



Agenda Date: 12/6/23
Agenda Item: 8D

STATE OF NEW JERSEY
Board of Public Utilities
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Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

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

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Michael Ambrosio, Director, Policy and Planning, TRC Environmental Corporation

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“Board” or “BPU”) considers the Division of Clean Energy 2022–2023 State Energy Program (“SEP”) Plan modification for submission to the United States Department of Energy (“USDOE”).¹ Board Staff (“Staff”) seeks approval to remove the Building Sector Decarbonization Roadmap from the SEP Plan and reallocate unexpended funds from that Market Title to the following Market Titles: (i) \$62,699.05 to the Non-Investor-Owned Utility (“Non-IOU”) Program; (ii) \$154,979 to the State Energy and Water Benchmarking Study; and (iii) \$1,478,655.95 to Incorporating Health and Safety Measures into Energy Efficiency Upgrades.² The remaining two (2) Market Titles – State Energy Security Plan Development; and Training and Conferences – will continue as originally proposed.

BACKGROUND AND PROCEDURAL HISTORY

The SEP was established in 1996 by consolidating two (2) existing programs: i) the State Energy Conservation Program (“SECP”); and ii) the Institutional Conservation Program (“ICP”).³ Both the SECP and ICP were established during the energy crisis of the early 1970s when there was an

¹ The SEP runs from July 1 of one calendar year through and including June 30 of the following calendar year.

² “Market Title” means any one of the following programs, as applicable: i) Building Sector Decarbonization Roadmap; ii) Non-IOU Program; iii) State Energy and Water Benchmarking Study; iv) Incorporating Health and Safety Measures into Energy Efficiency Upgrades; v) State Energy Security Plan Development; and vi) Training and Conferences.

³ 61 Fed. Reg. 35,890 (July 8, 1996).

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.⁴ The ICP provided schools and hospitals with technical analyses of their buildings and identified the potential savings from proposed energy conservation measures.⁵ 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 manage them more efficiently.⁶ Thus, the USDOE currently provides federal financial assistance and technical support to the states for energy programs through the SEP.⁷ 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.⁸

To be eligible for SEP grant funding, a state must submit an annual application to the USDOE that is executed by the state's Governor or his/her designee. As part of the application, a state must address both national criteria as well as its own state-based conditions. Each state, therefore, must propose how it intends to use its allocated share of funds to address both the national criteria and that state's own specific energy conditions. The USDOE must approve the activities that the state is planning to undertake for the fiscal year concerned.

The USDOE allocates federal monies to New Jersey each year in support of the state's USDOE-approved SEP Plan, which runs for a standard project period of three (3) years with three (3) one-year budget periods, contingent on the availability of federal funds.⁹ According to USDOE rules, in the first year, applying states must submit a new application, which will be assigned a new grant number and should reflect the first year's USDOE allocation and other funding sources if applicable.¹⁰ For each of the subsequent years of the project period, each grantee must submit a continuation application reflecting that year's USDOE allocation and any carryover from the previous year.¹¹ New Jersey's 2022–2023 SEP Plan is for the third year of a project period that began on July 1, 2020. Between 2020 and 2023, the State of New Jersey has received a total of \$4,431,960 in allocations from the USDOE.

⁴ Ibid.

⁵ Ibid.

⁶ Id. at 35,891.

⁷ 10 C.F.R. § 420.3.

⁸ See SEP 2023 Administrative and Legal Requirements Document at <https://www.energy.gov/sites/default/files/2023-03/SEP%202023%20Adminstrative%20and%20Legal%20Requirements%20Document%20%28ALRD%29.pdf>.

⁹ Id. at 4.

¹⁰ Ibid.

¹¹ Ibid.

