Agenda Date: 8/21/13 Agenda Item: 8B



# STATE OF NEW JERSEY

Board of Public Utilities 44 South Clinton Avenue, 9<sup>th</sup> Floor Post Office Box 350 Trenton, New Jersey 08625-0350 www.nj.gov/bpu/

# **CLEAN ENERGY**

IN THE MATTER OF THE PETITION OF NEW	)	ORDER ADOPTING
JERSEY NATURAL GAS COMPANY FOR	}	SUPPLEMENTAL STIPULATION
APPROVAL OF THE EXTENSION OF ENERGY	)	
EFFICIENCY PROGRAMS AND THE	)	
ASSOCIATED COST RECOVERY MECHANISM	)	DOCKETHA DA COMO
PURSUANT TO N.J.S.A. 48:3-98.1	)	DOCKET NO. GO12070640

#### Parties of Record:

**Tracey Thayer, Esq.**, Attorney for Petitioner, New Jersey Natural Gas Company **Stefanie A. Brand, Esq., Director**, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Decision and Order, the New Jersey Board of Public Utilities ("Board") considers a stipulation executed by New Jersey Natural Gas Company ("NJNG" or "Company"), the Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, "Parties"), which amends a settlement previously adopted in the above-captioned matter.

# BACKGROUND AND PROCEDURAL HISTORY

On January 13, 2008, <u>L.</u> 2007, <u>c.</u> 340 ("Act") was signed into law by former Governor Corzine based on the New Jersey Legislature's findings that energy efficiency and conservation measures must be essential elements of the State's energy future, and that greater reliance on energy efficiency and conservation will provide significant benefits to the citizens of New Jersey. The Legislature also found that public utility involvement and competition in the conservation and energy efficiency industries are essential to maximize efficiencies. <u>N.J.S.A.</u> 26:2C-45.

Pursuant to Section 13 of the Act, codified as N.J.S.A. 48:3-98.1 (a)(1), an electric or gas public utility may, among other things, provide and invest in energy efficiency and conservation programs in its service territory on a regulated basis. Such investment in energy efficiency and conservation programs may be eligible for rate treatment approved by the Board, including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales

of electricity and gas. N.J.S.A. 48:3-98.1(b). Ratemaking treatment may include placing appropriate technology and program cost investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board. An electric or gas public utility seeking cost recovery for any energy efficiency and conservation programs pursuant to N.J.S.A. 48:3-98.1 must file a petition with the Board, and the Board must make a decision on the requested cost recovery within 180 days of receipt of a complete petition. N.J.S.A. 48:3-98.1 (b).

On July 9, 2012, NJNG filed a petition requesting that the Board approve an extension with modifications of the energy-efficiency programs made available to NJNG customers through The SAVEGREEN™ Project® pursuant to N.J.S.A. 26:2C-45 and N.J.S.A. 48:3-98.1.

On June 21, 2013, the Board issued an Order approving the terms of a Stipulation entered into on June 10, 2013 (the "June Stipulation") among the Parties agreeing to an extension of the SAVEGREEN Project with certain modifications ("June 21 Order").

## **CORRECTION TO THE JUNE 21 ORDER**

Currently, New Jersey Clean Energy Program (NJCEP), under the Direct Install ("DI") Program, provides an incentive that covers 70% of a project's cost, up to a total maximum incentive of \$125,000. For NJNG's Board-approved Commercial Program, the Parties agreed that the Company could offer financing over two years in an amount that would cover 30% of the cost of the project, which was intended to be the difference between the project's cost and the 70% of the cost (up to \$125,000) that is provided through the NJCEP incentive.

However, due to an inadvertent misunderstanding concerning the \$125,000 incentive cap, the June Stipulation and the June 21 Order included calculations of the amount eligible for financing based on a maximum project <u>cost</u> cap of \$125,000 instead of the current actual NJCEP maximum project <u>incentive</u> cap of \$125,000. Accordingly, the Parties' intention that the financing would cover up to the 30% difference between the project's cost and the incentive from NJCEP was not accurately reflected in the Stipulation and Order.

The Parties executed a supplemental stipulation on August 2, 2013, to amend this calculation error to allow the maximum amount eligible for NJNG's DI Program to be \$53,571, rather than the \$37,500 shown in the June Stipulation and June 21 Order ("Supplemental Stipulation"). Since the actual program costs are a function of the number of applicants and their respective projects' costs, NJNG has agreed that the total program budget will not change as a result of this amendment nor any of the overall budget amounts approved or any of the terms agreed to in the June Stipulation. The Parties further agree that the correction of this error should apply to any customer that submitted, via an upload to the C&I Market Manager, a complete DI submittal package subsequent to the June 21 Order.

### **DISCUSSION AND FINDING**

The Board, having carefully reviewed the record to date in this matter, <u>HEREBY FINDS</u> the Supplemental Stipulation to be reasonable, in the public interest, and in accordance with law as it more accurately reflects the intention of the Parties to allow the Company to supplement the incentive available under the Office of Clean Energy DI program. Accordingly, the Board <u>HEREBY APPROVES</u> the attached Supplemental Stipulation with Appendices in its entirety, and <u>HEREBY INCORPORATES</u> its terms and conditions as though fully set forth herein.

The Board <u>HEREBY PERMITS</u> customers who have submitted a complete DI package subsequent to the June 21 Order to operate under the revisions of the Supplemental Stipulation. All other terms and conditions remain as approved in the June 21 Order; therefore, the Board <u>HEREBY FINDS</u> that the Company is not required to file revised tariff sheets in response to this Order.

The SAVEGREEN Program costs will remain subject to audit. This decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

DATED: 8/21/13

BOARD OF PUBLIC UTILITIES

ROBERT M. HANNA PRESIDENT

JEANNE M. FOX COMMISSIONER

JOSEPH L. FIORDALISO COMMISSIONER

MARY-ANNA HOLDEN COMMISSIONER

DIANNE'SOLOMON COMMISSIONER

ATTEST:

KRISTI IZZO SECRETARY

HEREBY CERTIFY that the within document is a true copy of the origina in the files of the Board of Public

# IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR APPROVAL OF THE EXTENSION OF ENERGY EFFICIENCY PROGRAMS AND THE ASSOCIATED COST RECOVERY MECHANISM PURSUANT TO N.J.S.A. 48:3-98.1 DOCKET NO. GO12070640

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