



Agenda Date: 6/27/24
Agenda Item: 8F

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 COMPREHENSIVE ENERGY)
EFFICIENCY AND RENEWABLE ENERGY RESOURCE) ORDER
ANALYSIS FOR FISCAL YEAR 2025 CLEAN ENERGY)
PROGRAM) DOCKET NO. QO24040223

Parties of Record:

- Brian O. Lipman, Esq., Director**, New Jersey Division of Rate Counsel
- Phillip J. Passanante, Esq.**, Atlantic City Electric Company
- Dominick DiRocco, Esq.**, Elizabethtown Gas Company and South Jersey Gas Company
- Tori Giesler, Esq.**, Jersey Central Power & Light Company
- Andrew K. Dembia, Esq.**, New Jersey Natural Gas Company
- Matthew M. Weissman, Esq.**, Public Service Electric and Gas Company
- Margaret Comes, Esq.**, Rockland Electric Company
- Michael Ambrosio**, TRC Energy Services

BY THE BOARD:

This Order memorializes action taken by the New Jersey Board of Public Utilities (“Board” or “BPU”) at its June 27, 2024 public meeting at which the Board considered and determined the funding for the New Jersey’s Clean Energy Program (“NJCEP”) for Fiscal Year (“FY”) 2025 (“FY25”).¹

BACKGROUND & PROCEDURAL HISTORY

On February 9, 1999, the Electric Discount and Energy Competition Act (“EDECA” or “Act”), N.J.S.A. 48:3-49 et seq., was signed into law, creating the Societal Benefits Charge (“SBC”) to, among other things, fund programs for the advancement of energy efficiency (“EE”) and renewable energy (“RE”) in New Jersey. The Act also provided for the Board to initiate proceedings and undertake a Comprehensive Resource Analysis (“CRA”) of EE and RE programs in New Jersey every four (4) years. The CRA would then be used to determine the appropriate level of funding over the next four (4) years for the EE and Class I RE programs, which are part of what is now known as the NJCEP. Accordingly, in 1999, the Board initiated its first CRA

¹ The funding levels approved in this Order are subject to State appropriations law.

proceeding, and in 2001, it issued an order setting funding levels, the programs to be funded, and the budgets for those programs, for the years 2001 through 2003. Since then, the Board has issued numerous Orders setting the funding levels, related programs, and program budgets for the years 2004 – FY 2024 (“FY24”).²

On May 13, 2024 via the BPU listserv and the NJCEP website, the Board provided notice of a May 31, 2024 public hearing. On May 24, 2024, the Board released the draft CRA Straw Proposal and related programs and budget for FY25. The covering emails and website postings requested comments on these documents by June 12, 2024. In addition, by email dated June 17, 2024, the New Jersey Department of Environmental Protection (“NJDEP”) confirmed that: a) the Board had consulted with the NJDEP regarding the CRA Straw Proposal, including, without limit, the Proposed FY25 Funding Level set forth therein, as defined below; and b) the NJDEP agreed with the Proposed FY25 Funding Level.

CRA STRAW PROPOSAL

The following summarizes the key components of the CRA Straw Proposal.

Funding Levels

The CRA Straw Proposal’s funding levels include the funding estimated to meet the needs of the NJCEP and the efforts of Board Staff (“Staff”) to advance the initiatives required by L. 2018, c. 17, codified at N.J.S.A. 48:3-87.8 et al. (“Clean Energy Act” or “CEA”). For FY25, Staff recommends that the Board set an SBC funding level of \$344,665,000, which is the same funding level approved by the Board since FY 2015. When combined with other sources of funds, it results in total FY25 funding of \$786,161,592 (collectively, “Proposed FY25 Funding Level”).³ Staff estimates that the Proposed FY25 Funding Level will be sufficient to maintain a full portfolio of programs. The table below provides more details regarding the FY25 Funding Level.

Proposed FY25 Funding Levels*		
CEP Budget Category	FY25 New SBC Funding	Total FY25 Funding
Total NJCEP + State Initiatives	344,665,000	786,161,592
State Energy Initiatives	71,200,000	71,200,000
Total NJCEP	273,465,000	714,961,592
Energy Efficiency Programs	55,248,963	195,471,296
C&I EE Programs	19,375,745	55,811,570
New Construction Programs	35,873,218	60,404,447
State Facilities Initiative	0	59,991,206
Acoustical Testing Pilot	0	3,277,175
LED Streetlights Replacement	0	15,986,898
Distributed Energy Resources	44,039,929	93,188,194

² In the early years, the budgets and programs were based on calendar years, but in 2012, the Board determined to begin basing the budgets and programs on fiscal years to align with the overall State budget cycle. In 2012, the Board ceased issuing the CRA on a four (4)-year cycle and began to issue a CRA annually.

³ Other sources of funding can include interest earnings, carryforward funds, and revenue from application fees.

CHP - FC	14,539,929	31,500,694
Microgrids	0	1,687,500
Energy Storage	29,500,000	60,000,000
RE Programs	5,126,349	23,770,070
Offshore Wind	1,000,000	19,643,721
Solar Registration	4,126,349	4,126,349
EDA Programs	29,000,000	29,000,000
NJ Wind	22,000,000	22,000,000
R&D Energy Tech Hub	7,000,000	7,000,000
Planning and Administration	15,949,548	65,748,942
BPU Program Administration	10,000,000	10,000,000
Marketing	0	7,096,055
CEP Website	0	1,500,000
Program Evaluation/Analysis	22,638	40,399,757
Outreach and Education	5,882,117	6,602,540
Memberships	44,793	150,590
BPU Initiatives	124,100,211	307,783,090
Clean Energy Equity	16,600,211	119,524,165
Federal Grid Modernization Program State Match	25,000,000	25,000,000
Electric Vehicle Programs	82,500,000	162,258,925
Workforce Development	0	1,000,000

SBC Collection Schedule

Staff utilized the utilities’ revenue and sales projections to develop the proposed monthly utility payments, resulting in the table below. Staff recommends that the Board use these assumptions for allocating the funding to utilities in FY25. The table below sets out the proposed monthly payments to the Clean Energy Trust Fund due from each utility. This fund accounts for revenues collected from the SBC on monthly utility bills. Funds generated from this charge are used to support clean energy initiatives.

FY25 Utility Payments:

Monthly Utility Funding Levels													
FY25	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
PS-Electric	\$12,469,197.93	\$12,436,040.70	\$11,199,660.83	\$9,600,667.25	\$9,270,230.17	\$10,571,460.20	\$10,817,043.62	\$10,127,222.24	\$9,971,703.88	\$9,075,595.52	\$8,698,552.16	\$10,111,683.27	\$124,349,057.78
JCP&L	\$6,403,121.34	\$6,843,173.17	\$6,253,714.67	\$4,922,212.55	\$4,378,987.10	\$4,851,673.34	\$6,454,631.11	\$6,281,230.96	\$5,075,409.99	\$4,490,431.11	\$4,203,738.43	\$4,970,514.00	\$63,128,837.76
ACE	\$2,861,202.96	\$3,127,671.75	\$2,935,606.13	\$2,030,612.06	\$1,977,134.90	\$2,059,192.13	\$2,387,553.88	\$2,244,292.65	\$2,072,286.74	\$1,945,811.67	\$1,770,640.36	\$2,241,676.91	\$27,653,682.14
RECO	\$502,975.24	\$504,384.81	\$466,377.90	\$372,754.11	\$330,605.38	\$367,466.96	\$411,633.15	\$358,700.24	\$349,499.42	\$334,557.33	\$317,964.31	\$395,046.56	\$4,711,955.41
NJN	\$555,672.24	\$538,398.17	\$541,539.89	\$994,954.56	\$1,959,457.68	\$3,082,575.12	\$3,736,799.04	\$3,233,368.29	\$2,587,831.70	\$1,447,270.61	\$812,538.04	\$563,173.91	\$20,053,579.25
SJG	\$581,188.13	\$518,175.14	\$575,423.84	\$594,686.67	\$931,068.15	\$1,764,987.19	\$2,542,366.71	\$2,508,733.32	\$2,191,970.55	\$1,475,493.53	\$857,614.02	\$636,379.60	\$15,178,086.86
PS-Gas	\$2,074,916.03	\$1,816,376.17	\$1,960,722.50	\$2,835,256.55	\$6,016,028.94	\$10,315,996.00	\$12,608,360.48	\$12,900,117.01	\$10,845,430.43	\$7,218,121.35	\$4,111,414.21	\$2,573,882.49	\$75,276,622.14
ETG	\$554,580.06	\$557,075.73	\$542,590.02	\$570,639.12	\$1,043,459.04	\$1,778,269.49	\$2,233,267.11	\$2,267,067.09	\$1,894,914.68	\$1,458,526.03	\$857,342.15	\$555,448.12	\$14,313,178.65
Total	\$26,002,853.93	\$26,341,295.62	\$24,475,635.80	\$21,921,782.88	\$25,906,971.37	\$34,791,610.43	\$40,191,655.11	\$38,920,731.80	\$34,989,047.39	\$27,445,807.14	\$21,629,803.66	\$22,047,804.87	\$344,665,000.00

Rate Impacts

The Proposed FY25 Funding Level represents a continuation of the current funding level, and its approval will therefore have no incremental impact on rates.

SUMMARY OF COMMENTS FROM PUBLIC STAKEHOLDERS

Written and oral comments regarding the Proposed FY25 Compliance Filings and Proposed FY25 Budget were submitted by Ari Messenger, ChargEVC, Eco Edge Solutions, Environment New Jersey, Jersey Renews, New Jersey Coalition of Automotive Retailers (“NJCAR”), New Jersey Division of Rate Counsel (“Rate Counsel”), New Jersey Electric Vehicle Association (“NJEVA”), New Jersey League of Conservation Voters (“NJLCV”), New Jersey Work Environment Council, Norma Sessa of Essex County New Jersey Department of Community Affairs Weatherization Assistance Program, Northeast Chapter of the Combined Heat and Power Alliance (“The NE Chapter”), Public Service Electric and Gas Company (“PSE&G”), Energy Efficiency Alliance of New Jersey (“EEA-NJ”), Victoria Foundation, and Tesla.

Below is a summary of the testimony and comments, as well as Staff’s responses to them. Staff reiterates that it is conducting a series of meetings and other outreach for soliciting input on the broad features of the programs that will enable the State to meet the clean energy goals set forth in the CEA and the 2019 Energy Master Plan (“EMP”)³. In other words, the current proceeding is not the most appropriate vehicle for considering input on certain program features, and Staff will continue to seek such input in other forums.

Staff notes that the process and schedule for commenting on the CRA Straw Proposal and on the associated draft FY25 Compliance Filings and Budgets were very similar and that both proposals are being presented to the Board on the same Agenda. Because some comments do not readily lend themselves to being classified as being about one (1) proposal versus the other, Staff strongly encourages readers interested in either proceeding to read the comments and responses regarding both proposals.

General Comments

Comment: Rate Counsel criticized the lack of analysis in the proposed FY25 budget regarding how expenditures will support the State’s clean energy goals or ensure cost-efficiency. Rate Counsel highlighted the Board’s historical reliance on single-year funding plans without a comprehensive multi-year strategy since 2012, hindering stakeholder input and efficiency. Furthermore, Rate Counsel noted that DCE had not explained how it is using funds no longer required for energy efficiency programs now managed by utilities.

Response: The details of the commenter’s requests regarding expenditures and available resources are provided each fiscal year during the true-up budget process, providing transparency and supporting the analysis in the budget. Although Staff have considered a longer-term budget, Staff disagree with the commenter regarding the advantages of a multi-year budget or CRA. The Board determined that the CRA and NJCEP budget should be adjusted in 2012 to better align with the State’s annual budget. Also, this annual approach to developing the CRA and NJCEP budget allows for greater stakeholder input and enables Staff to better assess changes that impact program needs. The budgets that the Board approves at the beginning of

³ New Jersey Board of Public Utilities, 2019 New Jersey Energy Master Plan: Pathway to 2050, available at https://nj.gov/bpu/pdf/publicnotice/NJBPU_EMP.pdf.

each fiscal year do not contain actual numbers because they are based on estimated expenditures and commitments.

Comment: Rate Counsel commented that DCE has not considered using funds from the Infrastructure Investment and Jobs Act and Inflation Reduction Act (“IRA”) to ease the burden on ratepayers in the FY25 budget. These federal acts provide significant funding opportunities for energy efficiency, clean energy, and electric vehicle infrastructure in New Jersey, totaling hundreds of millions of dollars. Given this substantial federal funding, Rate Counsel questioned why some of it couldn't be used to reduce the reliance on ratepayer funds in the FY25 budget. Rate Counsel suggested that utilizing these funds could reduce the need for ratepayer funding in the State's budget.

Response: The commenter is mistaken. Staff, with assistance from TRC, continue to look for ways to maximize the use of all sources of funding, including money made available under the Infrastructure Investment and Jobs Act and the IRA. Specifically, Staff have leveraged funding through the State Energy Program to expand the reach of NJCEP programs to benefit Non-Investor Owned Utility Customers. Additionally, the Board entered into a Memorandum of Understanding (“MOU”) with the New Jersey Economic Development Authority (“NJEDA”) for contractor assistance on federal clean energy grant opportunities. The NJEDA contracted with McKinsey & Company, Inc. to assist the State of New Jersey to explore and apply for federal grants in connection with IRA and also in connection with Creating Helpful Incentives to Produce Semiconductors grant applications. The NJBPU is the lead agency on a variety of federal clean energy grant applications. As a result, the State has been awarded hundreds of millions of dollars in federal funding, including the \$156 million competitive Solar For All grant. Staff agree with Rate Counsel's comments that is in the best interest of the residents of the State of New Jersey for BPU to develop and submit applications for as many qualifying federal grant opportunities as possible and has done so, including applications for funds available under the Greenhouse Gas Reduction Fund, Grid Resilience and Innovation Partnerships, and Home Efficiency Rebates grant programs.

Comment: Rate Counsel criticized the FY25 budget proposal for "State Energy Initiatives," which represents funds diverted to the State General Fund without clarification in the compliance filings. Rate Counsel contended that using ratepayer funds for State priorities unrelated to clean energy goals is unjustifiable, especially for struggling ratepayers. Amidst ongoing economic challenges from COVID-19, many low- and moderate-income families face difficulties in paying energy bills, with significant arrearages reported. Rate Counsel requested evidence that proposed programs within “State Energy Initiatives” will directly benefit customers and represent the prudent use of ratepayer funds. Rate Counsel asserted that the Board's failure to provide essential information for budget justification violates due process rights and jeopardizes the validity of any decision. Rate Counsel urged Staff to ensure programs effectively reach and benefit low-income customers, advocating for higher incentives to support their participation and alleviate energy burdens.

Response: Staff appreciate the comments submitted by Rate Counsel regarding the State Energy Initiatives budget line. However, as noted by the commenter, this amount is set through the State budget, outside of the Board's control. In addition, there has been an overall reduction in the need for this nonrecurring revenue over the past five (5) fiscal years. It is Staff's understanding that the \$71.2 million for this budget item in FY25 will continue to be used primarily to support NJ Transit energy-related initiatives, including bus electrification and other clean energy projects, and the costs of State departments' purchases of products in compliance with L. 2020, c. 117 (N.J.S.A. 13:1E-99.126 et seq.), which prohibited the provision or sale of certain

single-use carryout bags, plastic straws, and polystyrene foam food service products. Staff disagree that the record lacks a factual basis for this budget in violation of due process rights. The fact that Rate Counsel does not receive all of the information it seeks on the timeline it would prefer does not constitute a due process violation. The initial budgets for each fiscal year are necessarily based on estimated expenditures; as noted previously, the details the commenter requests regarding actual expenditures and available resources are provided each fiscal year during the true-up budget process, providing transparency and supporting the analysis in the budget. Nor does Staff agree that the NJCEP programs do not effectively reach and benefit low-income customers. Clean energy equity is an essential component of the NJCEP and funding in FY25 will continue to support programs such as Comfort Partners and Whole House, which directly benefit low-income customers, and the Residential Energy Assistance Payment, which has allocated over \$51 million to provide customers who have bill arrearages.

Comment: Rate Counsel indicated the FY25 budget proposal for NJCEP considered historic results and forecasts but lacked comparison with prior years' budgets or performance. The commenter alleged that despite historically spending only 40 percent of budgets on average, Staff proposed an increase from FY24 to FY25 without explaining past underspending. The FY25 budget assumed a carryforward of \$441.5 million from FY24. Rate Counsel commented that Staff plans to maintain current ratepayer funding levels despite returning programs to utilities and underspending FY24 funds, with minimal analysis of alternative resources or program efficiency in meeting clean energy goals. Rate Counsel also indicated that the budget lacks transparency on how new funding is allocated to specific programs and is focused on meeting spending targets rather than strategic resource allocation based on energy goals.

Response: Staff disagree that the FY25 budget proposal fails to consider prior year budgets and performance in allocating funds. The NJCEP is a dynamic program, with changes made to existing programs and new components introduced from year to year. The budgets that the Board approves at the beginning of each fiscal year are based on estimated expenditures and commitments. Staff review expenditures and update forecasts throughout the fiscal year to determine the allocation of funding across programs; the true-up budget process updates the allocation of resources for each fiscal year. Staff continue to look for ways to improve the allocation of funding and minimize the amount of carryforward commitments that are needed but note that to ensure funding is available when needed, commitments must be made before the funds are spent. This need conflicts with a reduction in the ratepayer funding levels. Moreover, future NJCEP programs are currently in development, and Staff anticipate that as these programs are implemented, they will increase the demand on available SBC funding.

Comment: Rate Counsel commented that multiple programs have been consolidated into single budget lines without specifying allocations to each program. For example, under Outreach and Education, "outreach, website and other" are grouped together without detail. Rate Counsel also indicated that program descriptions lack information on offered measures, incentives, projected participation, energy savings, or emissions reductions.

Rate Counsel also raised concerns regarding the proposed allocation of \$29 million for grants administered by the NJEDA and whether these expenditures fall within the proper scope of the Clean Energy Fund.

Rate Counsel provided suggestions on how to improve the layout of the documents to assist stakeholders in their review, including making the budget table align better with the narrative descriptions of the programs in the compliance filings. The commenter stated that future filings should include a comprehensive plan that outlines the proposed programs in detail. Furthermore,

Rate Counsel commented that they would like to see more time given for review of the budget proposal due to the number of documents involved.

Response: Programs are grouped in the budget table based on core areas that the NJCEP supports. Staff disagree that the level of detail provided in the budget table is insufficient and refer Rate Counsel to the compliance filings that describe in greater detail how the funding will be utilized in FY25. In addition to the compliance filings that provide much of the information Rate Counsel seeks, DCE publishes quarterly reports that offer detailed metrics into energy savings, emissions, and incentives.

As indicated in the DCE Compliance Filing, the NJEDA programs funded through the NJCEP directly relate to the work being undertaken by BPU as it relates to the State's clean energy goals. The funding that supports these programs is based on MOU agreements between the BPU and NJEDA, which establish detailed reporting requirements.

Staff note that additional time for comment review was provided in the last two fiscal years based on previous feedback from stakeholders. Staff will continue to look for ways to provide as much time as possible for stakeholders to review. However, the budget must be approved by the Board before the new fiscal year begins on July 1st, so providing as much time as Rate Counsel would like is rarely possible.

