that reduce costs to electricity customers with limited incomes, specifically by providing direct financial assistance toward payment of electric bills for customers (i) in the low and moderate income residential sectors; (ii) not enrolled in or eligible for either the Board's Universal Service Fund program or the Low Income Home Energy Assistance Program; (iii) having a household income that does not exceed 400 percent of the federal poverty level; and (iv) facing crisis situations that include a documented notice of overdue payment of electric service (hereinafter referred to as "Limited Income Households").

On March 16, 2009 the Board published a Notice of Availability of Grants (Notice) in the New Jersey Register and posted the Notice on its website.⁴ This Notice informed the public that the Board was making available at least \$2,819,015.00 from the GWSF to nonprofit organizations who will utilize the available funds to help limited-income households pay their electric bills. Applicants for the available grant money also had to demonstrate that they have the staff, expertise, and experience in operating social service programs in order to fulfill the Board's goal of assisting limited-income households with their electric bills. On April, 3, 2009, the Board awarded the monies allocated to the Board from the December 17, 2008 RGGI auction to New Jersey SHARES (NJ SHARES).

On April 3, 2009, the Board also released a public comment notice seeking comments regarding the use of its allocation of funds in the GWSF from the March 18, 2009 RGGI auction, as well as the following three quarters of RGGI auctions. The Board posted this public comment notice on its website and also distributed it to the Universal Service Fund Working Group, the Energy Assistance Program Review committee, and others from community organizations and entities representing the interests of the public. This public comment notice sought comments on the following:

1. Whether the Board should allocate its share of the funds from the GWSF towards programs to reduce electricity demand or programs to reduce the cost of electricity for low and moderate-income residential customers.
2. Additional comments on the manner in which the funds are allocated.

Public Comments

The following person(s) submitted comments:

1. AARP;
2. Willingboro Saint Vincent de Paul Society;
3. PSE&G;
4. Senate President Richard J. Codey;
5. Senator Tom Kean;
6. Senator Bill Baroni;

⁴ See 41 N.J.R. 1276(a)

7. Assemblyman David Rible;
8. Senator Jennifer Beck, Assemblyman Declan O'Scanlon and Assemblywoman Caroline Casagrande;
9. Assemblywoman Linda Greenstein
10. Assemblyman Joseph Malone;
11. Denise Vollkommer, Executive Director, Social Service Association of Ridgewood and Vicinity;
12. Julia A. Taylor, Director of Energy Education, Planning & Research, Isles, Inc.;
13. Rate Counsel;
14. Solar Alliance;
15. Association of Children for New Jersey;
16. Catholic Charities, Diocese of Trenton;
17. Salvation Army;
18. Camden County Council On Economic Opportunity, Inc.; and
19. NJ SHARES

AARP:

AARP believes that New Jersey SHARES has demonstrated that it has efficiently and effectively provided credible bill payment assistance to well over 100,000 of New Jersey's moderate and low-income families, helping them avoid loss of their electric service and associated shut-off related tragedies.

While AARP in general supports weatherization, it is aware that New Jersey has been awarded over \$100 million in weatherization funding separate from RGGI and the GWSF. Meanwhile, AARP notes that New Jersey SHARES has estimated that it will need \$30 million on an annual basis to meet the demand for year-round more immediate assistance to New Jersey's low and moderate income households.

AARP was very pleased to learn the Board awarded the monies it was allocated from the December 17, 2008 RGGI auction for RELIEF to New Jersey SHARES. AARP strongly urges the Board to do likewise with monies it receives from future quarterly RGGI auctions in 2009 and 2010. AARP believes that direct financial assistance to low and moderate-income households with incomes up to a maximum of 400% of the federal poverty level can help avoid the risk of shut-offs and related candle fires and the like.

Willingboro Saint Vincent de Paul Society:

The Willingboro Saint Vincent de Paul Society asked that the Board provide assistance to low and moderate income people because they receive so many calls from clients, and do not have the resources to assist all who call them.

