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

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 CLEAN ENERGY PROGRAMS AND BUDGET FOR FISCAL YEAR 2025	)	ORDER
	)	DOCKET NO. QO24040224

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 Board of Public Utilities ("Board" or "BPU") at its June 27, 2024 public meeting, where the Board considered and determined fiscal year 2025 ("FY25") programs and budget for New Jersey's Clean Energy Program ("NJCEP").[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 proceeding, and in 2001, it issued an order setting funding levels, the programs to be funded, and

[1] The budgets approved in this Order are subject to State appropriations law.

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 – Fiscal Year 2024 ("FY24").[2]

In 2018, Governor Murphy signed into law the landmark legislation known as the Clean Energy Act ("CEA").[3] The law called for a significant overhaul and amplification of New Jersey's clean energy systems through increasing the commitment to both EE and RE, as well as building sustainable infrastructure to fight climate change and reduce carbon emissions. These efforts will also create well-paying local jobs, grow the State's economy, and improve public health while ensuring a cleaner environment for current and future residents.

Process Regarding Development of the Proposed FY25 Programs and Budget Filings

Coordination with Program Administrator

On December 1, 2015, the Department of Treasury awarded a Program Administrator contract ("Contract") to Applied Energy Group, Inc. ("AEG"). On January 13, 2017, TRC Energy Solutions ("TRC") acquired the NJCEP Program Administrator Contract from and assumed AEG's rights and duties thereunder.[4] The Contract requires TRC to participate in the annual CRA process, participate in the annual budget process, prepare draft annual Compliance Filings (as defined below) for the NJCEP, design and implement improvements to the NJCEP's programs, obtain and consider stakeholder feedback, coordinate annual NJCEP evaluations, and implement the agreed-upon recommendations flowing from those evaluations. TRC has been fulfilling these requirements as applicable and as they come due.

Stakeholder and Public Process

On May 13, 2024 via the BPU listserv and NJCEP website, the Board provided notice of a May 31, 2024 public hearing. On May 24, 2024, the Board released the proposed FY25 programs and budget, including the following documents posted to the NJCEP website: the CRA Straw Proposal, the Division of Clean Energy's ("DCE") Compliance Filing, TRC Program Descriptions and Budgets ("TRC Compliance Filing"), Comfort Partners Compliance Filing, Charge Up New Jersey Compliance Filing, the Division of Property Management and Construction Designated Project List ("DPMC DPL"), and the proposed FY25 NJCEP Budget ("FY25 Budget"). The covering emails and website postings requested comments by June 12, 2024 on these documents. At the May 31, 2024 public hearing, Staff presented the Proposed FY25 Budget, and oral comments were heard on the CRA Straw Proposal and the Proposed FY25 Compliance Filings and Budget. 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 FY24 Funding Level set forth therein (as defined below); and (b) the NJDEP agreed with the Proposed FY25 Funding Level.

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[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-year cycle and began to issue a CRA annually.

[3] L. 2018, c. 17, https://www.njleg.state.nj.us/2018/Bills/PL18/17_.PDF, codified at N.J.S.A. 48:3-87.8 et al.

[4] For ease of presentation, the Program Administrator is referred to throughout this Order as "TRC" or "the Program Administrator." TRC, together with its subcontractors, is referred to as the "TRC Team."

Approval of CRA Straw Proposal

On June 27, 2024, prior to acting on the present Order, the Board reviewed and approved a Comprehensive Energy Efficiency & Renewable Energy Resource Analysis Straw Proposal, including new SBC funding and total FY25 funding ("CRA Order"). The proposed budgets set out below utilize and are consistent with the funding levels approved in the CRA Order.

PROPOSED FY25 PROGRAMS AND BUDGET

Based on the goals set forth in the CRA Straw Proposal, the policy objectives of the NJCEP, and historic spend rates, and in close coordination with the TRC Team, Staff developed proposed programs and budget as described below.