Comment: NJLCV recommended consolidating overlapping BPU documents to reduce public confusion. NJLCV raised concerns that the nearly \$800 million budget, heavily funded by carryforward dollars, lacks clear explanations for fund allocations and program needs. NJLCV requested detailed rationale for underutilized programs and advocated for better oversight and enforcement of utility-led programs to ensure success and facilitate stakeholder feedback. The commenter stated that clear program goals should be established to improve program evaluation efficiency.

Response: Staff thank the commenter for their suggestions. However, Staff believe that the existing budget and compliance filings provide the appropriate level of detail on how the funding will be utilized for each program. Nor, given the multiple program administrators, is it possible to consolidate the budget documents as proposed by the commenter. Staff continue to look for ways to continue to spend the carryforward funding as efficiently as possible. Also, the Program Evaluation budget line supports the ability of Staff to review the effectiveness of the NJCEP programs and the utility-led programs and how these programs can better align with meeting the strategies established in the 2019 Energy Master Plan and the State's climate goals.

Budgets

Comment: Rate Counsel commented that TRC's Cost-Benefit Analysis ("CBA") fails to provide sufficient supporting details for its analysis, such as the methodology and assumptions it used.

Response: As previously stated in the response to a similar comment regarding the FY24 TRC CBA, Staff disagrees. The CBA includes a discussion and the results of the application of all six tests of cost-effectiveness generally recognized in New Jersey (including the New Jersey Cost Test). The level of detail and support is consistent with N.J.S.A. 48:3-60, with the Board's Orders implementing that statute and identifying the requirements for Compliance Filings (e.g., In re Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for the 2009-2012 Clean Energy Program, Docket No. EO07030203, Order dated September 30, 2008, at p.58), and the level of detail and support historically contained in Board-approved Compliance Filings.

Comment: Rate Counsel commented that it is concerned about what it considers the TRC Compliance Filing’s failure to describe the budgetary allocation between the C&I Buildings / Large Energy Users Program (“LEUP”) and that Program’s Decarbonization Pilot.

Response: Staff submit that establishing a single budget covering both the LEUP and the Decarbonization Pilot contained within it is reasonable and consistent with Staff’s and the Board’s historic practice regarding pilots created within existing programs. Especially for pilots, it is useful and important for Staff and TRC to have the discretion to readily direct funds towards the pilot if it is attracting more than expected participation and to direct funds away from the pilot and towards the “base” program if the pilot is attracting less than anticipated participation. In addition, as Staff has previously responded to a similar comment, Staff have allocated \$15,000,000 of the LEUP incentive budget to the Decarbonization Pilot; however, this allocation is for only internal planning purposes and may be higher or lower depending on participation rates in the pilot versus in the “base” LEUP.

Energy Efficiency Programs

CEA Savings Targets

Comment: PSE&G commented that the NJCEP Compliance Filings are unclear as to whether and how the various NJCEP programs will meet the FY25 Program Year energy savings goals for which the Division of Clean Energy and the State are responsible per the June 2023 Framework Order. Among other issues, TRC’s compliance filing is the only NJCEP document that discusses targets, performance metrics, and a cost benefit analysis test.

Response: The NJCEP Compliance Filings are not the repository of all information regarding the energy savings goals. As one example, for the first triennial program, where the EE transition to the utilities was established, the below excerpt from the FY22 State Compilation Report provides the information PSE&G seeks and shows how the State (i.e., “BPU Programs”) is performing versus its annual goals:

New Jersey Statewide EE Savings vs Goals
Energy Savings vs. Annual Goals

Annual Electric Savings & Generation									
Statewide				Utility Programs			BPU Programs in each Utility Service Territory		
Utility	Goal	Ex Ante Energy Savings	Ex Ante Energy Savings as % of Goal	Goal	Ex Ante Energy Savings	Ex Ante Energy Savings as % of Goal	Goal	Ex Ante Energy Savings	Ex Ante Energy Savings as % of Goal
PSE&G	445,928	821,247	184.17%	299,988	711,663	237.23%	145,940	109,583	75.09%
JCP&L	223,437	174,421	78.06%	150,312	93,651	62.30%	73,125	80,770	110.45%
ACE	108,176	66,189	61.19%	72,773	38,154	52.43%	35,403	28,036	79.19%
RECO	17,127	8,534	49.83%	11,522	4,644	40.31%	145,940	3,889	2.67%
TOTAL	794,668	1,070,391	134.70%	534,595	848,113	158.65%	400,408	222,278	55.51%

Annual Natural Gas Savings									
Statewide				Utility Programs			BPU Programs in each Utility Service Territory		
Utility	Goal	Ex Ante Energy Savings	Ex Ante Energy Savings as % of Goal	Goal	Ex Ante Energy Savings	Ex Ante Energy Savings as % of Goal	Goal	Ex Ante Energy Savings	Ex Ante Energy Savings as % of Goal
PSE&G	1,796,335	1,860,675	103.58%	1,221,508	1,559,220	127.65%	574,827	301,455	52.44%
NJNG	343,550	424,012	123.42%	233,614	360,110	154.15%	109,936	63,901	58.13%
SIG	254,925	460,394	180.60%	173,349	257,540	148.57%	81,576	202,854	248.67%
ETG	251,097	149,563	59.56%	170,746	119,145	69.78%	80,351	30,417	37.86%
TOTAL	2,645,907	2,894,643	109.40%	1,799,217	2,296,016	127.61%	846,690	598,627	70.70%

Further, as part of the process for the second triennial program, Staff plan to provide more robust and complete information as to how the combined NJCEP programs will meet their energy savings goals.

Decarbonization / Electrification

Comment: NJLCV commented that the Board “can and should reasonably remove incentives for conversion to natural gas in new construction and existing buildings, and [the Board should instead] use that money to more deeply incentivize clean energy technologies like heat pumps.” NJLCV commented that doing so would, among other things, help to achieve EMP Goal 4.1, “starting the transition to net-zero carbon new construction.”

Response: As an initial matter, Staff note that NJCEP does not currently offer incentives for conversions as such and that the vast bulk of existing building EE programs have been transitioned from NJCEP to the utilities. Staff submit that the commenter provides any input it would like to offer regarding existing building incentives in the relevant utility proceedings. In addition, as Staff stated in its response to comments regarding its proposed New Construction Program (“NCP”), Staff generally agree with the philosophy embedded in this comment but remains concerned that the market for all-electric homes has not yet fully evolved and that eliminating incentives for efficient natural gas equipment too quickly could result in new homes being built with less efficient natural gas equipment. Accordingly, the now Board-approved NCP incorporates features designed to start the subject transition, such as incentives for greenhouse gases (“GHG”) reduction electric measures such as cold-climate heat pumps; limiting incentives for natural gas equipment to only the most efficient such equipment; and providing incentives for workforce development in areas such as Passive House. In addition, the NCP will include aggressive outreach and marketing regarding the benefits of all-electric homes. Finally, Staff intend to revisit the issue of offering incentives for natural gas equipment as part of the process of preparing and reviewing EE plans for the Second Triennium.

Comment: PSE&G requested additional clarity regarding whether the participating universities or colleges can also participate in utility EE programs as a part of the scope of work; this would allow these projects to combine utility incentives based on energy savings with the GHG reduction incentives provided by the Pilot. Additionally, PSE&G requested clarity on ownership of energy savings if this Pilot would allow participation in Utility EE programs.

Response: Staff first direct the commenter to the proposed TRC Compliance Filing’s discussion of this issue:

- “While eligible customers are allowed to participate in other NJCEP or utility programs, it is recommended that all Decarbonization solutions be included comprehensively through this pilot. Should a customer choose to participate in another NJCEP or utility program such customer cannot and will not receive incentives from this pilot for the same equipment. [Footnote omitted.] Should a customer nonetheless receive incentives or grants for GHG reductions from another NJCEP or utility program, the customer will be required to quantify and report those reductions to the Program Manager of this Decarbonization Pilot.” See pages 18-19.

Accordingly, an applicant conceivably could implement a project that includes certain equipment that earns incentives pursuant to a utility program and other equipment that earns incentives pursuant to the subject Pilot. Savings associated with each piece of equipment would be allocated to the program that pays the incentives related to that equipment, with the applicant being the party that determines to which program it will apply for each measure. To be clear, an applicant cannot receive incentives from both programs for the same piece of equipment. If the commenter

believes the issue is more complex than as described above, Staff are available to discuss any such complexities with the commenter.

State Facilities Initiative

Comment: Rate Counsel highlighted that the State Facilities Initiative (“SFI”) provides “lead by example” opportunities to demonstrate energy efficiency. Rate Counsel commented that the FY25 SFI update provided no new information on whether any previous SFI funds have been awarded, or any efficacy or cost benefit analysis on those projects.

Response: Staff post updates on the SFI Projects on the Board’s website www.nj.gov/bpu, through the Division of State Energy Services. Additionally, projects managed by Treasury Division of Property Management and Construction have Request for Proposals posted to NJSTART. Projects report energy savings as part of final construction requirements by contractors.

LED Streetlights

Comment: Rate Counsel commented that it was unclear whether the proposal to carryover \$16.0 million from FY24 to FY25 is appropriate without first understanding how the program will be implemented, the number of streetlights that will be replaced or the savings and benefits expected to be achieved. In the past, Rate Counsel has voiced concerns about the potential for stranded costs associated with the replacement of existing streetlights that have not yet reached the end of their useful lives.

Response: Staff have engaged consultants to develop the proposal for light-emitting diode (“LED”) streetlights conversion that will include an estimated streetlights inventory and a recommended approach to address stranded costs. Understanding that the conversion will be a long-term process, the proposed estimated budget for FY25 would provide funding for the first round of recipients. The budget for the following year would be adjusted to reflect the number of applications received for the program.

Comment: Environment New Jersey, Jersey Renews, and New Jersey Work Environment Council thanked the Board for partnering with the Rutgers Center for Green Building and appreciated the timeline for a straw proposal by Q4 2024 and final recommendations by early 2025. Commenters hoped for an expedited timeline to allocate nearly \$16 million in funds for LED streetlight replacement, which offers significant cost savings and climate benefits for municipalities.

Response: Staff acknowledge Environment New Jersey, Jersey Renews, and New Jersey Work Environment Council’s support of the Board’s efforts on the LED streetlight conversion proposal and is working toward a program launch at the start of 2025. Staff expect the \$16M to be committed given the significant interest expressed by the public and municipalities in converting to LED streetlights.

Comment: PSE&G expressed concern about delays in addressing the initiative, with action expected in 2025. PSE&G emphasized the urgency due to the discontinuation of High Intensity Discharge (“HID”) fixtures by mid-year and sourcing issues for HID bulbs. PSE&G stated that municipalities have expressed a need for action and urged the Board to expedite this effort.

Response: Staff are actively engaged in the release of the straw proposal as planned, and it will

go through the process of a public stakeholder meeting and Board approval. Staff recognize PSE&G's concern regarding replacing existing HID fixtures. Understanding that the process of converting all of the state's 800,000+ streetlights will have a long timeframe, Staff encourage PSE&G to have discussions with suppliers to secure spare HID fixtures and identify potential supply bottlenecks. Additionally, some utilities have already replaced HID fixtures that have failed with LEDs, and PSE&G can consider doing that as well.

Local Government Energy Audit

Comment: EEA-NJ highlighted that New Jersey can best achieve its clean energy goals if local governments can directly access federal funding and inform residents and businesses and that many local entities lack the awareness and expertise to utilize "direct pay" tax credits for renewable energy and assignable tax credits for energy efficiency. EEA-NJ encouraged the Board, potentially with the NJ Economic Development Authority, to create an outreach plan to help local governments access available funding. EEA-NJ highlighted that the partnerships mentioned in the CRA, along with community organizations, are crucial for promoting residential and commercial tax credits and rebates. EEA-NJ expressed appreciation for the Board's commitment to the Local Government Energy Audit program and urged integrating incentive and tax credit education into it to recommend and implement more cost-effective measures.

Response: Staff agree with EEA-NJ's suggestion and have revised its FY25 budget proposal to include collaboration with Sustainable Jersey to provide technical assistance to local governments to take advantage of direct pay credits for clean energy.

Acoustical Testing

Comment: The DCE Compliance Filing reports that the Board allocated \$1.1 million in grants to four recipients in 2021 for leak mitigation projects. However, there is no data available on the effectiveness of these expenditures for any of the projects. Rate Counsel questioned the rationale behind extending this subprogram into FY25, especially in light of the absence of sufficient applicants, progress reports, or cost-benefit analyses. Rate Counsel emphasized that the primary objective of a pilot program is to gather insights and learn from it, which is currently hindered by the lack of feedback on these initiatives.

Response: Staff expect to receive most of the final reports in FY25 as part of the first iteration of the Acoustical Testing Pilot program. Due to some unexpected delays in the grantees' receipt of all the necessary local approvals to begin work, extensions were provided to enable collection of a full year's worth of data that will account for seasonal variations in monitoring. Per the terms of the grant agreement, the remaining carryforward funding is to be paid out following a thorough review of the efficacy of each project, as detailed in the final reports. Once the reports have been reviewed by Staff, the information they contain will be used to provide feedback and determination of whether a second iteration of the Pilot is warranted.

Distributed Energy Resources

Fuel Cells and CHP

Comment: The NE Chapter commented that it endorses the BPU Staff recommendation to the Board of an appropriate Total FY25 Funding Level for Distributed Energy Resources ("DERs") at \$93,188,194, that includes Combined Heat and Power – Fuel Cell ("CHP-FC") funding of \$31,500,694 and Microgrids funding of \$1,687,500. It also noted the many potential benefits of

Combined Heat and Power (“CHP”), including energy savings and reduced emissions of criteria pollutants and CO2 emissions.

Response: Staff appreciate the commenter’s support.

Comment: Rate Counsel submitted several comments regarding the CHP-FC Program. More specifically, it commented that the Board should re-evaluate the justification for continuing to use limited ratepayer funds to incentivize mature technologies that use fossil fuel, such as CHP-FC. Rate Counsel emphasized that CHP-FC projects can have adverse impacts on Overburdened Communities (“OBCs”) and therefore, if the Board continues the CHP-FC Program, it should establish siting requirements to minimize the impact on OBCs. The comments suggested the Board should consider requiring Fuel Cells (“FCs”) to meet the same 60% minimum efficiency standard as CHPs.

Response: As Staff have previously responded to a similar comment in this proceeding, Staff appreciate Rate Counsel’s reservations about incentivizing a fossil fuel technology, but note that in general, projects in the CHP-FC program demonstrate overall efficiencies greater than those from current electric utility generation. The projects result in energy and GHG reductions at a customer’s site and provide resiliency benefits. Staff are currently reevaluating this program and will take Rate Counsel’s recommendations into consideration as part of that reevaluation.

As part of its overall reevaluation of CHP-FC, Staff will consider whether CHP-FC has or is likely to have a significant adverse impact on OBCs and, if so, potential ways to mitigate that impact, including the potential efficacy and appropriateness of adding siting criteria to the program rules. In that regard, Staff note that CHP-FC projects are often substantially cleaner and more energy and cost-efficient than traditional power projects and that therefore they can also have a significant positive impact on an OBC.

Several years ago, the Board determined that the environmental and grid resiliency benefits of FCs justified incentivizing them at 40% efficiency, subject to incentive caps that prevented 40% FCs from gaining an unduly high amount of the CHP-FC budget and a manufacturer diversity cap that prevents any one manufacturer from earning an unduly high amount of same. Staff continue to believe the Board’s determination in this regard is correct, but Staff will consider this issue as part of the overall CHP-FC reevaluation.

Microgrids

Comment: Rate Counsel noted that DCE's FY25 budget allocates \$1.7 million for microgrids under Phase II of the Town Center Distributed Energy Resources (“TCDER”) program, aimed at enhancing resilience post-Superstorm Sandy. Rate Counsel questioned the effectiveness of this allocation, given past studies' findings on legal and technical obstacles, including a report financed by a U.S. Department of Energy grant and released in July 2021. Noting that completion of Phase II is delayed, Rate Counsel questions the usefulness of another study on the same barriers previously studied.

Rate Counsel also raised concerns about potential emissions and environmental impacts such as visual and noise pollution from microgrids, particularly in already burdened communities, which are not addressed in DCE's filing. Rate Counsel urged the Board to scrutinize the budget allocation, ensuring it aligns with clean energy goals and avoids adverse impacts on vulnerable communities.

Response: Staff note that each entity participating in the TCDER Microgrid Program sets their own schedule. The DOE study identified legal and technical obstacles, but that study pertains to financing, and was not designed to address said legal and technical challenges. A further study may yield solutions to such challenges.

With respect to potential impacts on vulnerable communities, Staff point out that there are two key paths to addressing climate change: reducing carbon emissions and creating energy resilience. The primary focus of the TCDER program is to create energy resilience for critical facilities. In addition, all the TCDER projects reduce GHG emissions over BAU. While the addition of solar panels may add a visual impact, that is the price of carbon reduction. Finally, the program has always had been designed to serve overburdened communities, by 1) keeping critical facilities in operation during power outages and 2) serving as a public shelter.

Comment: Environment New Jersey, Jersey Renews, and New Jersey Work Environment Council raised concerns about the nearly three-year delay from the July 2021 micro-grid study release to the current progress on design work. Despite the \$1.68 million allocation and the Board's approval of a new MOU for the design phase, commenters are worried about the continued delays by Board staff in completing the design work.

Response: Staff acknowledge the commenters' concerns and note that the design work is proceeding according to individual schedules established by the program participants.

Energy Storage

Comment: Rate Counsel noted that DCE proposed a \$60 million budget for the NJ Storage Incentive Program ("NJSIP") in FY25, with \$30.5 million carried over and \$29.5 million in new funding, aiming to meet state energy storage goals. Rate Counsel raised concerns about past unspent budgets for energy storage and questioned the necessity of such incentives given other available funding sources. Rate Counsel criticized the lack of detailed plans, including metrics for effectiveness and DOE funding specifics. Rate Counsel urged DCE to provide clear timelines and justification or consider reducing the budget if concrete plans are not clarified.

Response: Staff appreciate Rate Counsel's recognition of "serious technical issues such as the lack of readily available metrics to use in developing performance-based incentives and monitoring the effectiveness of the program in reducing GHG emissions". To this end, the Board's consultant has done and will continue to do extensive modelling and will release the proposed solution in the upcoming straw proposal.

Incentives are designed to be adjustable and decline over time, such that the rate of deployment matches the State's storage goals while minimizing incentives and maximizing private investments.

Any DOE funds applied towards energy storage will necessarily trigger an obligation to comply with DOE terms and conditions; such funds would be used exclusively to support OBCs. Staff anticipate releasing a straw proposal soon which will identify the details of the incentives.

Comment: Eco Edge Solutions advocated for the use of thermal storage.

Response: Staff recognize the value of thermal storage. Staff's soon-to-be-released straw proposal is technology neutral, such that no one storage technology is either favored or disallowed as compared to other storage technologies.

Comment: Despite delays in the Energy Storage straw proposal, Environment New Jersey, Jersey Renews, and New Jersey Work Environment Council expressed excitement for its revised release this month and Board action by year-end. The commenters emphasized that success in states like California and Texas highlights the critical nature of energy storage, especially with offshore wind (“OSW”) expansion and grid resilience improvements. Commenters strongly supported the \$30.5 million FY25 funding supplement to the \$29.5 million from FY24 and endorsed using the full \$60 million allocation to launch the program in early 2025.