In accordance with the formula provided in 10 C.F.R. § 420.11, New Jersey's 2022–2023 SEP grant allocation was \$1,474,770.¹² On April 20, 2022, USDOE informed Staff that New Jersey's 2022–2023 SEP budget allocation had increased by \$11,340, raising the total budget allocation from \$1,474,770 to \$1,486,110.¹³ Staff allocated the additional funding to the Training and Conferences Market Title, increasing its budget from \$7,500 to \$18,840 over the three (3)-year SEP Plan period that began on July 1, 2020.¹⁴ State matching funds for this SEP Plan funding is not required for the 2022–2023 Program Year.

In December 2022, the Non-IOU Program's administrator, TRC Environmental Corporation, informed Staff of a budget shortfall. The budget for the Non-IOU Program, which had been closed at the time and was no longer accepting new applications, required an additional \$62,699.05 to make up the shortfall.

On April 12, 2023, the USDOE approved Staff's request for a one-year extension to the SEP grant's three-year performance period, which began on July 1, 2020 and was originally scheduled to run through and include June 30, 2023. This one-year extension extended the performance period by one year, to June 30, 2024.

STAFF RECOMMENDATIONS

Staff seeks to modify the 2022–2023 SEP Plan to reallocate unexpended funds from the Building Sector Decarbonization Roadmap Market Title to the other existing Market Titles as follows: \$62,699.05 to the Non-IOU Program; \$154,979 to the State Energy and Water Benchmarking Study; and \$1,478,655.95 to Incorporating Health and Safety Measures into Energy Efficiency Upgrades, which will also include building decarbonization measures. Staff determined these reallocation amounts based upon consultation with the programs' respective managers to assess additional funding needs. Additionally, New Jersey's Clean Buildings Working Group is developing a roadmap to clean buildings and does not require SEP funding.¹⁵ For this reason, Staff seeks to remove the Building Sector Decarbonization Roadmap from the SEP Plan to avoid duplicative efforts.

¹² In re the United States Department of Energy – State Energy Program – July 1, 2020 – June 30, 2021; In re the United States Department of Energy – State Energy Program – July 1, 2021 – June 30, 2022; In re the United States Department of Energy – State Energy Program – July 1, 2022 – June 30, 2023, BPU Docket Nos. QO20020109, QO21020626, and QO22030140, Order dated April 6, 2022.

¹³ In re the United States Department of Energy – State Energy Program – July 1, 2020 – June 30, 2021; In re the United States Department of Energy – State Energy Program – July 1, 2021 – June 30, 2022; In re the United States Department of Energy – State Energy Program – July 1, 2022 – June 30, 2023, BPU Docket Nos. QO20020109, QO21020626, and QO22030140, Order dated June 29, 2022.

¹⁴ Id.

¹⁵ The Clean Buildings Working Group is a collaboration between the Governor's Office of Climate Action and the Green Economy and the BPU.

The proposed program modification would revise the budgets and update program descriptions for the following Market Titles:

A. Market Title: Non-IOU Program

Current Budget, Federal Funding: \$416,786

Revised Budget, Federal Funding: \$479,485.05 (\$62,699.05 added to the existing budget of \$416,786)

Program Description: The Non-IOU Program complemented New Jersey's Clean Energy Program ("NJCEP") by extending its offerings to customers who do not pay a Societal Benefits Charge for electricity and therefore do not qualify for financial incentives for electric EE improvements through State-funded clean energy programs.¹⁶ The program offered incentives for electric and gas EE measures for both the residential and commercial and industrial sectors through programs administered by NJCEP.

B. Market Title: State Energy and Water Benchmarking Study

Current Budget, Federal Funding: \$900,000

Revised Budget, Federal Funding: \$1,054,979 (\$154,979 added to the existing budget of \$900,000)

