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**STATE OF NEW JERSEY**  
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Dianne Solomon  
Commissioner

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Commissioner

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April 7, 2022

To the Service List:

Re: IN THE MATTER OF THE UNITED STATES DEPARTMENT OF ENERGY –  
STATE ENERGY PROGRAM – JULY 1, 2020 – JUNE 30, 2021  
DOCKET NO. QO20020109

IN THE MATTER OF THE UNITED STATES DEPARTMENT OF ENERGY –  
STATE ENERGY PROGRAM – JULY 1, 2021 – JUNE 30, 2022  
DOCKET NO. QO21020626

IN THE MATTER OF THE UNITED STATES DEPARTMENT OF ENERGY –  
STATE ENERGY PROGRAM – JULY 1, 2022 – JUNE 30, 2023  
DOCKET NO. QO22030140

**Agenda Date: April 6, 2022 – Agenda Item: 8D**

Please be advised that the Board of Public Utilities is redistributing the issued Order for the above-referenced agenda item that was approved by the Board of Public Utilities (“Board”) at the April 6, 2022 Board agenda meeting to correct three typographical errors.

At the top of page five, federal funding for the Building Sector Decarbonization Roadmap is incorrectly stated as \$1,703,833, when in fact, the federal funding for this market title is \$1,696,334.

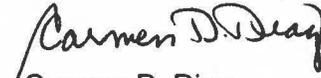
At the bottom of page five, federal funding for the Non-IOU Program is incorrectly stated as \$416,786.66, when in fact, the federal funding for this market title is \$416,786.00.

On page six, federal funding for Training and Conferences is incorrectly stated as \$1,500, when in fact, the federal funding for this market title is \$7,500.

Consequently, the redistributed Order now correctly states the federal funding for the Building Sector Decarbonization Roadmap as \$1,696,334; the federal funding for the Non-IOU Program as \$416,786; and the federal funding for Training and Conferences as \$7,500.

These are the only changes to the issued Order, which will be redistributed to the parties of record and the attached service list. The correct values for the above-referenced market titles were used during the analysis cited by the Order.

Sincerely,



Carmen D. Diaz  
Acting Secretary

c: Service List

In the Matter of the United States Department of Energy – State Energy Program – July 1, 2020 – June 30, 2021

In the Matter of the United States Department of Energy – State Energy Program – July 1, 2021 – June 30, 2022

In the Matter of the United States Department of Energy – State Energy Program – July 1, 2022 – June 30, 2023

DOCKET NOS. QO20020109, QO21020626 & QO22030140

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Agenda Date 4/6/22  
Agenda Item: 8D

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CLEAN ENERGY

IN THE MATTER OF THE UNITED STATES	)	ORDER
DEPARTMENT OF ENERGY – STATE ENERGY	)	
PROGRAM – JULY 1, 2020 – JUNE 30, 2021	)	DOCKET NO. QO20020109
	)	
IN THE MATTER OF THE UNITED STATES	)	
DEPARTMENT OF ENERGY – STATE ENERGY	)	
PROGRAM – JULY 1, 2021 – JUNE 30, 2022	)	DOCKET NO. QO21020626
	)	
IN THE MATTER OF THE UNITED STATES	)	
DEPARTMENT OF ENERGY – STATE ENERGY	)	
PROGRAM – JULY 1, 2022 – JUNE 30, 2023	)	DOCKET NO. QO22030140

**Parties of Record:**

**Brian O. Lipman, Esq., Director**, New Jersey Division of Rate Counsel  
**Michael Ambrosio**, TRC Energy Solutions

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“Board”) considers the Division of Clean Energy (“DCE”) 2022–2023 State Energy Program (“SEP”) Plan for submission to the United States Department of Energy (“USDOE”). Board Staff (“Staff”) seeks Board approval of the proposed Program Year 3: SEP Plan for 2022–2023 (“PY3”) at a budget level of \$1,474,770. The total SEP Plan budget includes Program Year 1: SEP Plan for 2020–2021 (“PY1”) and Program Year 2: SEP Plan for 2021–2022 (“PY2”) federal funding and State match funding, as well as the new federal funding allocation for PY3. State match funding is not required for PY3. The budget for each program year and total budget for the SEP three-year program cycle is as follows:

<b>SEP Allocation Year</b>	<b>Allocation per Program Year</b>	<b>State Match</b>
PY1	\$1,471,080.00	\$294,216.00
PY2	\$1,474,770.00	\$294,954.00
PY3	\$1,474,770.00	Not Required
<b>SEP Program Total</b>	<b>\$4,420,620.00</b>	<b>\$589,170.00</b>

More specifically, in this Order, the Board considers Staff's program recommendations for the continuation of the following Market Titles at the budget levels described herein: (1) State Energy Security Plan; (2) Incorporating Health and Safety Measures into Energy Efficiency Upgrades; (3) Building Sector Decarbonization Roadmap; and (4) State Energy and Water Benchmarking Study; Development.

### **BACKGROUND AND PROCEDURAL HISTORY**

The SEP was established in 1996 by consolidating two (2) existing programs: (1) the State Energy Conservation Program ("SECP"); and (2) the Institutional Conservation Program ("ICP").<sup>1</sup> Both the SECP and ICP were established 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, which provided funding to states for a variety of energy efficiency ("EE") and renewable energy activities.<sup>2</sup> The ICP provided schools and hospitals with technical analyses of their buildings and identified the potential savings from proposed energy conservation measures.<sup>3</sup> In creating the SEP, the USDOE combined the SECP and ICP to make it easier for states to apply for grants and to enable both the USDOE and the states to more efficiently manage the grants.<sup>4</sup> Thus, the USDOE currently provides federal financial assistance and technical support to the states for energy programs by means of the SEP.<sup>5</sup> The SEP seeks to promote the efficient use of energy and reduce the rate of growth of energy demand through the development and implementation of specific state energy programs. States must comply with USDOE rules governing these financial awards.

To be eligible for SEP grant funding this year, a state must submit an annual application executed

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<sup>1</sup> 61 Fed. Reg. 35,890 (July 8, 1996).

<sup>2</sup> Id.

<sup>3</sup> Id.

<sup>4</sup> Id. at 35,891.

<sup>5</sup> 10 C.F.R. § 420 et seq.

by the state's Governor or his/her designee to the USDOE by May 4, 2022. The USDOE must approve the activities that the state is planning to undertake for the fiscal year concerned.

New Jersey has allocated federal monies each year in support of its USDOE-approved State Plan. In accordance with the formula provided in 10 C.F.R. § 420.11, New Jersey's 2022–2023 SEP allocation is \$1,474,770.

In prior years, including for PY1 and PY2, New Jersey was required to provide a 20% State match for its federal funding allocation, either in cash, through in-kind contributions, or both. Pursuant to USDOE regulations, New Jersey is not required to match its federal allocation for PY3 starting on July 1, 2022.

### **PROGRAM PROPOSAL:**

The 2022–2023 SEP Plan proposal aligns with the Clean Energy Act of 2018 (“CEA”) and New Jersey Energy Master Plan (“EMP”) goals. The proposal includes continued funding for the following: development of a State Energy Security Plan; development and implementation of a program to incorporate health and safety measures into EE upgrades for low- to moderate-income residents; development of a roadmap to achieve the decarbonization goals set forth in the EMP; and establishment of a customer relationship management system to support the benchmarking program called for in the CEA. The proposal includes no new funding for a program that expanded the eligibility of customers served by NJCEP through the end of Fiscal Year 2021; and training programs and conferences for Staff.