Response: Staff thank the commenters for their support and look forward to the program launch.

Comment: NJLCV was pleased with the increase in the energy storage budget from \$24 million in FY24 to \$60 million in FY25, signaling the launch of the NJSIP. NJLCV supports the goal of implementing the program this year and revising the proposal to aim for 2,000 MW by 2030. NJLCV emphasized prioritizing overburdened communities and equitable distribution, as well as addressing concerns of households with older grid infrastructure and those lacking backup power.

Response: Staff thank the commenter for its support and look forward to implementing NJSIP.

Renewable Energy Programs

Comment: NJLCV stated that it appreciates the Board's investments in solar programs, aligned with the Governor's clean energy vision. The commenter emphasized the importance of responsible siting based on real data for solar projects, but specifically cautioned against using prime farmland for solar projects to preserve agricultural potential. NJLCV supports the BPU's efforts to create an environmentally sound and equitable clean energy economy.

Response: Staff have long supported solar development in New Jersey, designing policies and programs that support the continued growth of the solar industry while carefully balancing the costs and benefits to ratepayers. Staff also recognize the significant benefits associated with the expansion of local, distributed, renewable, non-polluting sources of energy and appreciate the commenter's acknowledgment and support of these facts.

With respect to prime farmland, the Solar Act of 2021 directed the Board to establish programs incentivizing the development of 3,750 MW of solar by 2026 while not compromising the preservation and protection of open space and farmland. The Solar Act has a limited scope for solar projects allowed on “farmland,” referring only to unpreserved farmland with strict prohibitions to protect “prime agricultural soils and soils of Statewide importance, as identified by the United States Department of Agriculture’s Natural Resources Conservation Service, which are located in Agricultural Development Areas certified by the State Agricultural Development Committee....” N.J.S.A. 48:3-119(c)(7). As mandated by the Solar Act, the Board launched the Competitive Solar Incentive (“CSI”) Program to incentivize large-scale grid supply solar development in the State, which experience in other states has demonstrated provides clean energy at competitive prices. This type of solar development may come at a risk of unintended impacts to vulnerable farmland and open space, which is already under significant development pressure from other economic and social trends. Thus, the Board has sought to “minimize, as much as is practicable, potential adverse environmental impacts,” N.J.S.A. 48:3-119(b)(2) through stringent siting criteria, established in consultation with the NJDEP and the Secretary of the New Jersey Department of Agriculture (“NJDA”). These criteria are applied to all grid supply solar facilities and net metered solar facilities greater than five megawatts in size, collectively referred to as “CSI-eligible facilities”. The evaluation of preferential siting relies extensively on data analyzed in

coordination with the Board's sister agencies, with specific requirements to minimize potential negative environmental impacts. Moreover, the Board's siting rules require soil protection and preservation during the construction of CSI-eligible facilities inclusive of restoring the site to prior agricultural conditions after these projects have closed and been removed.

In addition, the Dual-Use Solar Energy Act enacted in 2021 offers the opportunity for the creation of a new segment of the solar industry in New Jersey that is compatible with the State's rich agricultural heritage. The pilot program under development for dual-use projects is anticipated to encourage the development of dual-use solar facilities that permit agricultural and horticultural lands stay in active production while simultaneously benefiting from solar electric generation. Dual-use solar can provide farmers with an additional stream of revenue, contributing to farm financial viability while increasing the production of clean energy. Importantly, a pilot program also emphasizes the scientific evaluation of the feasibility of agrivoltaics, seeking to optimize solar systems that are compatible with crop yields, soil preservation, and other key agricultural metrics. With the technical assistance of the Rutgers Agrivoltaics Program at Rutgers University, the NJDA, the State Agriculture Development Committee, and NJDEP, the Board is ensuring that the necessary steps are being taken to implement the statutory mandate to minimize any potential negative impacts to the farmland while addressing other environmental issues.

Several additional points exemplify the Board's commitment to protecting and preserving farmland, including the following:

- CSI Projects may be eligible to participate in dual-use; thus, that land would not be removed from agricultural use.
- Solar development on farmland is not allowed in the Community Solar Energy Program, pursuant to the Clean Energy Act of 2018.
- The Board used its discretion provided under the Solar Act of 2012 at subsection (s) to protect farmland.

The Board will continue its efforts to protect farmland as described above while supporting the clean energy goals of the State.

Solar Registration Program

Comment: The renewable energy budget includes \$4.1 million for the Board's solar registration programs, administered by TRC. This team processes and certifies projects for the Solar Renewable Energy Credits, Transition Incentive Program, and Successor Solar Incentive Programs, and will continue handling registrations for these programs. The registration programs will be updated as needed to comply with Board changes, including those related to the Community Solar Energy Program. The proposed budget for the Solar Registration Program has increased by about \$467,000 from the FY24 true-up budget of \$3.74 million. DCE and TRC should provide documentation explaining the reasons for this increase.

Response: Increases in the budget for solar program administration reflect the expansion of solar programs and accompanying requirements for contracted administrators. Staff note that in addition to TRC, the Board works with several administrators for solar programs, including Daymark Energy Advisors, Inc., Brattle Group, and the Rutgers Agrivoltaics Program at Rutgers University. The expansion of solar administration costs in FY25 include:

- The Community Solar Energy Program (“CSEP”), which the Board launched by Order in August 2023. This permanent incentive program, which replaces the Pilot Program from 2021, requires TRC to handle program registrations for new applicants; in FY24, more than 200 projects were registered. An additional capacity block of 250 MW will be opened for new registrations in FY25. Additionally, in FY25, the Board will integrate ESCROW requirements into the CSEP registration process and has initiated a procurement process to contract with an ESCROW agent.
- The Board has initiated a \$385,000 contract with The Brattle Group towards determining policy recommendations on net metering of solar generation.
- During FY25, the Board anticipates initiating an evaluation of the incentive levels in the Administratively Determined Incentive Program and has requested funds for such within the FY25 budget.

Offshore Wind

Comment: NJLCV stated that it appreciates the Board's investments in OSW, aligned with the Governor's clean energy vision. The commenter emphasized the importance of responsible siting of OSW based on real data.

Response: Staff appreciate the commenter's support for the OSW program and agree that the responsible siting of OSW lease areas is critical to the successful development of projects for New Jersey.

Comment: Environment New Jersey, Jersey Renews, and New Jersey Work Environment Council supported the inclusion of OSW funding in the Clean Energy Fund, specifically \$19.64 million for the Board's OSW program and \$22 million for NJEDA OSW programs. Commenters emphasized the importance of OSW in providing New Jersey with clean energy and meeting the NJ Global Warming Response Act's goal of reducing pollutants by 80% by 2050. Commenters appreciate NJBPU's efforts to maximize the effectiveness of the Clean Energy Fund and review all submitted comments.

Response: Staff thank the commenters for their appreciation and support for the OSW programs administered by both NJBPU and NJEDA.

Comment: Rate Counsel noted the Draft Budget's proposal of adding \$22 million in new funding for the WIND Institute, with \$15 million for evaluation, and \$3.3 million and \$3.7 million for administration and training, respectively. Rate Counsel emphasized that this represents a significant increase from FY24's allocations of \$127,005 for administration and \$5.1 million for evaluation. The comment states that while DCE outlines that the funds will support various training initiatives, no details are provided for the administrative and evaluation activities. Rate Counsel recommends that DCE should be required to detail the proposed spending for these activities. Rate Counsel raised concerns about the lack of transparency regarding documentation referenced in the DCE's compliance filings. Specifically, MOUs between the BPU and NJEDA for supporting the WIND Institute since FY21 were not provided to stakeholders, hindering a thorough review of OSW funding allocation and spending.

Response: Staff appreciate Rate Counsel's comments. Staff note that the DCE Compliance Filing has been corrected to reflect a shift of \$3 million from the Administration category to the Training category, resulting in a final total of \$300,000 allocated to Administration and \$6.7 million allocated to Training. The budgeted amounts are intended to promote specific activities and

initiatives based on Staff's experience and understanding of the effort required for each initiative. Further information regarding the administrative, training and evaluation activities will be provided to the Board, Rate Counsel, and the public when Board approval to expend the funds is sought. At that time, the relevant MOUs will also be made available. Additionally, Staff note the FY24 Wind Institute MOU is publicly accessible online.

Comment: Rate Counsel noted the Draft Budget includes \$7.0 million for the R&D Energy Tech Hub, aimed at supporting various clean tech programs. However, Rate Counsel raised concerns that DCE's Compliance Filing lacks clarity on the number of Clean Tech Pilot Demonstration Programs and their continuity from last year. Rate Counsel opposes using ratepayer funds for research and development, especially given substantial federal funding available. Rate Counsel noted that the compliance filing provides only a high-level program description, and key MOUs with NJEDA were not shared with stakeholders. Rate Counsel suggested that the Board should consider if the proposed spending will directly contribute to clean energy goals and if funding sources other than ratepayers are available.

Response: The publicly available FY24 Clean Tech MOU between the Board and NJEDA included funds to support Round 3 of the Clean Tech Seed Grant Program, Round 3 of the Clean Tech R&D Voucher Program, and Round 2 of the Pilot Demonstration Project. The budgeted amounts for the upcoming fiscal year directly relate to the work being undertaken by BPU in alignment with the State's clean energy goals; namely, the support of early-stage New Jersey-based clean technology companies. Further details on future initiatives will be provided to the Board, Rate Counsel and the public when Board approval to expend the funds is sought. At that time, additional applicable MOUs will also be provided. Staff recognize the existence and utility of other funding sources, and is pursuing multiple federal grants, but notes the programs highlighted above provide greater flexibility and are thus better suited to support State goals than federal funding sources.

Comment: Rate Counsel noted that the renewable energy budget allocates \$23.8 million to the OSW program, including \$18.6 million in carryover funds from FY24 and \$1.0 million in new funding. The funds are divided into administration (\$1.5 million), rebates and incentives (\$10.0 million), and evaluation (\$8.2 million). These funds support activities like consultant hiring for the fifth OSW solicitation guidance document and updating the OSW Strategic Plan, Rutgers Center for Ocean Observation Leadership, and the WIND Institute. Rate Counsel raised concerns that the DCE's compliance filing lacks detailed breakdowns of committed projects, plans for new funding, and historical context, making it difficult for Rate Counsel and stakeholders to assess cost increases or program continuation. Therefore, Rate Counsel suggests that DCE should provide detailed budget justifications, descriptions of funded activities, and related MOUs for greater transparency, especially for projects in later development stages.

Response: Staff appreciate Rate Counsel's comments and considerations. However, detailed breakdowns and justifications for each funding category would be premature at this time. They will be provided when Board approval is sought. This will include project descriptions, costs, and any related MOUs. Staff are committed to providing comprehensive information to facilitate informed review and input from Rate Counsel and stakeholders, ensuring transparency and engagement. To this end, Staff will endeavor to provide relevant historical context with increased consistency in future compliance filings. Staff also note that Board MOUs are made publicly available online.

Planning and Administration

Comment: Rate Counsel questioned the appropriateness of the conference and the allocation of \$405,257 for the FY25 Clean Energy Program Conference, given past sponsorship and expenditures of approximately \$300,000 in FY23. Rate Counsel argued for efficiency and budget reductions and requested a detailed breakdown of expenses to justify ratepayer funding.

Response: Staff note that the funding to which Rate Counsel refers to is carryforward from the previous year and no new funding has been added. The Clean Energy Conference serves as an instrumental opportunity to bring residents, industry and sector leaders together to discuss barriers, challenges, successes and trends in the clean energy sector, and to amplify the nation-leading work the State does – much of which is driven by ratepayer investment. While Staff look for efficiencies to reduce expenses and the Conference does receive funding from sponsors and some attendees, it still requires upfront expenses for conference venue and other conference administration services.

Comment: Rate Counsel acknowledged the extensive efforts by the Board, the Statewide Evaluator (“SWE”), consultants, and academic partners to improve evaluation studies for State and utility energy efficiency programs. Rate Counsel highlighted that efforts are crucial for enhancing the credibility of program assessments and cost-benefit analyses, especially as New Jersey pursues ambitious energy savings goals and recognized that utilities will eventually face financial incentives or penalties based on program performance. However, Rate Counsel also highlighted that each utility maintains its own evaluation budget, separate from resources directly benefiting customers. Rate Counsel pledged to collaborate closely with the Board, Staff, SWE, and other stakeholders to ensure efficient use of resources and avoid duplication of efforts in these evaluations.

Response: Staff recognize Rate Counsel’s active participation in the Evaluation Measurement and Verification (“EM&V”) working group, which means that Rate Counsel is well-aware of the EM&V initiatives planned, ongoing activities, and the resulting findings. Staff welcome Rate Counsel’s participation in the EM&V working group and appreciate the need to ensure sponsored evaluations are not duplicative. Rate Counsel’s continued participation in the EM&V Working Group ensures that evaluations add credibility to the claims of NJ and their partners toward the achievement of statewide climate commitments.

Rate Counsel’s feedback is considered in the annual update of the EM&V Guidelines. One example of this was the response to the EE stakeholder statement that the annual updates to the Technical Reference Manual (“TRM”) were much too involved to digest in just two weeks. In response to this feedback, the Board has requested the EM&V Working Group provide a quarterly TRM update to the EE Stakeholder meeting starting July 2024, thereby offering stakeholders sufficient time to review and comment on all incremental changes proposed to the state’s TRM. Staff will continue to look for opportunities to broaden the number and content of the briefings from the EM&V Working Group.

Staff consider the feedback and findings from the cumulative EM&V efforts to be a necessary and invaluable resource for the evolution of our Triennial portfolio towards the achievement of New Jersey’s climate commitments.

BPU Initiatives

Grid Modernization

Comment: Environment New Jersey, Jersey Renews, and New Jersey Work Environment Council are pleased with the inclusion of \$25 million in the Clean Energy Fund FY25 budget and \$15 million in Governor Murphy's FY25 budget applied toward Grid Modernization. Commenters highlighted the Board's understanding of the urgency for grid modernization shown by the Board's approval of the grid modernization rule proposal, convening of stakeholder meetings, and action taken on the resulting report recommendations. Commenters strongly supported this budget allocation and the related current filings and proposed legislation on grid modernization. Commenters suggested this funding should be seen as a down payment on future actions by the Board, Legislature, and Governor to fully fund necessary electric grid improvements.

Response: Staff agree that the Grid Modernization program can benefit from these incremental funding additions and have organized the next phase planning activities into a structured Forum, where expert working groups are collaborating in driving recommendations for optimal investment of these funds.

Staff envision that the current N.J.A.C. 14:8-5 Interconnection Rules update lays the foundation for evolution to a modernized NJ distribution grid possessing higher capacity for DER attachment, as well as more flexible and dynamic operation. Staff view Grid Modernization as a continuous long-term evolution, able to accommodate, integrate, and compensate nascent emerging technologies that can offer cleaner and more cost effective energy services, and as such agree that this initial funding can be seen as a down payment on that future state.

Comment: NJLCV expressed support for the Board's Grid Resilience and Innovation Partnerships ("GRIP") initiative for grid-enhancing and non-wire alternatives to modernize the grid in support of the state's climate, environmental, and equity goals. However, NJLCV highlighted barriers such as delays, inefficient rates, and inequitable infrastructure distribution. NJLCV urged accelerated investment in electric distribution infrastructure and a higher investment level for beneficial electrification technology such as Electric Vehicle ("EV") charging, battery storage and building systems Decarbonization. Additionally, NJLCV called for a robust stakeholder process in natural gas planning to avoid creating stranded assets and excessive renewable natural gas infrastructure while this is underway.

Response: Staff appreciate the commenter's support and agree that the emerging technologies classified as Grid-Enhancing Technologies have the potential to reduce or defer more expensive traditional infrastructure upgrades. Staff are thus pursuing investigation and demonstration of these approaches under the DOE's GRIP program. Broader development of these Non-wires Alternatives and other innovative measures are being pursued through adjacent expert working groups that are convened under the BPU-funded Grid Modernization Forum. Collaborative efforts such as these are attempting the requested acceleration in a cost effective and optimized manner, through both a grid hosting capacity increase for interconnected DER as well as market driven innovations that can better utilize and compensate the value of services provided by interoperable DER.

Staff envision that the current N.J.A.C. 14:8-5 Interconnection Rules update lays the foundation for evolution to a modernized NJ distribution grid possessing higher capacity for DER attachment, as well as more flexible and dynamic operation. This in turn can take some of the "pressure" off both electric grid and gas pipeline expansion by better serving growing electric load with local

generation. Staff view Grid Modernization as a continuous long-term evolution, able to accommodate, integrate, and compensate nascent emerging technologies that can offer cleaner and more cost-effective energy services. Current planned state funding can get this long-term evolution started and headed on the right path for accelerated transformation envisioned by the NJLCV.

Staff agree with the commenter regarding the need for a robust stakeholder process as part of the natural gas proceeding and look forward to continuing to engage with all stakeholders to address the concerns the commenter raised.

Whole House Pilot Program

Comment: EEA-NJ highlighted the need to expand the Whole House Pilot Program (“WHPP”) statewide, noting that low-income households face barriers due to issues like mold and roof leaks that are not covered by energy efficiency programs. EEA-NJ recommended allocating additional funding for FY25 to scale up the program based on lessons learned from the ongoing pilot in Trenton. Expressing concerns over the lack of new funding for the WHPP, EEA-NJ urged the Board to review and share findings from the WHPP with stakeholders.

Response: Staff appreciate EEA-NJ’s advocacy regarding the expansion of the WHPP statewide. Staff agree that this Pilot is instrumental to informing the creation of a permanent statewide program focused on addressing health and safety barriers that prevent implementation of energy efficiency measures in New Jersey’s disadvantaged communities. Planning for scalability based on lessons learned from the pilot is essential for maximizing impact and ensuring the sustainability of our efforts. As part of ongoing monitoring and program enhancement efforts, Staff have obtained federal funding to support the existing program scope, including the addition of building electrification as an option for Trenton customers. These funds are provided through the federal State Energy Program, thus removing the need for increased State funding. Staff are now coordinating regular updates on this Pilot for stakeholders through monthly EE stakeholder meetings.

Comment: Norma Sessa, managing director of the Essex County NJDCA Weatherization Assistance Program, supported collaborating with the Comfort Partners Program and expanding WHPP to weatherize more homes in Essex County. She emphasized that by implementing these programs through weatherization agencies, they can reach more customers and especially those identified through the Universal Service Fund (“USF”) program.

Response: Staff appreciate the commenter’s advocacy regarding the collaboration between New Jersey Department of Community Affairs (“NJCA”)’s Weatherization Assistance Program and BPU’s Comfort Partners Program and the expansion of the existing WHPP. Staff agree that the WHPP is instrumental in informing the creation of a permanent program and will continue to monitor progress and document lessons learned from the Pilot towards that end. In addition, an effort is underway to execute a MOU between DCA and BPU that aims to facilitate effective coordination between Comfort Partners and the Weatherization Assistance Program.