Proposed FY25 Budgets for the NJCEP

To determine the proposed FY25 budget for the entire NJCEP, Staff did the following:

- Calculated the total funding per the CRA Order, comprised of the amount of new FY25 SBC funding and other funding;
- Estimated the amount of commitments made prior to FY25 that are expected to be paid in or to remain committed through FY25; and
- Added the commitment backlog to FY25 funding to arrive at a total proposed FY25 Budget of $786,161,592.

New Jersey Clean Energy Program – Fiscal Year 2025 Budget

FY25 Program/Budget Line	*FY25 New Funding*	*FY24 Estimated Uncommitted Carryforward*	*FY24 Estimated Committed Carryforward*	*FY25 Budget*
Total NJCEP + State Initiatives	**344,665,000**	**31,428,733**	**410,067,859**	**786,161,592**
State Energy Initiatives	**71,200,000**	**0**	**0**	**71,200,000**
Total NJCEP	**273,465,000**	**31,428,733**	**410,067,859**	**714,961,592**
Energy Efficiency Programs	**55,248,963**	**0**	**140,222,333**	**195,471,296**
C&I EE Programs	**19,375,745**	**0**	**36,435,825**	**55,811,570**
C&I Buildings	14,181,508	0	33,298,467	47,479,975
LGEA	5,194,237	0	3,137,358	8,331,595
New Construction Programs	**35,873,218**	**0**	**24,531,229**	**60,404,447**
New Construction	35,873,218	0	24,531,229	60,404,447
State Facilities Initiative	**0**	**0**	**59,991,206**	**59,991,206**
Acoustical Testing Pilot	**0**	**0**	**3,277,175**	**3,277,175**
LED Streetlights Replacement	**0**	**0**	**15,986,898**	**15,986,898**
Distributed Energy Resources	**44,039,929**	**0**	**49,148,265**	**93,188,194**
CHP - FC	**14,539,929**	**0**	**16,960,765**	**31,500,694**
Microgrids	**0**	**0**	**1,687,500**	**1,687,500**
Energy Storage	**29,500,000**	**0**	**30,500,000**	**60,000,000**
RE Programs	**5,126,349**	**0**	**18,643,721**	**23,770,070**
Offshore Wind	**1,000,000**	**0**	**18,643,721**	**19,643,721**
Solar Registration	**4,126,349**	**0**	**0**	**4,126,349**
EDA Programs	**29,000,000**	**0**	**0**	**29,000,000**
NJ Wind	**22,000,000**	**0**	**0**	**22,000,000**
R&D Energy Tech Hub	**7,000,000**	**0**	**0**	**7,000,000**
Planning and Administration	**15,949,548**	**10,256,227**	**39,543,167**	**65,748,942**
BPU Program Administration	**10,000,000**	**0**	**0**	**10,000,000**
Marketing	**0**	**0**	**7,096,055**	**7,096,055**
CEP Website	**0**	**0**	**1,500,000**	**1,500,000**
Program Evaluation/Analysis	**22,638**	**10,191,020**	**30,186,099**	**40,399,757**
Outreach and Education	**5,882,117**	**35,000**	**685,423**	**6,602,540**
Sustainable Jersey	889,000	35,000	235,166	1,159,166
NJIT Learning Center	700,000	0	45,000	745,000
Conference	0	0	405,257	405,257
Outreach, Website, Other	4,293,117	0	0	4,293,117
Memberships	**44,793**	**30,207**	**75,590**	**150,590**
BPU Initiatives	**124,100,211**	**21,172,506**	**162,510,373**	**307,783,090**
Clean Energy Equity	**16,600,211**	**17,672,506**	**85,251,448**	**119,524,165**
Community Energy Grants	0	0	5,564,268	5,564,268