PSE&G:

PSE&G recommends continued funding of the RELIEF program and NJ SHARES. PSE&G notes that NJ SHARES primarily receives financial support through escheat funding and that it is well known that escheat funding has been declining over the years. PSE&G believes that creation of a dedicated funding stream for NJ SHARES to assist electric customers would provide critical assistance for low-income residents in this current financial crisis.

Senate President Richard J. Codey:

Senate President Codey believes that the Board's recent decision to award GWSF monies to NJ SHARES was commendable.

It is Senator Codey's belief that this worthwhile program should be commended and would be a great service to those less fortunate if funds are continued. The decision to continue with funding could provide NJ SHARES with much needed sustained funding for electric customers in crisis. Senator Codey believes that "By creating this dedicated funding stream for electric customers, not only are RGGI funds being used to meet a critical need throughout our state, but it would also help to extend other NJ SHARES funds to help address the needs of natural gas and deliverable fuels to customers statewide."

Senator Tom Kean:

Senator Kean commends the Board's recent decision to award the Global Warming Solutions Fund of the RGGI auction dollars to NJ SHARES. Senator Kean supports this decision and requests the continued use of these funds for support of NJ SHARES, since he knows firsthand just how valuable this program is to his constituents. By creating this dedicated funding stream for electric customers, Senator Kean believes that, not only are RGGI funds being used to meet a critical need throughout the state, but they would also help to extend other NJ SHARES funds to help address the needs of natural gas and deliverable fuels customers statewide.

Senator Bill Baroni:

Senator Baroni commends the Board's recent decision to award the Global Warming Solutions Fund of the RGGI auction dollars to NJ SHARES. He supports this decision and requests the continued use of these funds to support NJ SHARES. This decision could provide NJ SHARES with much needed sustained funding for electric customers in crisis. Senator Baroni believes that, by creating this dedicated funding stream for electric customers, not only are RGGI funds being used to meet a critical need throughout our state, but they would also help to extend other NJ SHARES funds to help address the needs of natural gas and deliverable fuels customers statewide.

Assemblyman David Rible:

Assemblyman Rible endorses continued use of RGGI funds to assist limited income household electric customers in crisis situations through NJ Shares. At this unprecedented time in our State's economic history, the need to provide this assistance to low income residents of New Jersey is essential.

Assemblyman Rible believes that, by creating this dedicated funding stream for electric customers, RGGI funds will be used to meet a critical need throughout our state, and will extend other NJ SHARES funds to help address the needs of natural gas and deliverable fuels customers statewide. Therefore, Assemblyman Rible urges the Board to allow for the continued use of RGGI funds for the support of NJ SHARES programs.

Senator Jennifer Beck, Assemblyman Declan O'Scanlon and Assemblywoman Caroline Casagrande:

Senator Beck, Assemblyman O'Scanlon, and Assemblywoman Casagrande are in support of the Board's recent decision to award the Global Warming Solutions Fund of the RGGI auction dollars to NJ SHARES. They believe that NJ SHARES is presently the only solution available for limited income households who are facing financial crisis and are in need of assistance with their electric bills. Through creating a dedicated funding stream for electric customers, they believe that RGGI funds will not only be utilized for a critical necessity across our state, but will allow other NJ SHARES funds to then be available to address the needs of natural gas and deliverable fuel customers.

Assemblywoman Linda Greenstein:

Assemblywoman Greenstein commends the Board's recent decision to award the Global Warming Solutions Fund of the RGGI auction dollars to NJ SHARES and requests the continued use of these funds for support of NJ SHARES.

Assemblyman Joseph Malone

Assemblyman Malone commends the Board's recent decision to award the Global Warming Solutions Fund of the RGGI auction dollars to NJ SHARES and request the continued use of these funds for support of NJ SHARES.

Social Service Association of Ridgewood and Vicinity:

As one of the only non-profit agencies in Bergen County with "live people answering the phones" the Social Service Association of Ridgewood and Vicinity speaks to and refers many individuals not in their "catchment" areas to other agencies. As a result, the organization is confronted with stories of individuals they are unable to help. The organization believes that "Today's economic climate, coupled with the lack of available employment positions and a prolonged cycle of business closings and lay-offs renders people at risk for losing their electricity." Therefore, they believe that the Board should allocate its share of funds from the GWSF toward programs to reduce the cost of electricity for low and moderate-income residential customers because these individuals and families deserve assistance during these difficult times.