Comment: Victoria Foundation, a Newark-based funder supporting marginalized communities, urged BPU to expand the WHPP from Trenton to Newark and statewide. The commenter proposed amending Comfort Partners Program requirements to prioritize state weatherization and “lead grantees” as vendors, stating that such prioritization would enhance housing services, reduce energy use for low-income consumers, and streamline program access. Victoria Foundation recommended emphasizing trust and community responsiveness in vendor selection

to improve program uptake and avoid contractor issues. The commenter also advocated for BPU support in helping local agencies qualify as Comfort Partners vendors.

Response: Staff agree that the WHPP is instrumental to informing the expansion and creation of a permanent statewide program focused on addressing health and safety barriers that prevent implementation of energy efficiency measures in New Jersey's disadvantaged communities. Planning for scalability based on lessons learned from the pilot is essential for maximizing impact and ensuring the sustainability of our efforts. In addition, Staff are working on ways to improve the collaboration between Comfort Partners and Weatherization Assistance Program agencies so that both programs can deliver combined services in an effective manner. Staff understand it is imperative that residents trust that Comfort Partners and its vendors will successfully provide services in accordance with program goals and will keep the suggestions regarding vendor selection in mind moving forward.

Comment: Environment New Jersey, Jersey Renews, and New Jersey Work Environment Council praised the WHPP and its partnership with Isles Inc. Despite delays in this pilot program, they urged continued FY25 funding to accelerate progress. Commenters emphasized that many low-income households face barriers like mold and roof leaks that hinder energy efficiency program participation. Addressing these issues early can prevent worsening conditions and high energy bills. Commenters recommended scaling up the program, sharing results with stakeholders, particularly in Trenton and Newark, and matching FY24 funding to expand the initiative in FY25.

Response: Staff appreciate the commenter's advocacy regarding the expansion of the WHPP and agrees that this Pilot is instrumental to informing the creation of a permanent statewide program focused on addressing health and safety barriers that prevent implementation of energy efficiency measures in New Jersey's disadvantaged communities. Planning for scalability based on lessons learned from the pilot is essential for maximizing impact and ensuring the sustainability of our efforts. As part of ongoing monitoring and program enhancement efforts, Staff has obtained additional funding through federal sources to support and expand the existing program scope, including the addition of building electrification as an option for Trenton customers. The additional federal funding has made it unnecessary to increase State funding. In addition, Staff are now coordinating regular updates on this Pilot for stakeholders through monthly EE stakeholder meetings.

Comment: NJLCV recognized the success of the WHPP, which integrates health and safety hazard remediation with energy efficiency improvements, currently serving Trenton residents. Commenters noted that if successful, the pilot could benefit the entire state by improving housing quality, affordability, and efficiency. NJLCV supported expanding WHPP to include electrification and urged the BPU to extend it beyond Trenton, incorporating lessons learned and input from community organizations. The commenter recommended effective outreach and requiring utilities to contract with local weatherization providers to ensure program uptake and inclusion.

Response: Staff appreciate the commenter's advocacy on behalf of the NJLCV regarding the expansion of the WHPP statewide. Staff agree that this Pilot is instrumental to informing the creation of a permanent program focused on addressing health and safety barriers that prevent implementation of energy efficiency measures in New Jersey's disadvantaged communities. Planning for scalability based on lessons learned from the pilot is essential for maximizing impact and ensuring the sustainability of our efforts, and as done in the Pilot, an element of the statewide program would be engagement with community-based organizations and local governments. As part of ongoing monitoring and program enhancement efforts, Staff have expanded the original

program scope to include the addition of building electrification and electrification readiness measures as options for Trenton customers.

Heat Island

Comment: Environment New Jersey, Jersey Renews and the New Jersey Work Environment Council expressed strong support for the Heat Island pilot program and hope it can be paired with other Office of Clean Energy Equity (“OCEE”) programs and implemented in FY25.

Response: Staff appreciate the support for the Heat Island pilot program. The framework for the pilot is currently under development, and Staff anticipate that details will be announced in FY25. Staff will take into consideration the recommendation to pair the pilot with other OCEE programs as the framework is being developed.

Comment: NJLCV suggested that the Board use the \$2.5 million allocated to the Heat Island Pilot to complement the DEP's extreme heat resilience action plan. Commenters emphasize that this effort requires a holistic, long-term approach to address extreme heat and meet immediate community needs. The commenter noted that an early suggestion in the draft action plan recommended heat pumps as a technology to reduce energy costs for low- and moderate-income (“LMI”) customers while providing access to cooling.

Response: Staff appreciate the suggestions from the NJLCV to structure the Urban Heat Island Pilot so that it complements the NJDEP's heat resilience action plan. The framework for the pilot is under development, and Staff has met with NJDEP to discuss potential areas of need. Staff intend that the pilot will be complementary to ongoing efforts designed to address the causes and effects of urban heat islands and urban excessive heat.

Comfort Partners

Comment: NJLCV supported Executive Order 316's goal integration into the Comfort Partners program for building electrification. NJLCV emphasized the need for correction in the program's description to include all clean energy technologies, not just natural gas conversions. The commenter expressed concern about the program's management by utilities and its utilization rates as evidenced by significant carryforward in the FY25 budget. NJLCV urged greater transparency in program outcomes and advocated expanding eligibility to include more low and middle-income families, aligning with broader clean energy goals and economic equity.

Response: Staff appreciate the comments from the NJLCV and the suggestion to incorporate all clean energy technologies in Comfort Partners program evaluations. Regarding the carryforward in the FY25 budget, it is important to note that the figures provided were estimates based on available data during the public release period. As Staff close out projects and draw down funds within fiscal year 2024, the budget for Comfort Partners will be adjusted accordingly. With respect to income eligibility, Staff note that the Program is available to households with income at or below 250% of the federal poverty guidelines. Households located within a Low-Income designated census tract or NJ designated OBC census block may also qualify via the income self-certification process detailed in the Comfort Partners compliance filing. Customers who receive aid from Supplemental Security Income, Home Energy Assistance, Universal Service Fund, Lifeline, Pharmaceutical Assistance to the Aged and Disabled, Temporary Assistance to Needy Families, Section 8 Housing, Medicaid, Supplemental Nutrition Assistance Program, or General Assistance may also be categorically eligible.

Comment: PSE&G raised concerns about discrepancies in the proposed FY25 Comfort Partners budget, noting a significant amount of uncommitted carryforward dollars (\$17M versus previously reported \$3.8M) and higher committed carryforward funds (\$22.7M versus \$11M). PSE&G highlighted that past budgets had no uncommitted funds, urging an investigation and potential adjustment to ensure accurate allocation in the final funding plan.

Response: Staff thank PSE&G for their comments regarding the FY25 program budget; however, Staff are uncertain of the data source for the budget figures PSE&G provided as they do not accurately reflect budget figures in any internal records or public reports. That being said, the budget figures for FY25 were estimated based on available data at the time of the public comment period. Staff would like to note that as the fiscal year comes to an end and projects are closed out, the budget for Comfort Partners will be adjusted to accurately reflect the true level of new funding that the program will receive.

Comment: Rate Counsel raised concerns about the Comfort Partners program's declining customer targets amid rising costs. Rate Counsel highlighted that the proposed FY25 budget remains at \$57.0 million, with \$16.6 million in new funding and \$40.4 million carried over from FY24, including some utility-specific reallocations. Despite the unchanged budget, the number of served customers is decreasing—from 5,739 electric and 5,462 natural gas customers in FY24 to 4,303 electric and 3,978 natural gas customers in FY25. Rate Counsel urged the Board to increase the budget allocation for Comfort Partners in order to maintain the number of customers being served in the face of increasing costs per customer

Response: Staff acknowledge Rate Counsel's concern about declining program participants and note that increased costs for contractors, materials, and equipment have impacted capacity to serve more customers. The FY25 compliance filing reflects these higher costs. Although the Comfort Partners FY25 budget remains unchanged from FY24, Staff aim to maintain service levels and explore ways to enhance participation.

Residential Energy Assistance Payment

Comment: Rate Counsel recommended the funds for the Residential Energy Assistance Payment ("REAP") program be transferred to the USF as the USF is a well-established program that has a long track record of providing timely assistance to customers in need. Rate Counsel also recommended that this program provides leads to the Comfort Partners program for follow-up as these customers could most certainly benefit from energy savings and bill reductions.

Response: Staff value Rate Counsel's input regarding REAP and the proposal to allocate funds to the USF. In docket number QO24020120, it was explained that the REAP eligibility process could extend relief to more customers beyond those benefiting from the USF and without necessitating enrollment or application procedures. In addition, Staff concur that maximizing referrals to Comfort Partners for eligible customers is essential and will take this into consideration as the REAP is implemented.

Workforce Development

Comment: EEA-NJ highlighted that it is necessary to continue funding for energy efficiency and clean energy workforce development initiatives. EEA-NJ noted that it was unclear why the FY25 budget has no new funding for workforce development and urged the Board to enhance transparency, providing quarterly reports on workforce development metrics, especially if these initiatives are within individual programs. EEA-NJ stated that effective workforce development

must include wraparound services like childcare, elder care, and foundational education, that this is often best provided by community groups, and that funding these groups supports employment and service provision, creating a positive community ripple effect as trainees gain well-paying jobs.

Response: Staff recognize the need for a skilled, local, diverse workforce in the energy efficiency industry. This sector offers high-quality, rewarding career paths, often without requiring a college degree.

While the FY25 budget does not allocate new funds specifically for energy efficiency workforce development, the Board remains committed to collaborating with other State agencies in this crucial area to identify complementary resources and funding for workforce development. For example, the Board is actively pursuing various program-specific sources of energy efficiency workforce development funding. In addition, through Utility Settlements, the Board is reviewing proposals from the investor-owned electric and gas utility companies for energy efficiency programs that include around \$50 million to offer no- or low-cost EE technical training programs during the 2.5-year period of Triennium 2 (January 1, 2025 – June 30, 2027).

The Board is collaborating with the New Jersey Department of Labor and Workforce Development (“NJLDC”), New Jersey Institute of Technology, and Rutgers University to apply for the IRA’s Training for Residential Energy Contractors (“TREC”) formula grant funding. If the DOE approves New Jersey’s application, federal funding could support technical training programs as part of a comprehensive approach to advancing effective and equitable energy efficiency workforce development in New Jersey. For example, TREC funding could enable training centers across New Jersey to collaborate with community organizations to offer wraparound services like those recommended by the commenter to training program participants, including through grants from the NJLDC, as well as establish working relationships with employers.

BPU actively invites collaboration with utilities, workforce development boards, industry groups, community groups, labor unions, and other stakeholders. As part of the TREC initiative, the Board is sponsoring Business & Industry Leadership Team (“BILT”) meetings to further engage energy efficiency workforce development stakeholders.

Staff are committed to transparent communication with stakeholders and acknowledge the need for reporting on workforce development initiatives and impacts. For example, the monthly energy efficiency stakeholder meeting on June 20, 2024, provided workforce infrastructure research updates. Staff plan to report on key workforce development metrics regularly in the future, especially as TREC data becomes available.

Comment: NJLDC expressed appreciation for the update on the workforce study by the Heldrich Center for Workforce Development at Rutgers University and stated that they look forward to Staff presenting the results. NJLDC commented that coordination with the NJLDC is crucial for ensuring equitable opportunities across race, gender, and geography as clean energy job opportunities grow. The commenter noted that job training and career pathways will be essential for moving diverse and qualified individuals into fields related to OSW, solar, battery storage, electric vehicles, and clean electricity goals.

Response: Staff thank the commenter for its support and are pleased that the recently finalized New Jersey’s Energy-Efficiency Workforce Needs, Infrastructure, and Equity Assessment report

("EE WF status report") is now available online for public review.⁴ (Heldrich Center staff presented the findings of the EE WF status report during the monthly energy efficiency stakeholder meeting on June 20, 2024.⁵ The EE WF status report serves as a foundation for discussions regarding strategies and potential barriers to fostering high-quality job opportunities within the state's EE sector and creating pathways towards a more diverse, equitable, and skilled workforce in this critical field.

Electric Vehicles

Comment: Tesla recommended providing incentives only if funding is available at the time of delivery, stating that the option of reserving funding at the time of ordering is administratively burdensome and unnecessarily forces dealers to take the blame if the program runs out of funding; in addition, Tesla stated that this option is no longer necessary as supply chain issues are no longer slowing delivery. Tesla also suggested extending the reimbursement claim submission deadline from 14 days to at least 45 days, similar to neighboring states. Tesla claimed that there is no need for a 14-day deadline and that dealers often have to cover the incentive when a rebate claim is rejected. Lastly, Tesla encouraged BPU to improve the submission process and dealer portal, advocating for the use of automation and application programming interface integration to streamline submissions and support the program "at scale."

Response: The Program Administrator provides the option for Dealerships to reserve funding at the time of order to enhance consumer confidence in the program; funding can only be reserved at the time of order if it is still available and within the fourteen (14) calendar day window. The dealership must provide updates to the Program Administrator regarding the number of pending orders. If this option were removed as the commenter requested, the customer would have no way to guarantee that the incentive would still be available when its vehicle was delivered. Staff note that with the updated FY24 process more incentives were applied at the time of delivery, but the order option provides certainty to customers who need it due to the long delivery times that continue to exist for certain models.

Longer submission windows such as the 45 days suggested by the commenter create delays. The average timeline for payment has been under 30 days throughout the FY24 program. BPU is committed to ensuring efficient program management and consumer trust by ensuring timely processing of applications and disbursement of funds. Slower processing can restrict the ability to allocate resources efficiently and potentially reduce the number of consumers who can benefit from the incentives offered by the program.

The Board notes that Staff and the Program Administrator are continually updating the website and working with stakeholders to address concerns. At the moment, automated data entry as requested by Tesla presents security concerns.

Comment: NJEVA proposed changing the criteria for an increased incentive for LMI applicants,

⁴ <https://www.njcleanenergy.com/main/public-reports-and-library/market-analysis-protocols/market-analysis-baseline-studies/market-an> (under the Market Research section) and at https://njcefiles.s3.amazonaws.com/New_Jerseys_Energy_Efficiency_Workforce_Needs_Infrastructure_and_Equity_Assessment.pdf

⁵ A recording of the presentation, as well as the meeting slides, are available at <https://www.njcleanenergy.com/committees/energy-efficiency/archive>.

claiming that only a fraction of the targeted population can access the existing incentive due to the high upfront cost of EVs and the rising rates to finance new vehicles. According to NJEVA, income eligibility definitions for LMI programs across New Jersey are more expansive than the proposed criteria in the FY2025 Charge Up New Jersey (“CUNJ”) Program. The commenter argued that the modified adjusted gross income (“MAGI”) utilized for the LMI incentive in the FY2025 CUNJ Program was taken directly from the Used Clean Vehicle Credit by the Internal Revenue Service (“IRS”), but that this credit had not been devised to target the LMI population. NJEVA proposed the following revisions:

- a. Ensure the total combined incentive (Base Amount + LMI) is set to the maximum allowable amount of \$5,000.
- b. Amend the modified adjusted gross income to align with other state programs.

NJEVA commented that that if New Jersey seeks to reach its stated goal of 330,000 EVs on New Jersey roads by 2025, further reductions of the incentive will not support the market. Noting that the proposed flat incentive amount of \$2,000 is a 60% reduction from the launch of the CUNJ program, although less than half of the program’s ten-year life has passed, NJEVA urged a base incentive of at least \$4,000. The commenter criticized the proposed FY25 CUNJ structure as merely stretching available dollars in order to keep the program open for a longer period. Pointing to California’s EV program, NJEVA recommended that the CUNJ Program include tiers for income and an additional increased rebate level for LMI consumers

NJEVA also urged the Board to work with the Governor’s Office and the Legislature to infuse additional funds into the CUNJ Program. In the commenter’s opinion, the BPU should make “a strong push toward the finish line” rather than reducing the amount of the incentive to keep the program open longer each year.

Response: BPU recognizes the importance of equity in the transition to EV and strives to ensure our programs improve quality of life for people across all New Jerseyans. Staff acknowledge that the median Manufacturer’s Suggested Retail Price (“MSRP”) of an EV remains more expensive than the median price of an internal combustion engine (“ICE”) vehicle; however, Staff also note that the MSRP of several EV models are nearing parity with comparable ICE vehicles. Additionally, though the upfront MSRP on some models remains a barrier toward EV adoption, the total lifetime cost of an EV remains lower than for a comparable ICE vehicle, making them more affordable over the life of the EV.

The proposed income caps for the income-based incentive were designed to mirror the Federal Clean Used Vehicle Tax Credit income requirements, optimize LMI accessibility, and maximize the number of EVs on the road. To further improve convenience and accessibility for income-eligible residents, Staff are working to establish categorical eligibility to qualify for the income-based incentive. This means that people enrolled in specific assistance programs like SNAP would automatically qualify for the additional incentive without additional paperwork like tax documentation. In addition, utilizing the Federal Used EV credit income thresholds will provide consistency for dealerships and showroom staff who need to market these programs.

Although NJEVA points to the higher income limits in other NJ income-eligible programs, Staff note that the CUNJ incentive is not the only one available to EV customers, including LMI customers. The federal tax credit continues to evolve and consumers considering a new EV or

plug-in hybrid can now obtain point of sale incentives of up to \$7,500 on select models. The previous requirement that a buyer would need a tax liability of at least \$7,500 in a given year to get the full benefit of the credit functioned like an income minimum, since many low- and middle-income families owe less than that in taxes. Now, however, buyers may be eligible to get the full federal credit, regardless of their tax liability. Moreover, the maximum combined federal and CUNJ incentives total \$11,500- compensating for the average \$10,000 price delta between an ICE vehicle and an EV that NJEVA mentioned. For EV models that are at near parity with comparable ICE models, the combination of federal and state incentives results in considerable savings over ICE vehicles and puts some new EVs at the same price point as many used ICE vehicles. Taken together, these numbers mean that everyone will receive an incentive at least \$500 dollars larger than last year's incentive. Additionally, even without the income-based incentive, the combination of the federal and state incentive provides up to \$9500 in point-of-sale incentives.

During program design, Staff weighed a wide variety of program considerations, including but not limited to equity, program cost, total number of EVs adopted, and program longevity. The proposed structure balances these factors; the \$2,000 income-based incentive will improve EV equity and make EVs more affordable. While NJEVA criticizes the incentive reductions as an attempt to increase program longevity, there is value in keeping the CUNJ Program open for consistent periods of time each year. It increases awareness of the CUNJ program, and prospective buyers have longer periods to purchase or lease a vehicle. LMI buyers are less likely to plan to buy or lease and may do so only when necessary; thus, having the program open longer gives these buyers and lessees more opportunity to access an EV. Based on Staff projections and with an anticipated additional \$20 million from the State General Fund to support the CUNJ Program, the proposed CUNJ incentives will add a significant number of EVs to overall adoption and keeps the State on track to meet its 2025 EV goal.

Although the commenter appears to favor the tiered rebates in the California Clean Vehicle Rebate Project, the CUNJ incentive structure has changed to encourage income-qualified residents to receive a larger incentive, tying the increased incentive to the driver rather than the vehicle. Staff also notes that the California Clean Vehicle Rebate Project is a rebate and not a point-of-sale ("POS") incentive such as the CUNJ incentive. A POS incentive enables immediate financial assistance at the point of purchase and is generally more effective as an incentive versus a post-purchase/ lease rebate.

Staff agree with the commenter that additional funds for the CUNJ Program are desirable. Per the FY2025 Compliance Filing, in addition to the \$30 million allocated from the Clean Energy Fund, an additional \$20 million is anticipated to be appropriated from the State General Fund to support.