Heat Island Pilot	0	0	2,500,000	2,500,000
Res Low Income (Comfort Partners)	16,600,211	17,672,506	22,705,283	56,978,000
Residential Energy Assistance Payment	0	0	51,831,897	51,831,897
Whole House	0	0	2,650,000	2,650,000
Federal Grid Modernization Program State Match	**25,000,000**	**0**	**0**	**25,000,000**
Electric Vehicle Program	**82,500,000**	**3,500,000**	**76,258,925**	**162,258,925**
Plug In EV Incentive Fund	30,000,000	0	2,583,925	32,583,925
CUNJ Administrative Fund	3,000,000	500,000	2,000,000	5,500,000
CUNJ Residential Charger Incentive	500,000	0	3,500,000	4,000,000
EV Studies, Pilots, and Administrative Support	1,000,000	0	1,500,000	2,500,000
Clean Fleet	10,000,000	2,000,000	16,900,000	28,900,000
Multi-Unit Dwellings (Chargers)	9,000,000	1,000,000	22,875,000	32,875,000
EV Tourism	3,000,000	0	7,900,000	10,900,000
E-Mobility Pilot Programs	3,000,000	0	4,000,000	7,000,000
Electric School Buses	15,000,000	0	15,000,000	30,000,000
School Bus V2G	2,000,000	0	0	2,000,000
MHD Depot	6,000,000	0	0	6,000,000
Workforce Development	**0**	**0**	**1,000,000**	**1,000,000**

Proposed FY25 Budgets for EE Programs

As part of the statewide overhaul of New Jersey's clean energy systems, the CEA required New Jersey's investor-owned gas and electric utility companies to reduce their customers' use of gas and electricity by set percentages over time. To help reach these targets, the BPU approved a comprehensive suite of EE programs designed to transition the State to some of the highest energy savings in the country.

These "next generation" EE programs feature new ways of managing and delivering programs historically administered by the NJCEP. Some of the programs will continue to be administered by NJCEP, but the remaining programs have transitioned to administration by the utilities.

Generally, there will be three main categories of what are still the NJCEP programs:

1. Programs that will remain administered by and through the NJCEP.
    a. New Construction Programs ("NC");
    b. Commercial and Industrial Buildings ("C&I"): Large Energy Users Program ("LEUP");
    c. Local Government Energy Audit ("LGEA"); and

d. Combined Heat and Power – Fuel Cells ("CHP-FC").

The C&I LEUP includes a new Decarbonization Pilot to incentivize a scope of work broader than traditional EE, such as beneficial electrification, electric vehicle chargers, storage, and combined heat and power, among others. Unlike traditional energy efficiency programs, the Decarbonization Pilot would explicitly target GHG emissions reductions. Staff are also in the process of developing a redesigned NC Program that will streamline existing programs and allow for a greater depth of scope. Staff will present this to the Board for their consideration and possible approval. However, until this occurs, the existing NC Programs will continue to run unchanged. Staff will further evaluate the other EE programs, which will remain with the NJCEP, and seek stakeholder engagement about possible improvements and enhancements aimed at increased energy savings throughout the year.

2. Programs that have transitioned to the utilities but will remain open in the NJCEP for the limited purpose of processing applications submitted or funds committed, as applicable, on or before June 30, 2021.

   a. C&I Buildings – Pay for Performance ("P4P") – Existing Buildings ("P4P EB")

The proposed FY25 budgets for EE programs that will continue to be administered by the State are shown in the FY25 Budget table above; a brief description of each of the EE programs is set forth below:

- *New Construction Programs*: Provides financial incentives to builders who construct new homes meeting the New Jersey Energy Star Homes standards, which exceed the requirements of existing energy codes. As mentioned above, Staff is in the process of developing a redesigned New Construction Program that seeks to streamline many of the existing programs. However, the existing programs will continue to run unchanged until that time.
- *C&I Buildings*: As mentioned previously, the LEUP includes a new Decarbonization Pilot. Also, this program includes C&I - New Construction, CTEEP – New Construction, Large Energy Users, and P4P - New Construction, many of which have transitioned to the utilities but funding has been provided for the limited purpose to process applications submitted prior to the closure of the programs. These programs provide rebates and other incentives to C&I customers who incorporate high efficiency equipment into new construction.
- *LGEA*: Provides subsidized energy efficiency audits to municipalities, school districts, and non-profits.
- *State Facilities Initiatives:* Through an Energy Capital Committee, identifies and implements energy efficiency projects in State-owned facilities with the objective of producing energy savings.
- *Acoustical Testing Pilot*: Encourages the exploration of new energy-saving opportunities in the water sector.
- *LED Streetlights Replacement*: This program will allocate funding for municipalities to meet the upfront costs of the changeover to light-emitting diode ("LED") streetlights and receive the benefits of the resulting energy savings and reduction in greenhouse gas emissions.