Isles, Inc.:

Isle, Inc. urges the Board to consider using RGGI funding to support programs that both reduce demand for electricity and reduce costs for low- and moderate-income ratepayers in urban areas in creative and innovative ways. Isle, Inc. believes that New Jersey's urban areas contain significant amounts of substandard, unhealthy, inefficient housing and that energy efficiency programs must walk away from homes that have structural or health and safety problems because of lack of funding. Isle, Inc. also notes that many existing programs do not adequately assess homes for the presence of lead or other hazards before performing weatherization services that, in a lead contaminated home, for instance, could exacerbate existing dangerous conditions and put residents at risk.

Isles, Inc, believes that the funding currently available for healthy homes assessment and repairs, lead testing and abatement, and energy efficiency audits and retrofits is in strict “silos.” This makes it difficult to provide households with both the mix of services they need to take best advantage of the help that is out there.

Isles, Inc. believes that it is well-positioned to implement a pilot urban healthy homes program that will “reach customers with a unique holistic 'one-touch' approach that integrates the services urban low-income households so desperately need.” Isles, Inc. offers Isles Green Homes (IGH), a program that will focus on low- and moderate-income communities, homes that require more complex interventions than the current “weatherization” models support, and integrate community outreach and education, assuring longer term impacts on community behavior as well as improved building stock.

Initially, it is proposed that IGH will service 450 homes in the Trenton area yearly. Isles, Inc. proposed that services will include: outreach and education around self-help energy efficiency steps, energy, environmental, and structural audits of homes, development of a common scope of retrofit, packaging and funding of regulatory resources needed to upgrade units, oversight of construction/remediation, and training through New Jersey Center for Energy and Environmental Training. Isles, Inc. believes that cost of one year’s entire operations will be \$3.0 million and provides the following summary of the IGH program:

Assuming that one-half of all assessed homes will require moderately extensive retrofits (e.g., weatherization and lead abatement, average cost: \$10,200/unit) and one-half require less extensive retrofits (average cost: \$2,800/unit) IGH will assess approximately 450 units of distressed housing annually -- without relying on additional funding from homeowners, landlords or other sources. With creative financing, such as shared equity arrangements, the initial pool of funds can be recycled. In addition, the cost of CEET employee training, a community outreach specialist and administration will be \$115,000 annually. The total per unit average cost for IGH will be \$6,850/year.

With start-up projected working capital needs of \$750,000, Isles has raised \$300,000 from private and public sources. IGH seeks an initial start-up grant of \$400,000 for working capital and necessary equipment. Isles will raise additional funding from a variety of sources. Ongoing funding will be required.

IGH will create at least 18 direct new local jobs and generate hundreds of additional contracts for local home improvement contractors. Funding will stay and recycle within the community.

Once capitalized, IGH will be self sustaining as an alternative to the current publicly funded weatherization programs. Isles, Inc. believes this program can be implemented quickly and will serve as a good model for other urban areas to follow. Additionally, the program will spend funds wisely and result in lower electricity demand, lower costs to ratepayers, and create local, sustainable jobs.

Rate Counsel:

Rate Counsel urges the Board to continue to use its share of the RGGI auction proceeds to provide financial assistance to limited income utility customers who do not qualify for other energy assistance programs. Current economic conditions have resulted in increasing numbers of New Jersey residents who need help paying their energy bills. Rate Counsel notes that although the Universal Service Fund and other Board programs provide invaluable assistance to many electric and gas utility customers, these programs have strict income limits and thus are not available to many households that need assistance.

Rate Counsel believes that in these challenging economic times, it is especially important to provide needed financial assistance to New Jersey residents who are at risk of losing essential utility services. The current use of the RGGI auction proceeds serves a need that is not adequately served by other programs – assisting customers who are in financial distress, but whose incomes are too high to qualify for USF and other programs with strict income limits.