Comment: NJCAR commented that CUNJ funding remains inadequate to the State's EV goals, as each year the program has run out of money before the end of the fiscal year. NJCAR encouraged BPU to add \$30 million from the General Fund to supplement this program. Noting that CUNJ has used up its funding well before the end of each year it has been open, NJCAR stated that the exhaustion of funds causes months-long gaps between funding rounds and asserted that program closures have been announced with little warning, causing confusion for consumers, dealers, and manufacturers. NJCAR suggested this pattern underscores the need for

more substantial funding to meet EV mandates effectively.

NJCAR raised concerns about the proposed change to a flat \$2000 incentive for vehicles under \$55,000 and the addition of a \$2000 additional incentive for LMI customers. The commenter stated that no explanation had been offered for the change, NJCAR asserted that fewer consumers would buy EVs at this incentive level. NJCAR asked what percentage of rebates would include the LMI incentive and how many vehicles eligible for the rebates would also receive the full federal \$7500 tax credit. Comments raised concerns about the \$2,000 LMI incentive regarding its effectiveness and requested additional details. NJCAR comments suggested changes may not persuade hesitant shoppers and could reduce EV purchases, as the proposal doesn't match previous incentive levels. Comments noted that in 2023, 63% of new EVs sold were above \$55,000, suggesting that fewer consumers might benefit from the new rebate structure.

NJCAR also expressed concern that the proposed flat \$2,000 rebate will be offset by increased costs like a \$1,060 registration fee and potential sales tax of up to \$3,312. The commenter suggested reviewing Colorado's experience, where reducing incentives led to a drop in EV sales. Asserting that BPU has not provided data to support the rebate reduction, NJCAR proposed that instead of reducing rebates, New Jersey should maintain or increase them to encourage new EV purchases.

NJCAR commented that efforts to improve the Charge Up New Jersey Program's website are helpful but need further enhancement. The commenter recommended that the website post interval dates for updates; that the dealer portal provide real-time reimbursement status and payment dates, which NJCAR stated were often delayed beyond the 30-day goal; that BPU develop a better communication plan to prevent what is described as the disruptive on-again, off-again nature of the program; that the BPU use more media sources to keep the public informed; and that detailed, transaction-level data (excluding personal information) should be published for meaningful analysis.

NJCAR suggested implementing an EV Subscription Program as a way to attract curious consumers who would like to try out EVs without an initial long-term commitment, stating that such a program would increase EV adoption statewide.

Finally, NJCAR noted that the draft Compliance Filing incorrectly mentions "showrooms," although only licensed new car dealers can legally sell vehicles in New Jersey. NJCAR suggested revising the Compliance Filing to replace "showrooms" with "NJ licensed dealers" for accuracy.

Response: Staff appreciate NJCAR's concerns and note that Staff expect to receive an additional \$20 million dollars from the General Fund, which with the rollover from FY24 would raise our program budget to \$53 million.

Staff acknowledge that program closures can impact both dealers and consumers, so program longevity is one of Staff's most important considerations. To ensure transparency and minimize confusion, the amount of CUNJ funding Staff have spent and have remaining can be found on our Charge Up website. In addition, the Charge Up statistics page is updated monthly with information regarding incentives.

Staff recognize the importance of adopting policies that get the greatest number of EVs on the road and believe that the proposed incentive structure will accomplish this goal. Staff note that the maximum incentive of \$4,000 has not changed from FY24 to FY25. The structure has changed to encourage income-qualified residents to receive a larger incentive, tying the increased incentive to the driver rather than the vehicle. As NJCAR notes, vehicles under \$55,000 are a minority of eligible vehicles, making this structure more effective at encouraging LMI residents to consider EV adoption. As indicated in the Compliance Filing, the income-qualified adder would be for residents with a maximum income of \$75,000 for single filers and \$150,000 for household filers. In addition, Staff are working to determine categorical eligibility to qualify for the income-based incentive to make the application process simpler. In addition, residents can stack BPU's incentive on top of federal incentives to save even more money; Staff note that the federal government has recently modified their tax credit so that eligible residents, regardless of tax liability, can save up to \$7,500 at the point-of-sale. Combining these incentives provides significant savings to customers, up to \$11,500, making EVs within reach for many New Jersey residents. With respect to NJCAR's criticism of the \$55,000 MSRP cap, Staff note that this cap is legislatively mandated.

Staff cannot comment on fees and taxes outside of the Clean Energy budget, including the EV registration fee and the proposed future lifting of the EV sales tax exemption. However, Staff did take the changes in fees into consideration in determining the structure of the program. The minimum incentive in FY24 was \$1,500 and the proposed structure raises that incentive minimum to \$2,000. In addition, Staff note that while fees may be increasing, the availability to receive point-of-sale incentives is also increasing. Current residents may be eligible for additional federal incentives as well, with the stacked incentives resulting in a price reduction of between \$5,750 and \$11,500.

Staff and the Program Administrator are continually updating the website and working with stakeholders to address concerns; Staff will take NJCAR's suggestions under consideration as it works to improve the website. With respect to incentive reimbursement, Staff also note that the average invoice payment timeframe for FY24 is less than 25 days.

Staff agree that it is important for consumers to have choices that meet their unique lifestyles and needs. However, Subscription Programs do not currently provide customers with a Battery Electrical Vehicles under \$55,000 at all times. Until that legislatively mandated threshold has been met, incentives may not be utilized. Staff look forward to continued discussions on this issue.

With respect to the use of the term "showrooms" in the compliance filing, Staff notes that N.J.S.A. 39:10-19 et al. (L.2015, c.24), as amended in 2015, permits up to 4 showrooms per manufacturer of a zero-emissions vehicle in the State.

Comment: NJLCV supported the increased CUNJ funding of \$50 million but questioned why more isn't drawn from the Clean Energy Fund and FY24 carryforward of over \$76 million. The commenter suggested reallocating some of these funds to ChargeUp to prevent early depletion, advocating for robust funding, ideally \$65 million, to meet EV goals amid new "punitive" EV registration fees. NJLCV supported simplifying incentives but suggested revising income-based

rebate levels to align better with potential EV buyers, proposing either federal IRS income thresholds or a uniform \$4,000 incentive for all customers.

NJLCV acknowledged the significant funding increase for electric vehicle programs, particularly through carryforward funds. However, the commenter asked for an explanation of the \$32.9 million increase in the Multi-Unit Dwelling Charger (“MUD”) Program, given peak past spending levels of \$5.25 million. NJLCV thanked the Board for explaining the delay in utilization of e-mobility funding.

Response: During program design, Staff weighed a wide variety of program considerations including but not limited to equity, program cost, total number of EVs adopted, and program longevity. The Board has determined that the annual funding mandated by legislation is sufficient to incentivize the purchase of EVs and eventually to transform the market, especially in light of additional incentives discussed below. The proposed income caps for the income-based incentive were designed to mirror the Federal Clean Used Vehicle Tax Credit income requirements and designed to optimize LMI accessibility and maximize the number of EVs on the road. With respect to the EV registration fee, Staff cannot comment on fees and taxes outside of the Clean Energy budget. However, Staff did take the changes in fees into consideration in determining the structure of the program. The minimum incentive in FY24 was \$1,500 and the proposed structure raises that incentive minimum to \$2,000. In addition, while fees may be increasing, the availability of point-of-sale incentives is also increasing. Current residents may be eligible for additional federal incentives as well, which will result in a price reduction of between \$5,750 and \$11,500 with stacked incentives.

As regards the increased funding for MUD, Staff emphasize that this is a critical program that allows for increased EV adoption and bridges equity concerns, as many people in MUDs would otherwise be unable to charge at home. It is also the most popular BPU EV charger program. Staff also note that the funding illustrated at the stakeholder meeting for FY24 was for the first six months of the program; the carry over funding for the MUD program is to cover the grants encumbered in FY23 and FY24, as well as those projected to be awarded in the last six months of FY24. With these allocations considered, the funding increase over last year is modest and warranted, given the new simplified process rolled out at the start of 2024 and anticipated increased outreach.

Comment: Environment New Jersey, Jersey Renews, and New Jersey Work Environment Council comment that the CRA Straw Proposal has used the State Energy Initiative to transfer SBC dollars to other sections of the New Jersey budget. The commenters state that in recent years, these transfers have been exclusively for NJ Transit and in the last two fiscal years have been explicitly for electric bus infrastructure investments. Stating that such a use aligns with the Clean Energy Fund's goals, as reflected in the FY25 CRA Straw Proposal allocation for electric school buses and Medium Heavy Duty (“MHD”) depots, the commenters state that in reality those dollars have continually been siphoned off for NJ Transit’s operating budget.

Environment New Jersey also made comments during the EV stakeholder session, expressing concern over the new CUNJ incentive structure, particularly given the changes in the state to EV registration fees and sales tax exemptions that will affect EV drivers. Environment New Jersey recommended consistency for the program and supported an LMI adder. It also expressed

concern regarding the delays in implementing MHD proposals.

The commenter noted that electric mobility is an important way to bridge transportation inequities while simultaneously transitioning to clean transportation and pointed to Go Trenton as an example of a successful micro-mobility program.

Environment New Jersey also expressed concerns over the gradual reintroduction of sales tax and registration fees, stating that these fees, together with CUNJ proposed policy changes, would stunt EV adoption. Specifically, Environment New Jersey objected to reducing the CUNJ incentive to \$2,000 and questioned whether an incentive of \$4,000 after the proposed income-based adder would be sufficient for LMI people to purchase an EV. The commenter recommended maintaining the base incentive at \$4,000 and then implementing an LMI adder on top of the \$4,000 base incentive.

Response: Staff recognize the importance of electrifying medium and heavy-duty vehicles to achieving New Jersey's clean energy goals. It is Staff's understanding that the \$71.2 million for this budget item in FY25 will continue to be used primarily to support NJ Transit energy-related initiatives, including bus electrification and other clean energy projects, and the costs of State departments' purchases of products in compliance with L. 2020, c. 117 (N.J.S.A. 13:1E-99.126 et seq.), which prohibited the provision or sale of certain single-use carryout bags, plastic straws, and polystyrene foam food service products. To support the buildout of the medium and heavy-duty EV ecosystem in New Jersey, Staff have been diligent in seeking stakeholder input on the subject of medium and heavy-duty vehicle EV charging and has proposed to add funding for an MHD Depot Charging Program and funding for a Vehicle to Grid School Bus Pilot in consultation with NJDEP's School Bus Program.

Staff support E-mobility programs and note the continued funding of the line item for work in this area.

Staff cannot comment on fees and taxes outside of the Clean Energy budget such as the EV registration fee or sales taxes. During program design, Staff weighed a wide variety of program considerations including but not limited to equity, program cost, total number of EV adopted, and program longevity. The proposed structure balances these factors to create a program that best serves the public good, while the proposed income caps for the income-based incentive were designed to mirror the Federal Clean Used Vehicle Tax Credit income requirements; to optimize LMI accessibility; and to maximize the number of EVs on the road. Staff also note that while fees may be increasing, the availability of receiving point-of-sale incentives is also increasing. Current residents may be eligible for additional federal incentives as well, which when stacking incentives, will result in a price reduction of between \$5,750 and \$11,500.

Comment: Noting that the popularity of the CUNJ Program may indicate that incentives can be reduced, Rate Counsel emphasized it does not support the use of electric utility ratepayer funds to incentivize EVs, on the basis that EVs are part of the transportation industry and not a utility service. Rate Counsel also noted that the Compliance Filing does not include the cost to ratepayers of the utilities funding programs to Make-Ready for public, residential, multi-unit and workplace charging, or the expansion of the electric system that will be needed to support EVs. Rate Counsel encouraged the Board to estimate and publish how much it plans to require

ratepayers to pay for EV related subsidies, who is receiving those funds, and the public utility service that ratepayers will receive in exchange for their payments.

Given the magnitude of the federal and state incentives for new vehicles, at \$9,500 for non-LMI and \$11,500 for LMI customers, Rate Counsel was skeptical of whether the proposed incentives are set at the appropriate level to avoid “free riders,” or those that would have purchased the vehicles without the CUNJ incentives.

Rate Counsel recommended that BPU should phase out EV and charger incentives for non-LMI customers to prevent lapses in program funding and allow more LMI customers to access the incentives. Rate Counsel supported the proposed \$4,000 EV incentives for LMI customers in FY25 as a good starting point and encouraged the BPU to track and report the results of this effort and adjust the incentives if participation by LMI customers does not materialize as anticipated. Over the long term, Rate Counsel recommended calculating the actual incentive amount using income level to differentiate LMI incentives from non-LMI incentives and provide greater support for those who need it most. Rate Counsel recommended goals be set for LMI participation in EV and charger programs, that Key Performance Indicators (“KPIs”) for the number of EVs and chargers incentivized for LMI and non-LMI customers be set, and that both goals and KPIs be available on the BPU website.

Noting that the CUNJ Program as proposed adds risk for dealers, Rate Counsel supported providing dealerships more time to file rebate requests without risk of being unable to recoup funds already provided to customers.

Rate Counsel questioned whose responsibility it would be to enforce the requirements that (1) purchasers must live in New Jersey for two years after their EV purchase, and (2) the EV must remain registered in New Jersey for at least 36 consecutive months. If a low-cost reporting program to monitor these two requirements were developed, Rate Counsel would like the opportunity to provide feedback on that program.

Rate Counsel requested that the BPU provide actual spending for subcomponents within BPU Initiatives, such that stakeholders can evaluate the spending relative to the initial and true-up budgets for CUNJ, EV programs as a whole, and other, non-EV, program efforts. Rate Counsel noted that such information is essential to evaluate whether the resulting utility rates are just and reasonable charges for public utility services for CUNJ and other EV program efforts.

Rate Counsel supported electrifying school buses or fleets, especially those that provide transportation options for low- and moderate-income residents and recommended focusing on buses/fleets that are located in or travel through overburdened municipalities.

Rate Counsel recommended the elimination of incentives for e-bikes and e-scooters because they do not contribute to the goals of the Energy Master Plan of reducing harmful emissions. Rate Counsel highlighted that the Charge Up Compliance Filing does not mention safety issues related to e-bikes and e-scooters and offers no basis for utility ratepayers to subsidize their sale.

Rate Counsel also provided verbal comments and suggested that the impact of the incentives should be studied.

Response: Staff note that the Charge Up program is legislatively mandated to be funded with \$30 million in Clean Energy funds for ten years. FY25 is the fifth year of the program. In regard to the utility programs, those are not included in the Clean Energy budget as they are not funded through the Societal Benefit Fund. Staff does note that BPU charger programs are designed to work in conjunction with the utility programs and that they are coordinated to ensure there is not duplication. Awardees of BPU funding are released on a regular basis and the lists can be found in the announcement press releases.

With respect to the incentives available when federal funding is considered, believes that the proposed FY25 incentive is focused on incentive-essential residents by linking the larger incentives to the income of the resident, rather than the cost of the vehicle. Since the new federal point-of-sale incentives significantly reduce the cost of the vehicle, this restructuring makes sense at this time. The Board has a legislative mandate to monitor the disbursement of incentives under the incentive program and to annually reassess the design and implementation of the incentive program; the Board is also authorized to develop additional incentives consistent with the goals of L. 2019, c. 362 (N.J.S.A. 48:25-1 et al.) in order to ensure efficient and equitable electrification of transportation in the State. N.J.S.A. 48:25-4.

Staff agree with Rate Counsel that ultimately it will be low-income residents who will need the most assistance during this transition, but also recognize that while the market has moved beyond Early Adopters it is still important to provide robust incentives to a majority of the market. Staff continue to monitor the market and to propose adjustments to the program to reflect changes, Staff anticipate continuing to do this in the coming years. Staff will take Rate Counsel's recommendations regarding goals and KPIs under consideration in this effort.

Staff note that the 14-day requirement to reserve funding is in place to ensure that funds do not run out in the time between when the dealer funds the incentive and when it is reserved. Lengthening that time period to protect dealers may restrict the ability to allocate resources efficiently and potentially reduce the number of consumers who can benefit from the incentives offered by the program.

Administrative requirements, including auditing, are performed by the program administrator. Staff are continually looking to improve monitoring of compliance of all program requirements.

Actual expenditures are reported as part of the true-up process every year. For the FY25 budget, as for all initial budgets, the expenditures are only estimates. Staff closely review the expenditures throughout the fiscal year and provide recommendations for reallocation of NJCEP funds as part of the true-up process.

Staff note that currently the only School Bus funding available in the Clean Energy budget is a legislatively mandated program administered by the NJDEP.

In regard to the E-Mobility funding, Staff note that e-bike and e-scooter incentives are two of the

proposals referenced in a July 2022 study⁶. Staff are also aware that the Energy Master Plan calls for a general reduction in Vehicle Miles Traveled as an important step to reducing emissions and that in other areas of the county e-bikes have proven to be an important equity area to ensure that lower-income residents can access clean transportation options. BPU strives to ensure our programs improve quality of life for all New Jerseyans. Staff also note that there are already laws on the books relating to the safety concerns of e-bikes.

Staff note that the impact of the programs are continually monitored and points to the significant increase in EV adoptions, tracked by NJDEP, since Charge Up was established.

Comment: At the public stakeholder meeting, Ari Messenger, the Operations Manager for Cherry Hill Township, suggested that ride-on mowers be added to the eligible vehicles for Clean Fleet.

Response: Staff thank the commenter. This is an evolving area, and Staff will continue to monitor.

Comment: ChargeVC and Environmental New Jersey expressed concern that the CUNJ program is insufficiently funded to meet New Jersey's EV goals. The commenters asserted that the Board has the statutory authority to adjust funding, which commenters believe should increase yearly. In addition, ChargeVC stated that the law stipulates funding from other sources than the clean energy funds and that the Board should spearhead coordination with other agencies and stakeholders to discuss strategic planning.

ChargeVC commented that throughout CUNJ's history, the Charge Up incentive funding does not last an entire year, which can deter prospective buyers and dealers. The commenters recommended continuous funding through a fiscal year with the funding spread over all twelve months with four clearly defined program windows of availability to allow all participants to plan better.

ChargeVC and Environmental New Jersey expressed concern that the proposed MAGI limits for the proposed program appear to track federal guidelines for used EVs and are significantly lower than federal guidelines for new EV tax credits. The commenters asserted that it is inappropriate to look for income guidelines for a used vehicle in a program that incentivizes new EVs and that the proposed guidelines could exclude a large portion of potential EV buyers. ChargeVC and Environment New Jersey recommended using the federal eligibility brackets for new EVs and maintaining the current \$4,000 incentive level. In addition, the commenters stated that the statute contemplated that the Board would revise incentive levels incrementally, in response to dropping EV prices and that the Board has thus far reduced incentives too much and too quickly.

ChargeVC and Environmental New Jersey expressed concerns that the CUNJ Program suffers from a lack of reporting, transparency, and stakeholder engagement, with no analysis or data to support the significant changes in the FY25 proposal from previous years and little time to

⁶ New Jersey Overburdened Communities Electric Vehicle Affordability Program Study, July 2022, <https://nj.gov/bpu/pdf/Draft%20Report%20-%20New%20Jersey%20Increasing%20Electric%20Vehicle%20Access%20in%20Overburdened%20Communities%20Study.pdf>.

respond. The commenters encouraged BPU to enhance its reporting and transparency practices and to engage more comprehensively with stakeholders during the planning process.