Proposed FY25 Budgets for Distributed Energy Resource Programs

The proposed FY25 budgets for distributed energy resources ("DER") programs are shown in the preceding table; a brief description of each DER program is set forth below:

- *CHP / Fuel Cell*: Provides incentives for the installation of Combined Heat and Power ("CHP"), including, without limit, those utilizing bio-power and fuel cells with heat recovery and without heat recovery.
- *Microgrids*: Provides incentives to fund feasibility studies and engineering design for potential DER microgrids in the state.
- *Energy Storage*: Provides funding to establish a process and mechanism for achieving the State's energy storage and resiliency goals.

Proposed FY25 Budgets for RE Programs

The proposed FY25 budgets for RE programs are shown in the preceding table; a brief description of each of the RE programs is set forth below:

- *Offshore Wind*: Provides funding for research, evaluations, and consulting services.
- *Solar Registration:* Registers projects that are eligible to generate and trade Solar Renewable Energy Credits ("SRECs"); Transition Renewable Energy Certificates ("TRECs"); and SREC-IIs under the Solar Programs. In FY25, the focus of the Solar Programs will be to support the goals and objectives of New Jersey's solar policies, including the Successor Solar Incentive Program and the Community Solar Program.

Proposed FY25 Budgets for EDA Programs

The proposed FY25 budgets for EDA programs are shown in the preceding table; a brief description of each of the EDA programs is set forth below:

- *NJ Wind:* Supports the launch and growth of the Wind Innovation and New Development Institute, with efforts focused on workforce development.
- *R&D Energy* Tech Hub: Strengthens the state's cleantech ecosystem and encourages the continued development and growth of the green workforce and economy focusing on innovation.

Proposed FY25 Budgets for Planning & Administration

The FY25 budgets for planning and administration are shown in the preceding table; a brief description of each of the planning and administration functions is set forth below.

- *BPU Program Administration:* Includes primarily Staff salaries and fringe benefits.
- *Marketing:* Includes funding for marketing initiatives.
- *CEP Website:* Includes funding for redesigning the Clean Energy Program website.
- *Program Evaluation/Analysis:* Includes funding for program evaluation, the results of which are used, among other things, to set incentive levels and design programs.
- *Outreach and Education:* Includes funding for a potential Clean Energy Conference, the implementation of outreach prepared by the TRC Team, and projects with NJIT and Sustainable Jersey.

- *Memberships:* Includes funding for membership in organizations coordinating advancement of clean energy initiatives.

Proposed FY25 Budgets for BPU Initiatives

The Proposed FY25 budgets for BPU Initiatives are shown in the preceding table; a brief description of each of these initiatives is set forth below.

- *Community Energy Grants:* Helps communities leverage existing complementary programs, as well as encourage other energy saving behavior modifications, with the goal of reducing energy usage as a whole.
- *Comfort Partners*: Provides for the installation of energy conservation measures at no cost to income-qualified customers.
- *Heat Island Pilot*: Seeks to address the impacts of the heat island effect experienced in many urban areas through interagency coordination and through offering incentives to address several of the underlying factors that contribute to this effect, with the additional benefit of increasing EE and resilience.
- *Residential Energy Assistance Payment*: The intended purpose is to refund a portion of the Societal Benefits Charge, as well as about $21 million in arrearage relief funding, to residential customers most in need of financial assistance.
- *Whole House Pilot Program*: Expands EE offerings, including building electrification, and addresses long-term health impacts for low-income residents through development of a collaborative, interagency approach to addressing a broader array of residential health and safety concerns.
- *Federal Grid Modernization Program State Match:* Provides funding to update the grid to support more modern uses and spur clean energy investments.
- *Electric Vehicles*: Encourages adoption of electric vehicles and funds charging infrastructure.
- *Workforce Development:* Advances workforce development with a focus on community-based approaches that will build a more inclusive and representative clean energy workforce.