Solar Alliance:

The Solar Alliance, a group of solar photovoltaic manufacturers and developers, proposes that the Board distribute some or all of the funds to foster development of solar projects in the low and moderate income residential sector, which would accomplish both a reduction in demand and benefit low and moderate residential customers. The Solar Alliance believes that providing funds for additional small solar projects will allow more projects to be built, thereby helping to meet the Renewable Portfolio Standard (RPS) goals, and will assist an industry that has been significantly impacted by the slowdown in construction and the constriction of the credit markets. The Solar Alliance stresses that allocating RGGI funds to additional rebates for solar projects in low and moderate income residences benefits ratepayers while furthering the RGGI goals of curbing greenhouse gas emissions.

Association of Children for New Jersey:

Association for Children of New Jersey (ACNJ) encourages the Board to continue its support of the RELIEF program with sustained funding for NJ SHARES. This program will provide critically needed electric bill payment assistance to utility customers across the state. While energy costs have been growing significantly over the last several years, incomes have not grown and many of our neighbors have lost their jobs, often putting children at risk.

Sustained funding for NJ SHARES will ensure that there is critically needed assistance for limited income families in New Jersey. ACNJ stresses that vulnerable households in New Jersey should not have to choose between heating or purchasing food. ACNJ believes that NJ SHARES can provide a statewide safety-net for limited income electric customers.

Catholic Charities, Diocese of Trenton:

Catholic Charities encourages the Board to continue supporting RELIEF and to use the funds to provide grants, through NJ SHARES, to low and moderate-income households who are not enrolled or eligible for either the USF or the LIHEAP.

Catholic Charities believes that a Board decision to continue funding the RELIEF program could provide NJ SHARES with year round funding for electric customers in crisis and that creation of a dedicated funding stream for electric customers would allow other funding, such as the

escheats and other state funds to be used for those who need help with natural gas and deliverable fuels.

Salvation Army:

The Salvation Army supports the Board's decision to continue funding the RELIEF program which provides support for NJ SHARES and the year round funding for electric customers in crisis.

Camden County Council on Economic Opportunity, Inc.:

The Camden County Council on Economic Opportunity, Inc. (Camden County OEO) believes that it is extremely important for the residents of Camden County, who are not eligible for any other assistance program, be able to apply for NJ SHARES. With this funding, the program would have funds year round to assist the community.

NJ SHARES

NJ SHARES asks that the Board dedicate all RGGI auction funds to allow NJ SHARES to provide year-round assistance to electric utility customers. NJ SHARES will continue to work with the Governor's office and the Legislature to develop a solution for moderate income natural gas and deliverable fuel customers in crisis.

Discussion and Findings:

The commenters were almost unanimous in recommending that the Board use its share of funds deposited into the GWSF from the four RGGI auctions scheduled for calendar year 2009 to provide support to low and moderate-income households. Many of the commenters noted that low-income households are in especially dire need due to the current economic crisis, which is making it even more difficult for them to pay their utility bills.

Two of the commenters suggested alternative uses for the GWSF monies. Specifically, the Solar Alliance suggested that the GWSF monies be used to promote the use of solar energy in low-income residences, while Isles, Inc, suggested that the Board utilize the GWSF monies to promote a more comprehensive weatherization program. The Board continues to give high priority to weatherization and to solar energy, focusing substantial quantities of both Board Staff time and funding through its existing energy efficiency programs. At this time, however, the Board believes that the appropriate use for the monies received in calendar year 2009 is in reducing costs to Limited Income Households. Mindful of the importance of reducing electricity demand, and as set forth below, the Board will require that Limited Income Households that receive assistance be referred to appropriate energy efficiency programs. The Board stresses that, not only is this vital during the current economic crisis, but it also provides a unique opportunity to inform Limited Income Households of the variety of energy efficiency programs that would significantly aid in decreasing utility costs in the future.