Response: As stated in the FY25 Compliance Filing, in addition to the \$30 million allocated from the Clean Energy Fund, an additional \$20 million is anticipated to be appropriated from the State General Fund to support EVs. With the additional \$20 million for the program provided by the State budget, Staff have estimated that the proposed incentive structure, will provide incentives to over 30,000 vehicles, adding a significant number of EVs to overall adoption and keeping the State on track to meet its 2025 EV goal.

As for funding beyond the proposed \$20 million in General Fund allocation, Staff recognize the impact that additional funding would have on the program but also acknowledges that the Clean Energy Program has numerous impactful programs and must balance funding requests from each of these programs. In order to meet the obligations of the EV Law and to grow the other EV programs, as well as the other Clean Energy Programs outlined in the FY24 budget, the current allocation is appropriate for this program. To the extent the commenter references the Board's ability to pursue grants, Staff continue to explore all other sources of funding.

Staff utilized the federal MAGI limits for the used EV program to more closely align with the goal of providing funding to incentive-essential residents. Staff believe that the proposed incentive structure, which includes utilizing the federal income threshold for the used EV program, will result in a significant number of EVs on the road, will effectively improve equity, and will result in a long running, stable program. BPU weighs a wide variety of program considerations in developing incentive levels, including but not limited to equity, program cost, total number of EVs adopted, and program longevity. Staff review the incentive levels continually, both the impact within New Jersey and the impacts of other state programs. Market conditions also influence the setting of incentive levels. As the EV market matures, EV prices continue to drop, and federal policy evolves, it is anticipated that incentive levels will reflect these changes.

Staff understand that a continuously funded program provides more consistency to consumers, which is why Staff consider the longevity of the program when determining the structure of the program. Additionally, dealers and potential buyers can see in real time how much funding is left on the Charge Up website. The proposed structure maximizes these factors to create a program that best serves the public good and will improve EV equity. Staff note that Federal tax credits continue to evolve and eligible consumers considering a new EV can now obtain point-of-sale federal incentives of up to \$7,500 on select models, which will result in a price reduction of between \$5,750 and \$11,500 with stacked incentives.

Staff reject ChargEVC's claim that there was insufficient engagement with stakeholders in developing the proposed FY25 CUNJ Program. Staff note that there is regular Board Staff engagement with stakeholders.

Federal Funding

Comment: EEA-NJ commended the Board for securing historic grant funding from the federal IRA and Infrastructure Investment and Jobs Act to expand Clean Energy Program initiatives. They urged the Board to coordinate federal funding with the FY25 Comprehensive Resource Analysis. They stated that it was unclear if the absence of new NJCEP workforce funding was

due to a shift to program-specific approaches or if the anticipated TREC grant funds were replacing the workforce line item. EEA-NJ asserted that greater transparency is needed for stakeholders to provide informed comments on funding allocations.

Response: Staff note that the funding allocated for workforce training in previous fiscal years was determined not to be necessary for the coming fiscal year. Staff acknowledge EEA-NJ's support for maximizing the impact of clean energy workforce initiatives through federal grants. As noted above, while the FY25 budget maintains the previous year's workforce development allocation, it leverages federal grants and programmatic funds strategically. Two primary examples are the second program cycle of energy efficiency programs and the TREC grant, which will strengthen existing workforce infrastructure in New Jersey, making it adaptable and sustainable beyond the five-year grant period. This approach to leveraging funds and resources beyond the FY25 clean energy budget bolsters the Board's commitment to building a long-term, resilient workforce that can keep pace with industry changes. Further details on funding and workforce development programs will be shared with stakeholders upon TREC finalization. However, the Board's commitment to a strategic, sustainable approach is evident in initiatives like BILT; collaboration with the NJDOL, academic institutions, and working groups; and the EE WF infrastructure and equity research report.

STAFF RECOMMENDATIONS

The CRA Straw Proposal sets out, in detail, the rationale utilized by Staff in developing the Proposed FY25 Funding Level. Having reviewed and considered the comments regarding this funding level, Staff recommends that the Board set, adopt, and approve the Proposed FY25 Funding Level and Proposed FY25 Utility Payments.

DISCUSSION AND FINDINGS

The CRA Straw Proposal recognizes the value of RE and EE as a foundational energy resource that, when delivered cost-effectively, reduces the cost of energy for all ratepayers while providing additional benefits. These benefits include the health and safety improvements associated with improved air quality, lower environmental compliance costs, increased grid reliability, and increased economic development opportunities in the form of jobs in the clean energy economy and the opportunity for New Jersey businesses to compete more effectively with out-of-state businesses. In addition, the programs and initiatives in the CRA Straw Proposal will help New Jersey to continue to establish itself as a national leader in clean energy programs.

Staff distributed the CRA Straw Proposal, including the FY25 Funding Level, to the BPU listserv and posted it on the NJCEP website. Staff accepted oral comments at a public hearing and solicited written comments from stakeholders and the public, which have been summarized and responded to in this Order. Accordingly, the Board **HEREBY FINDS** that the process utilized in developing the Proposed FY25 Funding Level was appropriate and provided stakeholders and interested members of the public with notice and opportunity to comment.

The Board has reviewed the CRA Straw Proposal, including, without limit, the Proposed FY25 Funding Level set forth therein, the oral and written comments submitted by stakeholders, and Staff's recommendations regarding the same. The Board agrees with the rationale supporting the Proposed FY25 Funding Level in the CRA Straw Proposal and agrees with and accepts Staff's recommendations. The Board **HEREBY FINDS** that the Proposed FY25 Funding Level will benefit customers by reducing energy usage and associated emissions, will provide

environmental benefits, and is otherwise appropriate. Therefore, the Board **HEREBY APPROVES** the CRA Straw Proposal's Proposed FY25 Funding Level.

The Board has reviewed Staff's recommendation for allocating the funding to the State's electric and natural gas public utilities. The Board **HEREBY FINDS** that the recommended allocation of the FY25 funding to the electric and natural gas public utilities is reasonable and consistent with the methodology approved by the Board in its Order dated September 9, 2008 in Docket EO07030203.⁷ Based on the above, the Board **HEREBY APPROVES** the Proposed FY25 Utility Payments (as approved, "FY25 Utility Payments").

The FY25 Utility Payments shall be made consistent with the Board's existing policies and procedures including, but not limited to, the utilities' deduction of monthly Comfort Partners Program costs from the stated FY25 Utility Payments amounts. In addition, the Board **HEREBY AUTHORIZES** the utilities to continue utilizing deferred accounting, through the SBC, for the NJCEP revenues and expenses, as set out in previous Orders of the Board. The Board will consider ratemaking issues, as appropriate, in the context of specific utility rate filings with the Board.

The Board notes that Staff circulated its proposed FY25 programs and budget on May 24, 2024, and those programs and budget are addressed in a separate Order.

⁷ In re Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for the 2009 – 2012 Clean Energy Program, BPU Docket No. EO07030203, Order dated September 30, 2008.

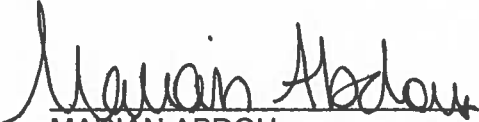
This Order shall be effective on June 27, 2024.

DATED: June 27, 2024

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


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COMMISSIONER

ATTEST: 
SHERRIL 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 COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCE
ANALYSIS FOR FISCAL YEAR 2025 CLEAN ENERGY PROGRAM

DOCKET NO. QO24040223

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New Jersey's Clean Energy Program™



DIVISION OF CLEAN ENERGY

Comprehensive Energy Efficiency & Renewable Energy Resource Analysis

Funding Levels – Fiscal Year 2025

June 27, 2024

Contents

LIST OF ACRONYMS	3
HISTORY/BACKGROUND	5
ENERGY MASTER PLAN	6
FUNDING LEVELS	7
ENERGY EFFICIENCY	8
RENEWABLE ENERGY	9
OTHER DISTRIBUTED ENERGY RESOURCES	15
BPU INITIATIVES	16
ELECTRIC VEHICLES	17
STATE ENERGY SERVICES	18
OUTREACH AND EDUCATION	19
EVALUATION	20
SBC COLLECTION SCHEDULE	21
CONCLUSION	23

LIST OF ACRONYMS

- ACE: Atlantic City Electric
- ADI: Administratively Determined Incentive
- AEG: Applied Energy Group
- Board or BPU: New Jersey Board of Public Utilities
- C&I: Commercial & Industrial
- CEA: Clean Energy Act of 2018
- CSI: Competitive Solar Incentive
- CUNJ: Charge Up New Jersey Program
- CRA: Comprehensive Energy Efficiency & Renewable Energy Resource Analysis
- DCE: Division of Clean Energy
- DEP: Department of Environmental Protection
- DP: Phase II Design Phase
- DPMC: Division of Property Management and Construction
- ECC: Energy Capital Committee
- EDA: Economic Development Authority
- EDECA: Electric Discount and Energy Competition Act
- EE: Energy Efficiency
- EM&V: Evaluation, Measurement, and Verification
- EMP: Energy Master Plan
- EO: Executive Order
- EPA: Environmental Protection Agency
- ES: Energy Storage
- ETG: Elizabethtown Gas
- EV: Electric Vehicle
- EV Law: Electric Vehicle Act
- FC: Fuel Cell
- FS: Phase I Feasibility Studies
- FY: Fiscal Year
- GRIP: Grid Resilience and Innovation Partnerships
- LMI: Low and Moderate Income
- MHD: Medium and Heavy Duty
- MOU: Memoranda of Understanding
- MUDs: Multi-Unit Dwellings
- MW: Megawatts
- MWh: Megawatt-hour
- NJ: New Jersey
- NJBPU: New Jersey Board of Public Utilities

- NJCEP: New Jersey's Clean Energy Program
- NJIT: New Jersey Institute of Technology
- NJNG: New Jersey Natural Gas
- NJSIP: New Jersey Storage Incentive Program
- OMB: Office of Management and Budget
- OSW: Offshore Wind
- OSWSP: Offshore Wind Strategic Plan
- OSWSP 2: Second Offshore Wind Strategic Plan
- OWEDA: Offshore Wind Economic Development Act
- PBI: Prebuild Infrastructure
- Pilot Program: Community Solar Pilot Program
- PJM: Pennsylvania Jersey Maryland
- PSE&G: Public Service Electric and Gas
- RAP: Rutgers Agrivoltaics Program
- RCGB: Rutgers University's Center for Green Buildings
- RE: Renewable Energy
- RFP: Request for Proposal
- RFQ: Request for Quotation
- RMI: Research and Monitoring Initiative
- RU: Rutgers University
- SAA: State Agreement Approach
- SAA 2.0: State Agreement Approach 2.0
- SBC: Societal Benefits Charge
- SES: Division of State Energy Services
- SFI: State Facilities Initiative
- SJG: South Jersey Gas
- SREC: Solar Renewable Energy Certificate
- SREC-II: Solar Renewable Energy Certificate II
- SuSI: Successor Solar Incentive Program
- TCDER: Town Center Distributed Energy Resources
- TI: Transition Incentive
- TRC: TRC Energy Solutions
- USDOE: United States Department of Energy
- USF: Universal Service Fund

HISTORY/BACKGROUND

On February 9, 1999, the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. (“EDECA”), was signed into law. Among other things, EDECA created the societal benefits charge to fund programs for the advancement of energy efficiency and Class I renewable energy technologies and markets in New Jersey. EDECA also charged the New Jersey Board of Public Utilities with initiating proceedings and undertaking a comprehensive energy efficiency and renewable energy resource analysis (“Comprehensive Resource Analysis” or “CRA”) in New Jersey. The Comprehensive Resource Analysis would be used to determine the level of funding for Energy Efficiency (“EE”) and Class I Renewable Energy (“RE”) programs statewide. Collectively, these programs form New Jersey’s Clean Energy Program™. Over the past 20 years, the programs have significantly reduced energy usage, reduced greenhouse gas emissions, delivered clean, local sources of renewable energy, and resulted in billions of dollars of energy cost savings to New Jersey ratepayers.

From 2001 through 2011 (“FY12”), the Board established four-year funding levels as envisioned in the Act. Since 2012, the CRA has provided a single year funding level in order to advance the goals of the New Jersey Clean Energy Program (“NJCEP”).¹

On January 31, 2018, Governor Phil Murphy signed Executive Order No. 8 (“EO8”) ², which directed the New Jersey Board of Public Utilities (“BPU”) and all agencies with responsibility under the Offshore Wind Economic Development Act (“OWEDA”) to “take all necessary action” to fully implement OWEDA and begin the process of moving New Jersey towards a goal of 3,500 megawatts of offshore wind energy generation by the year 2030. On November 19, 2019, Governor Murphy signed Executive Order No. 92 (“EO92”), which increased the goals for offshore wind energy generation to 7,500 megawatts by 2035. In September 2022, Executive Order 307 further increased the Offshore Wind (“OSW”) goal to 11,000 megawatts (“MW”) by 2040. In November 2022, a revised solicitation schedule was announced laying out how New Jersey expects to meet the new goal.

On May 23, 2018, Governor Murphy signed the Clean Energy Act, L. 2018, c. 17 (“CEA”), which takes several critical steps to improve and expand New Jersey’s renewable energy programs and establishes ambitious energy reduction targets. The CEA requires 21% of the electricity sold in the State to be from Class I renewable energy sources by 2020, 35% by 2025, and 50% by 2030. Additionally, the CEA provides a platform to reform the State’s solar program by making near-term structural changes to ensure that the program is sustainable over the long term and establishes a community solar energy program to allow low-income New Jersey residents to benefit from solar energy. Importantly, the CEA also established new energy savings targets of at least 2% annually for electric distribution companies and at least 0.75% for gas distribution companies, to be achieved in the prior three years within five years of implementation of their programs.

¹ In the early years, the budgets and programs were based on calendar years, but in 2012, the Board approved the budgets and programs on fiscal years to align with the overall State budget cycle.

² Executive Order No. 8.

The Board initiated its first CRA proceeding in 1999 and issued the first CRA Order in 2001. The 2001 Order set funding levels, the programs to be funded, and the budgets for each of those programs for the years 2001 through 2003. Since then, the Board has issued numerous orders setting the funding levels, related programs, and program budgets for the years 2004 – Fiscal Year 2022.

From 2001 to 2006, the State’s electric and natural gas utilities managed the programs. In 2004, the Board determined that it would manage NJCEP going forward, and in 2005-2006, the Board issued a request for proposal (“RFP”) to contract the necessary administrative services to assist in oversight. In 2006, the Board engaged Honeywell, Inc. to manage the RE and residential EE programs and TRC Energy Solutions (“TRC”) to manage the Commercial & Industrial (“C&I”) EE programs. In 2007, the Board engaged Applied Energy Group (“AEG”) as the NJCEP Program Coordinator. Following multiple extensions, these contracts terminated on March 31, 2016.

In April 2015, the Board, through the Department of the Treasury, Division of Purchase and Property (“Treasury”), issued RFP 16-X-23938 seeking proposals for a single Program Administrator to provide the services then being provided by Honeywell, TRC, and AEG (“2015 RFP”). On December 1, 2015, Treasury awarded the Program Administrator contract to AEG. Subsequently, on January 13, 2017, TRC Environmental Corporation acquired AEG’s New Jersey operation, including the NJCEP Program Administrator contract, and assumed AEG’s rights and obligations thereunder. TRC subcontracted portions of the work under its contract to CLEARResult Consulting, Inc. and Energy Futures Group, Inc. TRC has managed the programs since March 1, 2016, which marked the conclusion of the transition period set out in the RFP. Since October 2021, TRC has managed the programs without subcontractors.

ENERGY MASTER PLAN

On May 23, 2018, Governor Murphy signed Executive Order No. 28 (“EO28”), directing the BPU to spearhead the committee to develop and deliver the new Energy Master Plan (“EMP”). The committee was comprised of senior staff designees from the following state agencies: Board of Public Utilities, Department of Community Affairs, Economic Development Authority, Department of Environmental Protection (“DEP”), Department of Health, Department of Human Services, Department of Transportation, Department of Labor and Workforce Development, and Department of the Treasury. The committee was tasked with developing a blueprint for the conversion of the State’s energy production profile to 100% clean energy by January 1, 2050, with specific proposals to be implemented over the next 10 years.

On January 27, 2020, following months of research, review, and stakeholder input, the 2019 EMP was unveiled. The EMP outlines seven key strategies to achieve 100% clean energy by 2050: reduce energy consumption and emissions from the transportation sector; accelerate deployment of renewable energy and distributed energy resources; maximize energy efficiency and conservation and reduce peak demand; reduce energy consumption and

emissions from the building sector; decarbonize and modernize New Jersey’s energy system; support community energy planning and action in underserved communities; and expand the clean energy innovation economy.

On January 20, 2023, Governor Murphy announced that the State would begin planning for the development of a new EMP for release in 2024 that will update and expand on the pathway to achieving a 100% clean energy economy by 2050 set forth in the 2019 EMP.

On February 14, 2023, through E0315, Governor Murphy declared that the policy of the State is to advance clean energy market mechanisms and other programs in order to provide for 100% of the electricity sold in the state to be derived from clean sources of electricity by January 1, 2035.

The BPU, with guidance from other State agencies and assistance from a consultant, will coordinate the State’s efforts to develop a 2024 EMP that makes updates to the State’s roadmap to 100% clean energy by 2035 and that provides specific proposals to be implemented both in the short-term and longer-term to achieve this goal. This process will include public hearings and allow for ample opportunities for stakeholders to provide feedback. In December 2023, Energy and Environmental Economics, Inc. was selected as the consultant to prepare the 2024 EMP. Four public hearings are scheduled in May-June 2024. Staff anticipate finalizing the 2024 EMP by the end of the year.

FUNDING LEVELS

The funding recommendations for FY25 considered NJCEP’s historic results and forecasts for the year. BPU Staff (“Staff”) is recommending that the Board maintain the Societal Benefits Charge (“SBC”) funding level of \$344,665,000 for FY25. The following table summarizes the appropriate funding levels for NJCEP’s FY25 budget.

Proposed FY25 Funding Levels*		
CEP Budget Category	FY25 New SBC Funding	Total FY25 Funding
Total NJCEP + State Initiatives	344,665,000	786,161,592
State Energy Initiatives	71,200,000	71,200,000
Total NJCEP	273,465,000	714,961,592
Energy Efficiency Programs	55,248,963	195,471,296
C&I EE Programs	19,375,745	55,811,570
New Construction Programs	35,873,218	60,404,447
State Facilities Initiative	0	59,991,206
Acoustical Testing Pilot	0	3,277,175
LED Streetlights Replacement	0	15,986,898
Distributed Energy Resources	44,039,929	93,188,194

CHP - FC	14,539,929	31,500,694
Microgrids	0	1,687,500
Energy Storage	29,500,000	60,000,000
RE Programs	5,126,349	23,770,070
Offshore Wind	1,000,000	19,643,721
Solar Registration	4,126,349	4,126,349
EDA Programs	29,000,000	29,000,000
NJ Wind	22,000,000	22,000,000
R&D Energy Tech Hub	7,000,000	7,000,000
Planning and Administration	15,949,548	65,748,942
BPU Program Administration	10,000,000	10,000,000
Marketing	0	7,096,055
CEP Website	0	1,500,000
Program Evaluation/Analysis	22,638	40,399,757
Outreach and Education	5,882,117	6,602,540
Memberships	44,793	150,590
BPU Initiatives	124,100,211	307,783,090
Clean Energy Equity	16,600,211	119,524,165
Federal Grid Modernization Program State Match	25,000,000	25,000,000
Electric Vehicle Programs	82,500,000	162,258,925
Workforce Development	0	1,000,000

*Numbers presented in the above table may not add up precisely to totals provided due to rounding.