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")[5]. 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 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

[5] 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.

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

Utility	Statewide				Utility Programs				BPU Programs in each Utility Service Territory			
	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

Utility	Statewide				Utility Programs				BPU Programs in each Utility Service Territory			
	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%
SJG	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 WHHP 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 ("NJDCA")'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 ("NJDOL"), 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 NJDOL, 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: NJLCV 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. NJLCV commented that coordination with the NJDOL 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.[6] (Heldrich Center staff presented the findings of the EE WF status report during the monthly energy efficiency stakeholder meeting on June 20, 2024.[7] 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

[6] 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://njcepfiles.s3.amazonaws.com/New_Jerseys_Energy_Efficiency_Workforce_Needs_Infrastructure_+and_Equity_Assessment.pdf

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

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, 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 acknowledges 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 study[8]. 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

[8] 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.

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 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 bolster 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.

REVISIONS TO PROPOSED FY25 COMPLIANCE FILINGS AND PROPOSED FY25 BUDGET

Following the posting of the Proposed FY25 Compliance Filings and stakeholder comments received in regard to the Proposed FY25 Budget, these documents were revised as follows.

1. DCE Compliance Filing: in the budget table at the bottom of the DCE Compliance Filing, $3 million was transferred from the administration cost category to the training cost category. Language was added to the MUD and EV Tourism sections to reflect the possibility of an additional incentive for DCFC chargers that are Energy Star certified
2. Charge Up Compliance Filing: non-substantive changes were made to provide consistency with the Terms and conditions. In describing the income based incentive, language was changed to "the most recent tax filing" from "2023 tax filing," to align with federal requirements

STAFF RECOMMENDATIONS

The FY25 Compliance Filings and Budgets set out in detail the rationale utilized by Staff and the program administrators to develop the Proposed FY25 Programs and Proposed FY25 Budget. Having reviewed and considered the comments regarding the FY25 Compliance Filings and Budgets, Staff recommends that the Board approve both the Proposed FY25 Compliance Filings and Proposed FY25 Budget and the process used to develop them.

DISCUSSION AND FINDINGS

Consistent with the Contract, Staff coordinated with the TRC Team regarding the Proposed FY25 Compliance Filings and Budgets, as well as the comments received on the same. The Proposed FY25 Compliance Filings and Budgets were distributed to the BPU listserv and posted on the NJCEP website. Staff accepted oral comments on the Proposed FY25 Compliance Filings and Budgets at a public hearing, solicited written comments from stakeholders and the public, and reviewed and considered these comments. Accordingly, the Board **HEREBY FINDS** that the processes utilized in developing the FY25 Compliance Filings and Budgets were appropriate and provided stakeholders and interested members of the public with notice and opportunity to comment on them.

The Board has reviewed the FY25 Compliance Filings and Budgets, written and oral comments submitted by stakeholders, and Staff's recommendations. The Board **HEREBY FINDS** that the FY25 Compliance Filings and Budgets will benefit customers and are consistent with the NJCEP's primary objectives of lowering energy bills, reducing demand for electricity, emitting fewer pollutants into the air, and creating jobs. Further, the programs reflected in the FY25 Compliance Filings and Budgets will provide environmental benefits, and are otherwise reasonable and appropriate. Therefore, the Board **HEREBY APPROVES** the FY25 Compliance Filings and Budgets.

The Board **HEREBY DIRECTS** Staff to work with the Program Administrator to update relevant program documents, such as applications and program manuals, and to take the necessary steps to implement the programs and changes ordered herein, including but not limited to, the provision of adequate notice of such changes.