Therefore, the Board **FINDS** that it is appropriate to allocate its share of the GWSF monies from the four RGGI auctions to be held in calendar year 2009 toward programs to reduce the electricity costs to Limited Income Households.

As the worldwide economic downturn continues, it increasingly disrupts the economic circumstances of families and households throughout the nation and the State. Nationwide, the

unemployment rate climbed from less than five percent at the beginning of 2008 to 8.5 percent in March 2009. Since the recession began in December 2007, 5.1 million jobs have been lost, with almost two-thirds (3.3 million) of the decrease occurring in the 5 months from November 2008 through March 2009.⁵ In March alone, the number of unemployed persons increased by nearly 700,000. March 2009 also saw 2,933 “mass layoff actions,” each one involving 50 or more employees, eliminating a total of nearly 300,000 jobs.⁶

The nature of this economic crisis is so severe that many households that are ineligible for the myriad energy assistance programs available to New Jersey residents are facing the risk of utility service disruption. By directing its use of GWSF monies towards programs that will help Limited Income Households, the Board can help ensure that these households are better able to maintain vital electric service. Given the severe nature of this economic crisis, the Board believes that it is more prudent at this time to use the GWSF monies to assist Limited Income Households maintain a vital service rather than provide additional funding towards energy efficiency programs.

Additionally, directing the use of GWSF monies in this manner can advance the Board's goals for increased energy efficiency. In providing direct financial assistance to customers, the Board has an opportunity to communicate with those customers and alert them to opportunities for low-cost or even zero-cost improvements in energy efficiency.

This relationship between financial assistance and energy efficiency is consistent with rules proposed by the New Jersey Department of Environmental Protection (NJDEP) to establish guidelines and a priority ranking system to be used to assist in the allocation of funds from the GWSF. The proposed new rules, which were published in the February 17, 2009 issue of the New Jersey Register at 41 N.J.R. 833(a), provide for financial assistance to be “accompanied by efforts by the Board to encourage reduction in energy demand and greenhouse gas emissions...”⁷

Accordingly, the Board **FINDS** that the extension of direct financial assistance to individual customers should be accompanied by communications that support efforts to reduce energy demand and greenhouse gas emissions. To accomplish this goal, the Board **FINDS** that the contact information about Limited Income Households that receive financial assistance from RELIEF shall be referred to applicable energy efficiency programs identified by Board Staff, including but not limited to Home Performance with Energy Star.

⁵ United States Department of Labor, Bureau of Labor Statistics, “The Employment Situation: March 2009,” April 3, 2009, <http://www.bls.gov/news.release/empsit.nr0.htm> (accessed May 5, 2009).

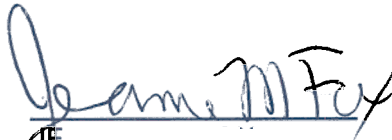
⁶ United States Department of Labor, Bureau of Labor Statistics, “Mass Layoffs In March 2009,” <http://www.bls.gov/news.release/pdf/mmls.pdf> (accessed May 5, 2009).

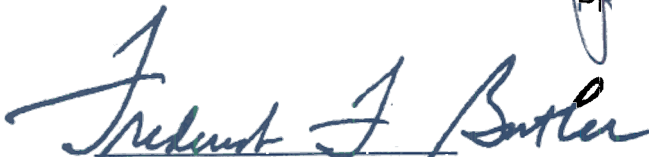
⁷ See proposed N.J.A.C. 7:27D-2.1(f).


Therefore, the Board **DIRECTS** Staff to develop for its issuance a Notice of Grant Availability incorporating each of the Board's findings.

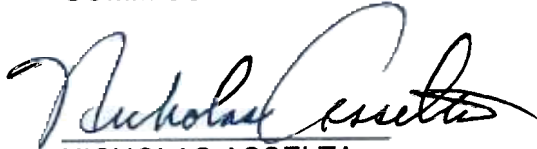
DATED: 5/15/09

BOARD OF PUBLIC UTILITIES
BY:


JE
PR


FREDERICK F. BUTLER
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COMMISSIONER


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ATTEST:


KRISTI IZZO
SECRETARY

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