ENERGY EFFICIENCY

The CEA directs both the Board and the State's investor-owned electric and gas utilities to take action regarding EE. The CEA requires the Board to adopt an electric and gas EE program in order to ensure investment in cost-effective EE measures, ensure universal access to EE measures, and serve the needs of low-income communities. The CEA requires each electric public utility to achieve annual reductions in the use of electricity of at least 2% and each natural gas public utility to achieve annual reductions in the use of natural gas of at least 0.75% of the average annual usage in the prior three years within five years of implementation of its EE program.

On June 10, 2020, the Board approved an expansive EE program which highlighted an enhanced role for utilities and addressed issues such as utility-specific energy usage and peak demand reduction targets, program structure, cost recovery, utility filing requirements, program timeframes, evaluation, and reporting requirements. Staff worked with New Jersey's investor-owned utilities, Rate Counsel, and other stakeholders to ensure that the

new framework was put into place fully, properly, and with minimal ratepayer impact. The utilities started the programs on July 1, 2021. In December 2023, the utilities proposed programs for the next three-year cycle of utility programs, for implementation beginning on January 1, 2025.

Additionally, Executive Order 316 (“EO 316”) directed that “[i]t is the policy of the State to advance the electrification of commercial and residential buildings with the goal that, by December 31, 2030, 400,000 additional dwelling units and 20,000 additional commercial spaces and/or public facilities statewide will be electrified, and an additional 10 percent of residential units serving households earning less than 80 percent of area median income will be made ready for electrification through the completion of necessary electrical repairs and upgrades.”³ EO 316 defined electrification as “the retrofitting or construction of a building with electric space heating and cooling and electric water heating systems.”⁴

The FY25 NJCEP proposal provides continuation of EE funding for new construction programs for residential, governmental, commercial, and industrial markets, as well as the Local Government Energy Audits Program; Energy Savings Improvement Program; Large Energy Users Program; and Combined Heat and Power – Fuel Cells Program. Whenever possible, NJCEP EE programs include a particular focus on outreach and education to ensure equity in access to EE and development of a diverse EE workforce.

RENEWABLE ENERGY

Solar Transition

Pursuant to the CEA, the Board has transitioned from its legacy solar incentive program (SREC registration program or SRP) to a new Successor Solar Incentive (“SuSI”) Program. The Board initiated a proceeding in 2018 to gather stakeholder input on the transition and conducted a public rulemaking process for SREC registration program closure upon a determination that 5.1% of the kilowatt hours sold in the state comes from solar electric power generators connected to the state’s electric distribution system (5.1% milestone).

In December 2019, the Board approved a Transition Incentive (“TI”) Program designed to provide a bridge between the legacy SREC program and a successor incentive program. The adopted rules for the TI Program were published in the New Jersey Register on October 5, 2020.

At the April 6, 2020 agenda meeting, the Board announced that the attainment of the 5.1% milestone was imminent and directed Staff to close the SREC market to new entrants on April 30, 2020.

On May 1, 2020, the TI Program opened to new projects and projects with a valid SRP registration that did not energize prior to the 5.1% milestone (with some exceptions for

³ [Executive Order No. 316](#) (Feb. 15, 2023).

⁴ [Ibid.](#)

projects that were granted a waiver due to COVID-19). The TI Program remained open to new registrants until the launch of the SuSI Program.

On January 7, 2021, the Board fulfilled the CEA mandate to study “how to modify or replace the SREC program to encourage the continued efficient and orderly development of solar renewable energy generating sources throughout the State.” The Board delivered to the Governor and Legislature the New Jersey Solar Transition Final Capstone Report, which summarized the findings of an extensive stakeholder process and provided recommendations based on these findings and solar market modeling specific to New Jersey. On April 7, 2021, drawing from the Capstone Report findings, Staff issued a straw proposal which presented specific recommendations for the design of the SuSI Program. The initial straw proposal recommended that the Board employ two programs to provide incentives to solar electric generation facilities: an administratively determined incentive for behind-the-meter projects sized 5 MW or less as well as all community solar projects, and a competitive solicitation program for grid supply projects and non-residential net metered projects over 5 MW. Details concerning the closure of the TI Program were also addressed in Staff’s straw proposal and the subject of public input.

On July 28, 2021, the Board approved the framework for the SuSI Program, which included eligibility details and incentive levels for the Administratively Determined Incentive (“ADI”) Program and an outline for the Competitive Solar Incentive (“CSI”) Program. The Board also approved the closure of the TI Program to new registrations effective on August 27, 2021. The ADI Program opened to new registrations on August 28, 2021. Updated incentive levels became effective for all market segments on March 13, 2023, following a one-year review. A review of the incentives in the ADI Program is required every three years; in FY25, the Board will contract for consulting services to evaluate and recommend incentive levels that will be adopted in March 2026 following stakeholder input and a public comment period.

The Board subsequently procured the services of a competitive solicitation program administrator and initiated additional stakeholder outreach to finalize the CSI Program design.

On December 7, 2022, the Board announced the new CSI Program, which offers incentives to qualifying grid supply solar facilities and net metered facilities greater than 5 MW in size. All CSI-eligible facilities, regardless of whether a project chooses to pursue an incentive or not, are subject to solar siting restrictions. On the same date, the Board approved for publication in the New Jersey Register a rule proposal that amended the SuSI Rules to establish the CSI Program and a proposal for siting rules for grid supply and large net metered solar facilities. On September 18, 2023, the proposed Siting Rules for Grid Supply and Large Net Metered Solar Facilities were adopted and published, with non-substantial changes, in the New Jersey Register at 55 N.J.R. 2015(a). On December 18, 2023, proposed rules establishing the CSI Program were adopted and published in the New Jersey Register at 55 N.J.R. 2555(a). Substantial changes proposed upon adoption were also published in the New Jersey Register at 55 N.J.R. 2461(a) for a 60-day public comment period.

The CSI Program awards Solar Renewable Energy Certificate II (“SREC-IIs”) through a competitive solicitation, with separate solicitations for four market tranches: basic grid supply projects; grid supply projects sited on the built environment; grid supply projects sited on contaminated sites and landfills; and net metered non-residential projects greater than five (5) MW. A fifth tranche allows for storage in combination with a grid supply solar award from tranche 1, 2 or 3. Following a pre-qualification review of eligibility criteria, projects submit a bid for an SREC-II award in their tranche, specified in dollars per Megawatt-hour (“MWh”) of solar electricity production; pre-qualified projects compete on bid price only. Megawatt procurement targets, totaling 300 MW, are as follows:

Tranche	Target (MW)
1. Basic Grid Supply	140
2. Grid Supply on the Built Environment	80
3. Grid Supply on Contaminated Sites or Landfills	40
4. Net Metered Non-residential above 5 MW	40
TOTAL	300
5. Storage paired with Grid Supply Solar (Tranche 1, 2, or 3)	160 MWh

The first solicitation under the CSI was opened on February 1, 2023, and closed to bids on March 31, 2023. The Board declined to make any awards in the first solicitation, as all bid prices were above confidential price caps set by the Board. Following an in-depth analysis of the specific financial assumptions and external factors that inform setting the price caps for a given solicitation, the Board directed that the second solicitation in the CSI Program open in Quarter 4 of 2023 on an expedited timeline.

The second solicitation of the CSI Program opened November 27, 2023, and closed on February 29, 2024. The total procurement target for the second solicitation remained at 300 MW, allocated as above. By Order on April 17, 2024, the Board awarded 310.21 MW of solar generation and 80 MWh of storage paired with solar generation, across 8 projects in Tranche 1: Basic Grid Supply and Tranche 3: Grid Supply on Contaminated Sites or Landfills. Projects were selected by lowest SREC-II bid price. Unbid capacity in Tranches 2 and 4 was reallocated to Tranche 1 in order to award additional competitively-priced projects, as was un-awarded capacity in Tranche 3 after awards were made in that tranche. The Board determined that awarding competitively-priced capacity over the 300 MW solicitation target was in the best interest of New Jersey ratepayers. Solicitations continue on an annual basis going forward.

The Siting Rules for Grid Supply and Large Net Metered Solar Facilities provide a mechanism to allow siting of CSI-eligible facilities on otherwise restricted land uses if the developer petitions for and receives a waiver of the siting prohibition upon demonstrating that a CSI-eligible project on a prohibited land use is in the public interest. The Board has established a process through which, in consultation with its sister agencies, it determines whether the project is in the public interest such that the Petitioner may be granted a waiver, before a

project may participate in a CSI Program solicitation.

Community Solar

The New Jersey Community Solar Energy Pilot Program was launched on February 19, 2019, pursuant to the CEA (L. 2018, c. 17). The Pilot Program specifically aimed to increase access to solar energy by enabling electric utility customers to participate in a solar generating facility that could be remotely located from their own residence or place of business.

On December 20, 2019, the Board granted conditional approval to 45 projects representing almost 78 MW in the first solicitation in the Pilot Program, and, on October 28, 2021, the Board granted conditional approval to 105 projects representing 165 MW in the second solicitation. All 150 projects selected to participate in the Pilot Program have committed to allocating at least 51% of project capacity to low- and moderate-income subscribers. As of November 30, 2023, 101 community solar projects with 137 MW capacity have come online, and they serve more than 16,000 subscribers.

Following the end of the second solicitation, the Board announced that the Pilot Program would be transitioning to a permanent program. Staff issued a straw proposal on the permanent Community Solar Energy Program on March 30, 2023, and conducted a stakeholder meeting on April 24, 2023.

The Board established the permanent Community Solar Energy Program on August 16, 2023. The program uses a first-come, first-served registration process similar to the ADI Program, but with a tiebreaker based on subscriber savings should capacity fill quickly. A 225 MW capacity block opened on November 15, 2023. The tranche for Public Service Electric and Gas (“PSE&G”) exceeded capacity during the initial registration period and projects were accepted based on the guaranteed bill credit discount for subscribers until the tranche was full. As of April 11, 2024, the tranches for Jersey Central Power and Light Company, Atlantic City Electric Company (“ACE”), and Rockland Electric Company also closed to new registrations as capacity filled for each tranche. Pursuant to L. 2023, c. 200, signed by Governor Murphy on January 4, 2024, the Board opened an additional 275 MW of capacity during Energy Year 2024. During FY25, the Board will contract for escrow services, as Community Solar projects are required to post escrow with the Board, the amount of which will be reimbursed to the applicant when the registered Community Solar project commences commercial operation.

To further support cost savings for low-income ratepayers by making solar more accessible, the Board submitted a \$250 million Solar for All grant application to the Environmental Protection Agency (“EPA”) in 2023. In April 2024, New Jersey was awarded \$156,120,000 that will be administered through the Board to accelerate the clean energy transition in underserved communities.

Dual-Use (Agrivoltaics)

In July 2021, Governor Murphy, pursuant to EMP Goal 2.1.8, signed the Dual-Use Solar

Energy Act of 2021 (L. 2021, c. 170, “Dual-Use Act”), which directs the Board to adopt rules establishing a Dual-Use Solar Energy Pilot Program (“Pilot Program”) for the development of dual-use solar projects on productive farmland (also known as “Agrivoltaics”). The Pilot Program is designed to encourage the development of dual-use solar facilities and the creation of a new segment of the solar industry in New Jersey that is compatible with the State’s rich agricultural heritage. Specifically, the Pilot Program seeks to demonstrate and study the compatibility of active agricultural or horticultural production and solar photovoltaic infrastructure on the same land. Staff engaged the Rutgers Agrivoltaics Program (“RAP”) at Rutgers University (“RU”) for providing crucial input into the design of the Pilot Program; on May 1, 2023, the Board approved and executed a three-year grant agreement with RAP to facilitate the development and implementation of a Pilot Program.

Throughout 2023, and in close collaboration with the New Jersey Department of Agriculture, the DEP, and other interested stakeholders, the Board conducted robust public engagement to gather input on the implementation of this law.

On November 9, 2023, a Straw Proposal was issued for public comment, with a corrected version issued on November 21, 2023. Written comments were due on December 13, 2023.

On November 14, 2023, Staff, in conjunction with RAP, presented an overview of the Straw Proposal at the New Jersey Farm Bureau’s annual conference, with approximately 80 attendees including stakeholders primarily from the agricultural community, academia, and federal, state, and local government.

On November 29, 2023, Staff held and led a stakeholder meeting, with approximately 129 attendees and 14 participants who provided public comment during the meeting. Staff received 16 written comments, representing 22 entities.

In 2024, the Board will conduct a rulemaking for the Pilot Program and run the first solicitation to select dual-use projects.

Offshore Wind

Governor Phil Murphy signed EO8 on January 31, 2018. The purpose of EO8 was to reinvigorate the implementation of the State’s OWEDA. EO8 directed the BPU and all agencies with responsibility under OWEDA to “take all necessary action” to fully implement OWEDA and begin the process of moving New Jersey towards a goal of 3,500 MW of offshore wind energy generation by the year 2030. EO8 also required an initial solicitation of 1,100 MW as the first step towards achieving the goal and required the development of an Offshore Wind Strategic Plan (“OSWSP”).

In 2018, the Interagency Agency Taskforce on Offshore Wind was developed to assist in the development of the OSWSP. A consultant for the OSWSP was retained and work began in 2018. In September 2018, the BPU issued a solicitation for 1,100 MW of offshore wind energy generation, and in June 2019, the BPU approved an application for a 1,100 MW offshore wind generation project submitted by Ocean Wind.

On November 19, 2019, Governor Murphy signed EO92, increasing the State’s offshore wind energy generation goal to 7,500 MW by 2035. Governor Murphy found that, as a result of efforts by the State following EO8, “offshore wind development is a growing economic sector in the State with increases in supply chain presence, private investment in ports, workforce development efforts, and research and development for offshore wind industry and labor.” Governor Murphy found that expanding the offshore wind goal will ensure that the State can “meet the State’s goals of 50 percent renewable energy by 2030 and 100 percent clean energy by 2050, in addition to creating a significant number of good-paying jobs.”

The OSWSP was released for public comment in July 2020 and was approved by the BPU in September 2020.

Also in September 2020, a second solicitation was issued for 1,200 to 2,400 MW of OSW. Evaluation of applications received from two developers in December 2020 resulted in awards by the Board to two projects, Ocean Wind 2 at 1,148 MW and Atlantic Shores at 1,510 MW in June 2021.

In November 2020, the Board requested that Pennsylvania Jersey Maryland (“PJM”) include the State’s OSW goal into its regional transmission expansion planning under a PJM process known as the State Agreement Approach (“SAA”). The Board also issued a Request for Quotation (“RFQ”) for a consultant to assist Staff with the SAA process, and a contract was awarded to a qualified consultant. A solicitation for OSW transmission solutions was issued by PJM on behalf of the Board in April 2021, with proposals received in September 2021. Evaluation of the proposals by Staff, PJM, and Staff’s consultant resulted in the Board awarding, in October 2022, a suite of projects to support interconnection of 6,400 MW of OSW. These projects are expected to save New Jersey (“NJ”) ratepayers hundreds of millions of dollars.

In FY21, the Board entered into a memorandum of understanding (“MOU”) with the South Jersey Port Corporation to provide funding for the development of a monopile manufacturing facility at the Port of Paulsboro.

For each fiscal year, beginning with FY21, the Board has entered into an MOU with the Economic Development Authority (“EDA”) to provide funding to support the continued development and execution of offshore wind workforce, education, research, and innovation programs as part of the development of the to-be-created Wind Institute.

Beginning in FY22, Staff, working with DEP, has administered the Research and Monitoring Initiative (“RMI”). The RMI is funded by a fee charged to the awarded projects in OSW solicitations 2 and 3 and is designed to identify and fund projects to evaluate the potential impact of OSW on NJ’s natural resources and wildlife.

In September 2022, Governor Murphy signed EO 307 further increasing the State’s OSW goal to 11,000 MW by 2040.

In March 2023, the Board issued its third OSW solicitation for between 1,200 and 4,000 MW.

Evaluation of applications received in August 2023 resulted in awards by the Board to two projects, Leading Light Wind at 2,400 MW and Attentive Energy Project 2 at 1,342 MW in January 2024.

In order to support the coordinated transmission of the additional 3,500 MW created by EO 307, in April 2023, the Board initiated the second use of the SAA 2.0 (“SAA 2.0”). In February 2024, the Board issued an RFQ to retain a consultant to support Board Staff with SAA 2.0.

In April 2023, the Board issued an RFQ for a consultant to assist Staff in the development of a second Offshore Wind Strategic Plan (“OSWSP 2”). In July 2023 a consultant for the second OSWSP was retained. Work on the OSWSP 2 is currently ongoing.

To maximize the benefits of the SAA awards, the Board is pursuing a transmission corridor called the Prebuild Infrastructure (“PBI”), for qualified offshore wind projects. In November 2023, the Board issued a solicitation for the PBI. Applications from that solicitation were received in April 2024 and evaluation by Staff and Staff’s consultants is currently underway.

In January 2024, the Board retained a consultant to assist Board Staff with the fourth OSW solicitation. The Board issued its fourth Solicitation for between 1,200 and 4,000 MW in April 2024.

In FY25, funding is requested for specific activities, including retaining a consultant to assist Staff in the development of the fifth solicitation guidance document and evaluation of the proposals; continued funding for the Rutgers University Center for Ocean Observing Leadership work; continued funding for the National Offshore Wind Research and Development Consortium, the South Jersey Port Corporation; and the ongoing Wind Institute activities.

OTHER DISTRIBUTED ENERGY RESOURCES

Microgrids

In 2012, Superstorm Sandy gives NJ an energy resilience wake up call. In 2014, NJBPU funded the New Jersey Institute of Technology Town Center Distributed Energy Resources Potential Report. In 2015, the EMP 2015 Update called for increasing the use of microgrids. In 2016, NJBPU releases a Microgrid Report. Between 2017 and 2019, NJBPU established a Town Center Distributed Energy Resources Microgrid Incentive Program Phase I Feasibility Studies, and provided \$2 million funding assistance for thirteen municipalities/county entities to prepare FS reports. In 2020, NJBPU Staff solicited DP incentive applications from FS participants, received 11 applications, and recommended funding 8 applications. In 2021, NJBPU entered into MOUs and granted awards totaling \$3.75 million for 7 awardees. Between 2022 and 2024, engineering designs were prepared by awardees via their consultants. In 2024, the NJBPU approved DP MOU extensions.

Energy Storage

In 2018, Governor Murphy signed the CEA into law. The Act establishes two goals for energy storage: 600 MW by 2021 and 2,000 MW by 2030. The Act directed BPU to implement a program to achieve the goals. In FY19, the Board retained RU to conduct an analysis of energy storage (“ES”) in NJ pursuant to the CEA. The Board accepted the final report at the June 12, 2019 Board meeting.