The budgets approved herein are based on estimated FY24 expenses and once final FY24 expenses are known, are subject to "true up" in a future Order(s). For example, if actual FY24 expenses are less than the estimated expenses for any program, then the unspent amount will

carry over into FY25. To the extent that FY25 budgets approved herein are below FY25 expenses due to actual FY24 expenses being less than estimated FY24 expenses, the Board **HEREBY AUTHORIZES** the Fiscal Office to pay all invoices for approved program expenses during FY25.

Pursuant to its authority under N.J.S.A. 48:2-40 and as required, the Board may reopen this matter and adjust the FY25 budgets. Any such adjustments will be considered by the Board and memorialized in a separate Order. The budgets approved herein are contingent on appropriations by the Legislature and subject to State appropriations law.

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

MARIAN ABDOU
COMMISSIONER

MICHAEL BANGE
COMMISSIONER

ATTEST:

SHERRI 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 CLEAN ENERGY PROGRAMS AND BUDGET FOR FISCAL YEAR 2025

DOCKET NO. QO24040224

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New Jersey Clean Energy Program – Fiscal Year 2025 Budget*

FY25 Program/Budget Line	*FY25 New Funding*	*FY24 Estimated Uncommitted Carryforward*	*FY24 Estimated Committed Carryforward*	*FY25 Budget*
Total NJCEP + State Initiatives	**344,665,000**	**31,428,733**	**410,067,859**	**786,161,592**
State Energy Initiatives	**71,200,000**	**0**	**0**	**71,200,000**
Total NJCEP	**273,465,000**	**31,428,733**	**410,067,859**	**714,961,592**
Energy Efficiency Programs	**55,248,963**	**0**	**140,222,333**	**195,471,296**
C&I EE Programs	**19,375,745**	**0**	**36,435,825**	**55,811,570**
C&I Buildings	14,181,508	**0**	33,298,467	47,479,975
LGEA	5,194,237	0	3,137,358	8,331,595
New Construction Programs	**35,873,218**	**0**	**24,531,229**	**60,404,447**
New Construction	35,873,218	0	24,531,229	60,404,447
State Facilities Initiative	**0**	**0**	**59,991,206**	**59,991,206**
Acoustical Testing Pilot	**0**	**0**	**3,277,175**	**3,277,175**
LED Streetlights Replacement	**0**	**0**	**15,986,898**	**15,986,898**
Distributed Energy Resources	**44,039,929**	**0**	**49,148,265**	**93,188,194**
CHP – FC	**14,539,929**	**0**	**16,960,765**	**31,500,694**
Microgrids	**0**	**0**	**1,687,500**	**1,687,500**
Energy Storage	**29,500,000**	**0**	**30,500,000**	**60,000,000**
RE Programs	**5,126,349**	**0**	**18,643,721**	**23,770,070**
Offshore Wind	**1,000,000**	**0**	**18,643,721**	**19,643,721**
Solar Registration	**4,126,349**	**0**	**0**	**4,126,349**
EDA Programs	**29,000,000**	**0**	**0**	**29,000,000**
NJ Wind	**22,000,000**	**0**	**0**	**22,000,000**
R&D Energy Tech Hub	**7,000,000**	**0**	**0**	**7,000,000**
Planning and Administration	**15,949,548**	**10,256,227**	**39,543,167**	**65,748,942**
BPU Program Administration	**10,000,000**	**0**	**0**	**10,000,000**
Marketing	**0**	**0**	**7,096,055**	**7,096,055**
CEP Website	**0**	**0**	**1,500,000**	**1,500,000**
Program Evaluation/Analysis	**22,638**	**10,191,020**	**30,186,099**	**40,399,757**
Outreach and Education	**5,882,117**	**35,000**	**685,423**	**6,602,540**
Sustainable Jersey	889,000	35,000	235,166	1,159,166
NJIT Learning Center	700,000	0	45,000	745,000
Conference	0	0	405,257	405,257
Outreach, Website, Other	4,293,117	0	0	4,293,117
Memberships	**44,793**	**30,207**	**75,590**	**150,590**
BPU Initiatives	**124,100,211**	**21,172,506**	**162,510,373**	**307,783,090**
Clean Energy Equity	**16,600,211**	**17,672,506**	**85,251,448**	**119,524,165**
Community Energy Grants	0	0	5,564,268	5,564,268
Heat Island Pilot	0	0	2,500,000	2,500,000