Below are the Market Titles with their respective federal program budgets for the SEP three-year program cycle:

**Market Title: State Energy Security Plan Development**  
**Budget: Federal Funding: \$800,000**

**Program Description:** In 2012, New Jersey developed its first State Energy Assurance Plan in concert with Federal requirements as part of the SEP and American Reinvestment and Recovery Act. The purpose of this plan was to understand the overall capabilities of, threats and hazards against, and strategies for emergencies facing the energy systems and supply chains within New Jersey. There has been much change within the last 10 years, including changes to be expected as New Jersey pursues its EMP initiatives. Therefore, the Board, in partnership with one of its State Universities, will develop a comprehensive, forward-leaning State Energy Security Plan to replace the current Energy Assurance and Emergency Response Plan.

The new plan will lay out ways to protect New Jersey residents from current and emerging threats. Due to the immediacy of need and the duration of an undertaking with this level of complexity, Staff recommends that the execution of this program be broken into three (3) phases, with the first occurring in the remaining period of Fiscal Year 2022 and the last two (2) phases in Fiscal Year 2023.<sup>6</sup> Phase 1 entails Project Kickoff, Team Formation, Information Analysis, Plan Structuring, and Course of Action Development.

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<sup>6</sup> On March 9, 2022, the Board approved Phase 1 of the State Energy Security Plan to occur in the remaining period of Fiscal Year 2022, which ends on June 30, 2022. In re the United States Department of Energy – State Energy Program – July 1, 2021 – June 30, 2022 – Modification of Programs and Funding Allocation, BPU Docket Nos. QO20020109 & QO21020626 (March 9, 2022).

Staff recommends that the following occur in Fiscal Year 2023: Phase 2 will detail the emergency response actions to be taken by the Board and the implications for New Jersey energy stakeholders in the event of an energy emergency. Phase 3 will utilize the procedures, workflows, and guidance documents generated in Phase 2; operationalize the Energy Security Plan in a digitized, secure, accessible, and adaptable platform; and further develop an enhanced statewide energy situational awareness dashboard that incorporates Phase 1 and Phase 2 data, and integrates near-real time outage information to relay critical community lifeline impacts and support decision-making by designated officials.

Once complete, the Energy Security Plan will assist the State in understanding its current and projected energy infrastructure capabilities, threats, and hazards. It will lay out strategies for collectively working with public and private stakeholders to anticipate, mitigate, or respond to strategic energy incidents impacting the energy assurance of the State using a planning framework that is collaborative and adaptive. It will be beneficial in other sectors for study, analysis, and supporting planning, such as State mitigation, preparedness, response, and recovery initiatives.

**Market Title: Incorporating Health and Safety Measures into Energy Efficiency Upgrades**  
**Budget: Federal Funding: \$600,000**

**Program Description:** The program will expand clean energy offerings for income-restricted residents, as well as address long-term health impacts, through developing a collaborative, interagency approach to addressing a broader array of residential health and safety concerns that are not currently addressed through the Comfort Partners Program or the Weatherization Assistance Program. This approach allows for “whole home solutions” for income-restricted customers. Whole home solutions include both directly addressing residents’ in-home energy efficiency and health and safety needs and developing an associated clearinghouse to improve coordination among the several different agencies, programs, and contractors. The program will expand upon existing programs that provide EE upgrades to also provide health and safety solutions to income-eligible residents completely free of charge. This approach will reduce administrative barriers to accessing EE services and provide residents with structural, energy efficient, and health and safety improvements through a streamlined approach. By working collaboratively with several additional state agencies, including the New Jersey Department of Community Affairs (“NJDCA”), New Jersey Department of Health (“NJDOH”), New Jersey Department of Environmental Protection (“NJDEP”), and New Jersey Department of Labor and Workforce Development (“NJDOL”), the state can leverage existing opportunities to additionally address household determinants of long-term health and expand the population of eligible households.

The program will address both administrative and structural barriers through a partnership with other state agencies and will engage with the public on ways to make sure that communities across New Jersey, particularly those that are overburdened by pollution and the effects of climate change, receive services that improve their long-term health and safety and eliminate many of the cyclical challenges faced by New Jersey’s most burdened households.