Program Description: In 2018, through the Clean Energy Act, New Jersey established a foundational benchmarking requirement that required the Board to direct all building owners and operators of commercial buildings over 25,000 square feet located in New Jersey to benchmark energy and water for the prior calendar year using the US Environmental Protection Agency's ("EPA's") Energy Star Portfolio Manager tool ("Benchmarking Law").¹⁷ Through its Order dated September 7, 2022 ("Benchmarking Order"), the Board authorized Staff to implement its proposed plan for effectuating this benchmarking reporting requirement stated in the Benchmarking Law.¹⁸ To administer and implement this requirement, the Benchmarking Order directed Staff to appoint a customer relationship management system ("CRM") vendor and work with such CRM using a CRM system to manage the data exchange and communications among the EPA, the Board, building owners and operators, and utility companies.¹⁹ In the third quarter of 2023, the Board approved ClearlyEnergy, LLC to become the Board's CRM vendor. For calendar year 2023, 11,892 buildings are covered under the Benchmarking Law.²⁰ The CRM system will partially automate Staff's communications with these buildings' respective owners and operators about deadlines, assistance in using Portfolio Manager, and notices of non-compliance for failing to benchmark.²¹ The CRM will

¹⁶ "Societal Benefits Charge" means the charge that New Jersey electric and gas utilities collect to fund programs that provide societal benefits.

¹⁷ N.J.S.A. 48:3-87.10(b). See also <https://www.energystar.gov/buildings/tools-and-resources/portfoliomanager-0>.

¹⁸ In re the Implementation of P.L. 2018, c.17 – Energy and Water Benchmarking of Commercial Buildings, BPU Docket No. QO21071023, Order dated September 7, 2022 ("Benchmarking Order").

¹⁹ Benchmarking Order at 34, 36-37.

²⁰ Covered Buildings Spreadsheet, available at <https://njcleanenergy.com/commercial-industrial/programs/energy-water-benchmarking/covered-buildings>.

²¹ The CRM system will send certain automatic messages to building owners to confirm the receipt of messages and requests. The system will forward communications to Staff when it receives exemption

also store data from Portfolio Manager, building information, building contact information, and communication tracking. The Board will analyze this data to improve program performance.

C. Market Title: Incorporating Health and Safety Measures into Energy Efficiency Upgrades

Current Budget, Federal Funding: \$600,000

Revised Budget, Federal Funding: \$2,078,655.95 (\$1,478,655.95 added to the existing budget of \$600,000)

Program Description: This 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 than those that are currently addressed through the Comfort Partners Program or the Weatherization Assistance Program.²² This approach of building on the scope of existing programs allows for “whole home solutions” for low- and moderate-income (“LMI”) 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, including the Comfort Partners and Weatherization Assistance Programs, that provide EE upgrades by also providing health and safety solutions to income-eligible residents free of charge. This approach will reduce administrative barriers to accessing EE services and provide New Jersey LMI 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 (“NJLWD”), the State can leverage existing opportunities to address additional 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 including NJDCA, NJDOH, NJDEP, and NJLWD. The program also will engage with the public on ways to make sure that communities across New Jersey, including those that are overburdened by pollution and the effects of climate change (“overburdened communities” or “OBCs”),²³ receive services that improve their long-term health and safety and eliminate many of the cyclical challenges faced by households located within OBCs.

In addition, the proposed program modification would revise the budget for the following Market Title and remove it from the scope of work:

requests or is otherwise unsure how to respond.

²² The “Incorporating Health and Safety Measures into Energy Efficiency Upgrades” program is known as the “Whole House Pilot Program.”

²³ OBCs defined at <https://dep.nj.gov/ej/communities>. See also <https://dep.nj.gov/ej/communities/#municipalities>.

D. Market Title: Building Sector Decarbonization Roadmap
Current Budget, Federal Funding: \$1,696,334
Revised Budget, Federal Funding: \$0

Program Description: Achieving New Jersey’s climate goals and greenhouse gas reduction goals will require the decarbonization of the state’s building sector, as made clear in New Jersey’s Energy Master Plan (“EMP”),²⁴ Global Warming Response Act of 2007,²⁵ and Executive Order 274,²⁶ 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 limitation, 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.