Res Low Income (Comfort Partners)	16,600,211	17,672,506	22,705,283	56,978,000
Residential Energy Assistance Payment	0	0	51,831,897	51,831,897
Whole House	0	0	2,650,000	2,650,000
Federal Grid Modernization Program State Match	**25,000,000**	**0**	**0**	**25,000,000**
Electric Vehicle Program	**82,500,000**	**3,500,000**	**76,258,925**	**162,258,925**
Plug In EV Incentive Fund	30,000,000	0	2,583,925	32,583,925
CUNJ Administrative Fund	3,000,000	500,000	2,000,000	5,500,000
CUNJ Residential Charger Incentive	500,000	0	3,500,000	4,000,000
EV Studies, Pilots, and Administrative Support	1,000,000	0	1,500,000	2,500,000
Clean Fleet	10,000,000	2,000,000	16,900,000	28,900,000
Multi-Unit Dwellings (Chargers)	9,000,000	1,000,000	22,875,000	32,875,000
EV Tourism	3,000,000	0	7,900,000	10,900,000
E-Mobility Pilot Programs	3,000,000	0	4,000,000	7,000,000
Electric School Buses	15,000,000	0	15,000,000	30,000,000
School Bus V2G	2,000,000	0	0	2,000,000
MHD Depot	6,000,000	0	0	6,000,000
Workforce Development	**0**	**0**	**1,000,000**	**1,000,000**

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

New Jersey's Clean Energy Program™

FISCAL YEAR 2025
PROGRAM DESCRIPTIONS AND BUDGETS

DIVISION OF CLEAN ENERGY

Renewable Energy Programs, Energy Efficiency Programs, Distributed Energy Resources, and NJCEP Administration Activities

June 27, 2024

Table of Contents

Introduction

On January 27, 2020, the 2019 Energy Master Plan ("EMP")1 was unveiled following extensive research, review, and stakeholder input. 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. With the adoption of Executive Order 315 ("EO 315"), 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.[2] The 2024 EMP will reflect New Jersey's updated climate goals and the impacts of recent state and federal policies in advancing New Jersey's clean energy goals. The New Jersey Board of Public Utilities ("BPU" or the "Board"), with guidance from other State agencies and assistance from a consultant, will coordinate the State's efforts to develop the 2024 EMP and will also provide specific proposals to be implemented both in the short-term and longer-term to achieve Governor Murphy's 100% clean energy by 2035 goal. This process will include public hearings and allow for ample opportunities for stakeholders to provide feedback.

As the lead State agency tasked with the development and implementation of the 2019 EMP, the BPU and its Division of Clean Energy ("DCE"), through the New Jersey Clean Energy Program ("NJCEP") budget, provide funding to many of the core programs that address the seven key EMP strategies. The Fiscal Year 2025 ("FY25") Compliance Filing provides program descriptions and budgets for the NJCEP.

The NJCEP is a signature initiative of the BPU that promotes increased energy efficiency ("EE"); the use of clean, renewable sources of energy, including solar and wind ("RE"); and distributed energy resources ("DER"). The results for New Jersey are a stronger economy, less pollution, lower costs, and reduced demand for electricity and natural gas. The NJCEP offers financial incentives, programs, and services for residential, commercial, and governmental customers.