**Market Title: Building Sector Decarbonization Roadmap**  
**Budget: Federal Funding: \$1,696,334**

**Program Description:** Achieving New Jersey’s climate and greenhouse gas reduction goals will require the decarbonization of the State’s building sector, as made clear in the EMP, Global Warming Response Act of 2007, and Executive Order 274, among other authorities. The Board will develop a roadmap to transition the building sector away from fossil fuels through consideration of best practices, best available technologies, and affordability concerns. Complementary studies/reports necessary for the roadmap’s development may include, without being limited to, the following:

- Building stock inventory;
- Beneficial electrification studies for various sectors/building uses;
- Economic and potential studies related to specific technologies (e.g., heat pumps);
- Studies to identify needs in workforce development/education and consumer education;
- Studies that assess current grid capacity and any upgrades that may be needed to accommodate building electrification; and
- Studies to establish demonstration projects that serve as a proof-of-concept and showcase the technology to the general public.

**Market Title: State Energy and Water Benchmarking Study**  
**Budget: Federal Funding: \$900,000**

**Program Description:** In 2018, through the CEA, New Jersey established a foundational benchmarking requirement that, by May 23, 2023, the Board shall direct all building owners and operators of commercial buildings over 25,000 square feet to benchmark energy and water for the prior calendar year using the US Environmental Protection Agency’s (“EPA’s”) Energy Star Portfolio Manager tool. In order to administer and implement this requirement, the Board proposes to purchase and deploy a customer relationship management system (“CRM”) to manage the data exchange and communications among the EPA, the Board, building owners and operators, and utility companies. The Board expects that 15,000 to 20,000 buildings will be covered under the law. The CRM will partially automate the communication with the building owners and operators about deadlines, assistance in using Portfolio Manager, and notices of non-compliance. The CRM will also store data from Portfolio Manager, building information, contact information, and communication tracking. The Board will analyze this data to improve program performance.

**Market Title: Non-IOU Program**  
**Budget: Federal Funding: \$416,786**

**Program Description:** As offered through Fiscal Year 2021 and planned to be closed by the end of Fiscal Year 2022, the Non-IOU Program complemented the NJCEP by extending its offerings to customers who do not pay a Societal Benefits Charge and therefore do not qualify for State-funded clean energy programs. The program offered incentives for EE measures for both the residential and commercial and industrial sectors through programs administered by NJCEP.

**Market Title: Training and Conferences**  
**Budget: Federal Funding: \$7,500**

**Program Description:** Funds will enable Staff to participate in relevant training programs and conferences.

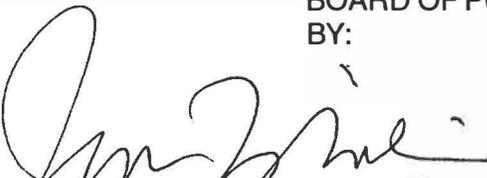
**DISCUSSION AND FINDINGS**

The Board **HEREBY FINDS** that the 2022–2023 SEP Plan, as detailed above, will contribute to conservation of energy, reduce the rate of growth of energy demand and resource dependence on oil, and advance State and federal energy conservation and efficiency goals. Accordingly, the Board **HEREBY APPROVES** the SEP Plan and budget of \$4,420,620 in federal funds and \$884,124 in State match funds, which includes a new allocation of \$1,474,770 in federal funding and \$292,954 in State match funds for the 2022–2023 SEP Plan Year. The Board **HEREBY DIRECTS** Staff to submit the 2022–2023 SEP Plan application to the USDOE on behalf of the Board as proposed and to take appropriate measures to implement such programs subject to and consistent with the USDOE’s approval of the plan. The Board **HEREBY AUTHORIZES** the President of the Board or his designee to sign the necessary documents to submit as part of a complete 2022–2023 SEP Plan to the USDOE for approval.

This Order shall be effective on April 13, 2022.

DATED: April 6, 2022

BOARD OF PUBLIC UTILITIES  
BY:

  
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PRESIDENT

  
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COMMISSIONER

ATTEST:  
  
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CARMEN D. DIAZ  
ACTING SECRETARY

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