DISCUSSION AND FINDINGS

The revised 2022–2023 SEP Plan continues to align with both the SEP’s and EMP’s respective goals. It includes the continued development and implementation of the following programs:

- A. The Non-IOU Program, which expands the eligibility of customers served by NJCEP;
- B. The State Energy and Water Benchmarking Study, which will fulfill the benchmarking requirements and goals set forth in the Clean Energy Act of 2018 and the EMP; and
- C. Incorporating Health and Safety Measures into Energy Efficiency Upgrades, which incorporates health and safety measures into electrification upgrades for LMI residents.

The Board **HEREBY FINDS** that the modifications to the 2022–2023 SEP Plan described above will enable the SEP to more effectively achieve its goals: contributing to conservation of energy, reducing the rate of growth of energy demand and resource dependence on oil, advancing State and Federal energy conservation and efficiency goals, and protecting New Jersey residents from energy supply disruption risks and vulnerabilities. Accordingly, the Board **HEREBY APPROVES** the modified 2022–2023 SEP Plan and **HEREBY ACKNOWLEDGES** the revised budgets of the aforementioned Market Titles as recommended by Staff. The Board **HEREBY DIRECTS** Staff to submit the revisions to the USDOE for approval and to take appropriate measures to implement the programs subject to and consistent with the USDOE’s approval of the modifications. The Board also **HEREBY DIRECTS** Staff to submit future requests to the USDOE to extend the performance period or true-up market title budgets of the SEP Plan if necessary.

²⁴ 2019 New Jersey Energy Master Plan: Pathway to 2050, Goal 4 at 157-172, available at https://nj.gov/emp/docs/pdf/2020_NJBPU_EMP.pdf.

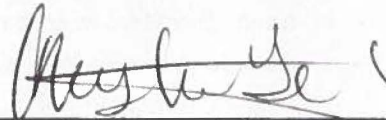
²⁵ L. 2007, c. 112.

²⁶ Exec. Order 274 (Nov. 10, 2021), 53 N.J.R. 2105(b) (Dec. 20, 2021).

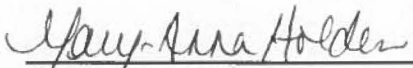
The effective date of this Order is December 13, 2023.

DATED: December 6, 2023

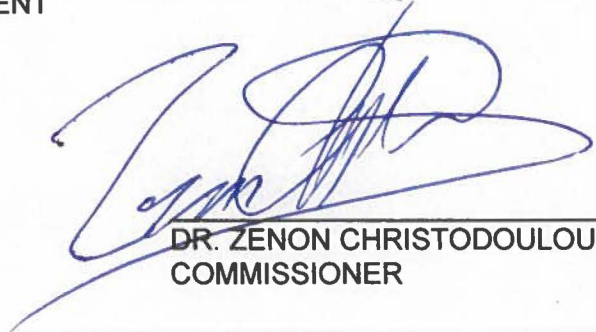
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BY:



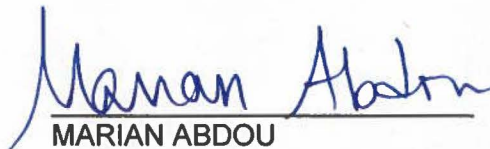
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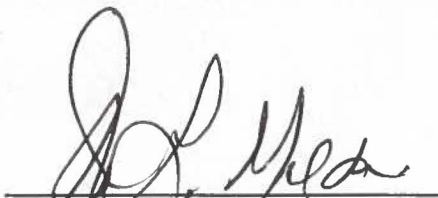


DR. ZENON CHRISTODOULOU
COMMISSIONER



MARIAN ABDOU
COMMISSIONER

ATTEST:



SHERRY L. GOLDEN
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 UNITED STATES DEPARTMENT OF ENERGY – STATE ENERGY
PROGRAM – JULY 1, 2022 – JUNE 30, 2023 – MODIFICATION OF PROGRAMS AND
FUNDING ALLOCATION

DOCKET NO. QO22030140

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