As part of Phase One of the ES approach, a solar+storage program was included in the Solar Successor Program Straw Proposal released for public comment in April 7, 2021. The second CSI solicitation, announced awards in April of 2024, including 80MWh of storage paired with solar generation. Phase Two of the energy storage program was launched in September 2022 with the issue of a straw proposal and stakeholder process for the New Jersey Storage Incentive Program (“NJSIP”). In 2023, BPU issued a Request for Information to solicit and receive further stakeholder commentary. Staff, with assistance from a consultant, anticipate releasing a revised Straw Proposal in the 2nd Quarter of 2024 and providing a recommendation to the Board for NJSIP implementation by the end of the 4th Quarter of 2024.

Grid Modernization

To support the integration of distributed energy resources into the electric transmission and distribution system on NJ, in FY22-FY23 the Board initiated a grid modernization proceeding with an initial focus on reforming New Jersey’s interconnection process. A consultant was retained to conduct a study and to organize several stakeholder meetings. A final report was accepted by the Board in FY23 that contained nine recommendations for improving the state’s interconnection rules and processes. Draft rule change language was issued for public comment to implement four of the recommendations. This was followed by further stakeholder engagement to come to a rule proposal, which was approved by the Board for posting in the NJ Register on April 30, 2024. The remaining five recommendations are being pursued through industry expert workgroups currently launching in the second half of 2024.

Additionally, Staff submitted a \$27 million grant application to the United States Department of Energy (“USDOE”) as part of the Grid Resilience and Innovation Partnerships (“GRIP”) grant program on April 17, 2024. The BPU’s GRIP application seeks to expand distributed energy resource hosting capacity in constrained circuits in ACE’s service territory. ACE and Electric Power Research Institute are partners on the proposal. To upgrade our grid to support more modern uses and spur clean energy investments, the BPU is allocating \$25 million to serve as federal grant matching funds for applications related to the innovative and modern use of the grid.

BPU INITIATIVES

Clean Energy Equity

The BPU, through the OCEE and other relevant State agencies continue to expand energy

assistance programs, such as Comfort Partners, Weatherization Assistance Program, and other EE programs, to provide education and community outreach in order to increase participation and reduce energy burden. The details of many of these programs, including much of the EE work overseen by the OCEE, is addressed under Strategy 3 of the 2019 EMP. In addition, the Comfort Partners Compliance Filing further outlines the work that is being performed through this program.

ELECTRIC VEHICLES

On January 17, 2020, the Governor signed into law L. 2019, c. 362 (N.J.S.A. 48:25-1 et seq.) (“the Electric Vehicle Act” or “EV Law”), which established the State’s goals for the use of plug-in Electrical Vehicles (“EVs”) and the development of supporting plug-in EV charging infrastructure.⁵ In particular, the Act authorized the Board to adopt policies and programs to accomplish the State’s goals and authorized the use of SBC funds to effectuate those policies and programs, which include:

1. At least 330,000 registered light-duty, plug-in EVs in NJ by December 31, 2025, and at least 2 million EVs registered in NJ by December 31, 2035.
2. At least 85% of all new light-duty vehicles sold or leased in NJ shall be plug- in EVs by December 31, 2040.
3. At least 25% of State-owned non-emergency light duty vehicles shall be plug-in EVs by December 31, 2025.
4. 100% of State-owned non-emergency light-duty vehicles shall be plug-in EVs by December 31, 2035 and thereafter.
5. At least 1,000 Level Two chargers shall be available for public use across the state by December 31, 2025.
6. Establishment of goals by the DEP, in consultation with the Board for vehicle electrification and infrastructure development for medium and heavy duty vehicles by December 31, 2020.

In FY21-FY24, NJCEP continued to advance those goals in a variety of different ways. The Board approved four Electric Distribution Companies petitions to launch light-duty EV public charging, and Staff is working with utility staff to ensure the successful implementation of those programs. Staff has also begun the process for seeking stakeholder input on the subject of Medium and Heavy Duty (“MHD”) EV charging and plans to provide multiple opportunities for input on MHD investment and on mechanisms for rate recovery and rate setting for MHD EV charging.

The Electric Vehicle Act also created the Charge Up New Jersey Program (“CUNJ”) within the NJCEP to encourage the purchase or lease of new light-duty plug-in EVs in the State and assist NJ residents in making the switch to driving EVs by offering a financial incentive directly linked to a vehicle’s EPA-rated all-electric range. The BPU intends to facilitate the achievement of the State’s EV goals and implement an incentive program which moves the State forward on transportation electrification, while decreasing greenhouse gas emissions.

⁵ N.J.S.A. 48:25-3 to -11.

Staff launched the post-purchase incentive in May 2020 and the point-of-sale incentive began in July 2021. Since the launch of CUNJ over \$120 million has incentivized over 36,000 EVs.

An incentive for residential chargers, was launched on July 25, 2022 and in its first year has provided nearly 2,000 chargers with over \$475,000 in funding, in the second year of the program over 4,000 chargers received over \$1 million in incentives.

The EV Law also established goals to encourage the State-owned non-emergency light-duty vehicle EV adoption. The EV Law calls for at least 25 percent of the fleet to be plug-in EVs by December 31, 2025, and 100 percent by December 31, 2035. In order to achieve those goals, after a successful pilot program utilizing the USDOE funds in FY22, Staff launched the Clean Fleet Program, to assist in funding the increased up-front costs associated with the adoption of light-duty EVs for the State and municipal fleets.

Additionally, the EV Law established goals for public chargers, as well as chargers located at Multi-Unit Dwellings (“MUDs”) and hotels. In FY22, the Board utilized an appropriation from the State’s General Fund to create programs to fund chargers at MUDs, tourism locations, and hotels. The Board’s EV Tourism Program was designed to encourage the building of more corridor and community chargers throughout NJ, reducing range anxiety for our residents, and encouraging EV driving tourists to choose NJ as their tourism destination. In FY24, the EV Tourism, Clean Fleet, and MUD programs continued and have provided significant funding to hundreds of additional chargers, in February 2024 began to be administered by the same entity that administers the CUNJ program. In FY24, Staff added funding for an E-Mobility Pilot Program, due to staff constraints that program creation will continue into FY25. Staff proposes to continue all the Clean Transportation programs from FY24, as well as adding funding for an MHD Depot charging program as envisioned by A4794 and funding for a Vehicle to Grid School Bus Pilot in consultation with DEP’s School Bus Program, which is also funded in this budget.

STATE ENERGY SERVICES

The State Facilities Initiative (“SFI”) allows the State to lead by example by identifying and implementing EE projects at governmental and quasi-governmental mandated agencies and facilities. The goal is to implement energy reduction, energy savings, and EE projects with the objective of producing energy and cost savings. The Energy Capital Committee (“ECC”), chaired by BPU’s Division of State Energy Services (“SES”), consists of members from the Department of Treasury, including the Office of Management and Budget (“OMB”), Fiscal Administration and the Division of Property Management and Construction (“DPMC”), along with the BPU’s SES and fiscal division. SES works with OMB to review energy related capital requests. The SFI funds are allocated for and spent on projects identified by the SES and the DPMC.

The Board previously entered into two MOUs with DPMC to implement projects, approved by the Board on February 22, 2017⁶ and on November 13, 2019⁷. The 2019 MOU also established roles and responsibilities of the parties, as well as governing SFI funding allocation and spending. The Board has the ability to further allocate funds and/or assign projects funded by the Board to the SFI. In addition, the Board entered into a separate MOU with NJ Transit on February 17, 2021 to upgrade transit garages.⁸

SFI projects may focus on: (a) improvements, upgrades, and replacements of air handling and movement systems; (b) lighting and equipment upgrades and replacements; (c) boiler, chiller, and Heating, Ventilation and Air Conditioning replacements; (d) lighting and building controls; (e) RE and EE systems at State facilities; and (f) injection of funding for State facility projects outside of the ECC domain that have an EE or RE component but are stalled due to lack of funding. DPMC-led projects are given project numbers and bid through the State's procurement process. All issued RFPs are available through NJStart.

OUTREACH AND EDUCATION

In FY25, outreach and education will continue to play a key role in driving energy savings by educating all customer markets on the benefits and cost savings associated with energy reduction plans.

The BPU, led by the Chief of Staff's Office and the Division of Clean Energy ("DCE"), in partnership with RU, planned, coordinated, and held the highly successful 2022 Clean Energy Conference: Achieving Our Clean Energy Future. On October 3-4, 2022, at Harrah's in Atlantic City, over 720 registrants attended the conference. Among the speakers were Governor Phil Murphy; Federal Energy Regulator Commissioner, Willie Phillips; Princeton University's Jessie Jenkins; EDA CEO, Tim Sullivan; DEP Commissioner, Shawn LaTourette; Governor's Office on Climate Action and the Green Economy's Jane Cohen; BPU Commissioners Mary-Anna Holden, Bob Gordon, and Dr. Zenon Christodoulou; as well as over 25 other Staff, industry, state, and policy experts. This was the first Clean Energy Conference in a decade. The conference improved the visibility and exposure of the NJCEP and advanced the State's clean energy goals by helping to educate the public about the benefits derived from the NJCEP and the opportunities available through the program, thereby, increasing program participation. The conference delivered a platform that informed industry, nonprofit, and other public stakeholders about progress made on a number of clean energy topics and program areas, as well as upcoming changes and enhancements to New Jersey's clean energy initiatives. Thus, it increased New Jersey's national recognition as a leader in clean energy.

⁶ In re a Memorandum of Understanding between the New Jersey Division of Property Management and Construction and the New Jersey Board of Public Utilities, BPU Docket No. Q017010075, Order dated February 22, 2017.

⁷ In re the Memorandum of Understanding Between the New Jersey Division of Property Management and Construction, Department of Treasury and the New Jersey Board of Public Utilities Regarding the State Facilities Initiatives Program Budget, BPU Docket No. Q019101423, Order dated November 13, 2019 ("2019 MOU").

⁸ In re the Memorandum of Understanding Between the New Jersey Transit Corporation and the New Jersey Board of Public Utilities Regarding the Use of Funds Generated by SBC to Support the Development of

Infrastructure Related to Battery Electric Buses, BPU Docket No. E021020265, Order dated February 17, 2021. The DCE anticipates improving the visibility and exposure of NJCEP and advancing the State's clean energy goals through a variety of educational efforts, including outreach through its program administrator as well as strategic partnerships with academic and non-profit partners, such as the New Jersey Institute of Technology and Sustainable Jersey.

EVALUATION

Evaluation and related research provide crucial insights into and analysis of clean energy markets and programs. The BPU is the lead agency tasked with the development and implementation of the EMP and NJCEP. As such, the BPU is required to track and report on progress in meeting the EMP goals, as well as to evaluate current and proposed utility and NJCEP programs in terms of their achievement of energy savings, rate impact, and costs versus benefits of specific programs operated through ratepayer funds. The BPU is also required to establish baselines related to EE, RE generating sources, and emerging technologies and to evaluate the market potential for current and emerging clean energy technologies.

Per the CEA, the Board established an Evaluation, Measurement, and Verification (“EM&V”) Working Group in FY22 to develop the evaluation, measurement, and verification process for EE and peak demand reduction programs. As required by the Board on June 10, 2020, Staff procured a Statewide Evaluator to manage the working group. Through the EM&V Working Group, the Statewide Evaluator, Staff, Rate Counsel, and utility representatives prioritized and designed evaluation studies to evaluate both utility and NJCEP EE programs.

The evaluation studies are managed by the Statewide Evaluator and conducted by three entities.

First, the Rutgers Center for Green Building will continue to support the BPU’s DCE by performing and managing several program evaluations and studies, as well as by performing cost-benefit analyses of NJCEP programs and other related research activities.

Second, the Evaluation Study Team, contracted in FY23 for three years, will conduct additional research and evaluation studies in FY24, including those with statewide applicability.

Third, independent program evaluators contracted by the utilities conduct annual impact and process studies to evaluate EE programs specific to each utility.

Funding in FY25 is requested to continue the grid modernization proceeding, conduct a study of the potential to use renewable natural gas and/or green hydrogen as a means to reduce greenhouse gas emissions, and for additional new clean energy technology initiatives that may arise.

In addition to the above-mentioned studies, Staff is working towards developing the Equity

and Rates Study. The purpose of this project is to evaluate the effectiveness of current assistance programs and the design of rates and tariffs and to examine the extent to which they protect low- and moderate-income (“LMI”) customers from increasing energy burden due to impacts of the clean energy transition. Drawing upon experiences in other jurisdictions, literature studies, and current assistance programs and rate design in NJ, a consultant working with Staff will provide recommendations for policies, programs, and changes to rate design to provide a progressive and equitable approach to energy costs for LMI households.

SBC COLLECTION SCHEDULE

For FY25, the allocation of the funding to utilities is based on the statewide Universal Service Fund (“USF”) proceeding that forecasts electric and natural gas operating jurisdictional revenues and normalized monthly sales, which are provided below.

Proposed Allocation to Electric and Natural Gas Ratepayers

	2022-23 Estimated Retail Revenues (000)*	% of Total Revenues
Electric	\$7,792,555	63.78%
Natural Gas	\$4,424,411	36.22%
Total	\$12,216,966	100.00%

Year	Total Funding Level	Electric	Natural Gas
Allocation %		63.78%	36.22%
FY25	\$344,665,000	\$219,843,533	\$124,821,467

* Retail revenues from PSE&G USF filing Attachment A dated June 28, 2023

Projected Sales Volumes														
Estimates of Normalized Jurisdictional Sales														
Units in (000s)														
	2023	2023	2023	2023	2023	2023	2024	2024	2024	2024	2024	2024		
	July	August	September	October	November	December	January	February	March	April	May	June	Total	
Gas Therms*														
NJNG	20,484	19,847	19,963	36,678	72,233	113,636	137,753	119,195	95,398	53,352	29,953	20,761	739,254	16%
SJG	21,425	19,102	21,212	21,922	34,323	65,064	93,722	92,482	80,805	54,392	31,615	23,459	559,524	12%
PSE&G	76,490	66,959	72,280	104,519	221,774	380,288	464,794	475,549	399,805	266,088	151,563	94,883	2,774,992	60%
ETG	20,444	20,536	20,002	21,036	38,466	65,554	82,327	83,573	69,854	53,767	31,605	20,476	527,640	11%
Total	138,843	126,444	133,458	184,155	366,797	624,542	778,595	770,798	645,861	427,600	244,736	159,580	4,601,410	100%
Electric MWH														
PSE&G	3,874,591	3,864,288	3,480,104	2,983,244	2,880,566	3,284,901	3,361,212	3,146,862	3,098,537	2,820,087	2,702,927	3,142,034	38,639,355	57%
JCP&L	1,989,661	2,126,400	1,943,235	1,529,494	1,360,696	1,507,575	1,694,934	1,641,053	1,577,097	1,395,325	1,306,240	1,544,503	19,616,213	29%
ACE	889,070	971,871	912,190	630,978	614,361	639,859	741,892	697,376	643,928	604,628	550,196	696,563	8,592,911	13%
RECO	156,291	156,729	144,919	115,827	102,730	114,181	127,908	111,460	108,601	103,958	98,802	122,754	1,464,160	2%
Total	6,909,613	7,119,288	6,480,448	5,259,543	4,958,353	5,546,516	5,925,946	5,596,751	5,428,164	4,923,998	4,658,166	5,505,853	68,312,639	100%
*Gas sales exclude wholesale therms														
Source: 6/28/23 PSE&G USF Filing Attachment A														

Staff utilized the revenue and sales projection from the tables above to develop the proposed monthly utility payments. The table on the next page sets out the proposed monthly payments to the Clean Energy Trust Fund due from each utility. This fund accounts for revenues collected from the SBC on monthly utility bills. Funds generated from this charge are used to support clean energy initiatives.

Monthly Utility Funding Levels													
FY25	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
PS-Electric	\$12,469,197.93	\$12,436,040.70	\$11,199,660.83	\$9,600,667.25	\$9,270,230.17	\$10,571,460.20	\$10,817,043.62	\$10,127,222.24	\$9,971,703.88	\$9,075,595.52	\$8,698,552.16	\$10,111,683.27	\$124,349,057.78
JCP&L	\$6,403,121.34	\$6,843,173.17	\$6,253,714.67	\$4,922,212.55	\$4,378,987.10	\$4,851,673.34	\$5,454,631.11	\$5,281,230.96	\$5,075,409.99	\$4,490,431.11	\$4,203,738.43	\$4,970,514.00	\$63,128,837.76
ACE	\$2,861,202.96	\$3,127,671.75	\$2,935,606.13	\$2,030,612.06	\$1,977,134.90	\$2,059,192.13	\$2,387,553.88	\$2,244,292.65	\$2,072,286.74	\$1,945,811.67	\$1,770,640.36	\$2,241,676.91	\$27,653,682.14
RECO	\$502,975.24	\$504,384.81	\$466,377.90	\$372,754.11	\$330,605.38	\$367,456.96	\$411,633.15	\$358,700.24	\$349,499.42	\$334,557.33	\$317,964.31	\$395,046.56	\$4,711,955.41
NJN	\$555,672.24	\$538,398.17	\$541,539.89	\$994,954.56	\$1,959,457.68	\$3,082,575.12	\$3,736,799.04	\$3,233,368.29	\$2,587,831.70	\$1,447,270.61	\$812,538.04	\$563,173.91	\$20,053,579.25
SJG	\$581,188.13	\$518,175.14	\$575,423.84	\$594,686.67	\$931,068.15	\$1,764,987.19	\$2,542,366.71	\$2,508,733.32	\$2,191,970.55	\$1,475,493.53	\$857,614.02	\$636,379.60	\$15,178,086.86
PS-Gas	\$2,074,916.03	\$1,816,376.17	\$1,960,722.50	\$2,835,256.55	\$6,016,028.94	\$10,315,996.00	\$12,608,360.48	\$12,900,117.01	\$10,845,430.43	\$7,218,121.35	\$4,111,414.21	\$2,573,882.49	\$75,276,622.14
ETG	\$554,580.06	\$557,075.73	\$542,590.02	\$570,639.12	\$1,043,459.04	\$1,778,269.49	\$2,233,267.11	\$2,267,067.09	\$1,894,914.68	\$1,458,526.03	\$857,342.15	\$555,448.12	\$14,313,178.65
Total	\$26,002,853.93	\$26,341,295.62	\$24,475,635.80	\$21,921,782.88	\$25,906,971.37	\$34,791,610.43	\$40,191,655.11	\$38,920,731.80	\$34,989,047.39	\$27,445,807.14	\$21,629,803.66	\$22,047,804.87	\$344,665,000.00

CONCLUSION

In February 2023, Governor Murphy's EO315⁹ directed 100% of the electricity sold in the state to be derived from clean sources of electricity by January 1, 2035. Staff's FY25 CRA straw proposal is intended to advance the State toward that goal and to recognize the value of energy efficiency, renewable energy, and distributed energy resources as foundational energy resources that, when delivered cost-effectively, reduce the cost of energy for all ratepayers while providing additional benefits. These benefits include the health benefits associated with improved air quality, lower environmental compliance costs, increased grid reliability, as well as economic development opportunities in the form of jobs and a more competitive business environment. This proposal recommends that the State continue to make the investments necessary to keep NJ on the path toward achieving the Governor's clean energy goals.

⁹ Executive Order No. 315.