Additionally, in fiscal year 2021 ("FY21"), the Office of Clean Energy Equity ("OCEE") was added to the DCE. The OCEE oversees the development and implementation of clean energy policies, technologies, and programs, including workforce development and EE programs, to better serve New Jersey's overburdened communities ("OBCs") and to ensure equitable participation in clean energy programs and distribution of related benefits. Working with other BPU teams, the OCEE is ensuring that programs are developed and implemented through an equity lens, while leveraging the many existing DCE programs that aim to serve

[1] 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.
[2] Exec. Order No. 315 (Feb. 15, 2023).

OBCs.

EMP Strategy 1: Reduce Energy Consumption and Emissions from the Transportation Sector

This strategy centers its attention on decarbonizing the transportation sector through vehicle electrification, reducing vehicle miles traveled, and lowering port and airport emissions. To support electric vehicle ("EV") adoption, several key NJCEP programs have been created through Board action to provide incentives to individuals and local and State government agencies to offset a portion of the upfront costs of purchasing EVs. In addition to the $30 million annual appropriation, described in detail in the Charge Up New Jersey Compliance Filing, the below programs will receive funding to support the BPU's continuing efforts to electrify transportation.

Electric Vehicles

EV Studies, Pilots, and Administrative Support

The transition to clean and electrified transportation will take considerable effort and will require new skill sets and studies in order to ensure we are creating an equitable, accessible EV ecosystem. This funding will allow for support for the BPU's EV EcoSystem plans. In addition, in past years the funding from this line item has been used to begin data aggregation services for all chargers funded by State and utility incentives, to design an EV incentive portal for all New Jersey programs and to create an EV Roadmap to better plan and design the long term Clean Transportation strategies across sectors and government entities. In FY23 and FY24 the work for these projects was part of a modification to the Center for Sustainable Energy ("CSE") contract and funding was moved to the Charge Up Administrative line from this point to pay for those programs. In FY25, this line will allow for additional support as we develop Clean Transportation programs and pilots.

Clean Fleet Electric Vehicle Incentive Program

In FY20 and FY21, the BPU utilized U.S. Department of Energy ("USDOE") funds for a pilot program to incentivize EV adoption in local and State government fleets, referred to as the Clean Fleet Electric Vehicle Incentive Program ("Clean Fleet Program"). In FY22, the program was funded by both Societal Benefits Charge ("SBC") and State General Fund appropriations. The primary goal of the Clean Fleet Program is to improve New Jersey's air quality and assist local and State government authorities' transition to electrically-fueled fleets. In February 2024, CSE began to administer this program. All applications submitted prior to that time were addressed by Staff. In FY25 the line item reflected the total Clean Fleet budget which will fund both State, local and non-profit entities.

The EV Act (L. 2019, c. 362) established goals to encourage the electrification of the State's non-emergency light-duty fleet vehicles. The EV Act calls for at least 25 percent of the fleet to be plug-in EVs by 2025 and 100 percent by 2035. Additionally, EMP Goal 1.1.5 seeks to convert the State's light-duty fleet to EVs. To achieve these goals, the BPU will continue the

program in FY25 to assist in funding the increased up-front costs associated with the adoption of light-duty EVs for the State's fleets. By making the switch to EVs, fleets can realize the benefits of decreased fueling and maintenance costs while also decreasing their emissions and acting as a role model for local residents. In FY23, 142 EVs, 42 Level 2 Public Chargers, 7 Fast Public Chargers, 83 Level 2 Fleet Chargers and 19 Fast Chargers were incentivized. In FY24 thus far, over $362,000 have been awarded for 6 EVs and 20 Chargers.

As this program directly impacts the goals set forth in the EV Act, specifically promoting EV adoption in State and local government fleets, the Clean Fleet Program will continue in FY25 under the NJCEP. Eligible entities for this incentive will be municipalities, counties, local schools, municipal commissions, State agencies or boards, State commissions, State universities, community colleges, county authorities, and non-profit entities

Through a rolling application process, applicants may apply for a $4,000 incentive for up to 10 light-duty battery EVs, and $10,000 for Class 2B-6 vehicles, as well as incentives for EV chargers for local and county entities. Applicants may receive $5,000 per Public Charger (up to the cost of the charger), $4,000 per Fleet Charger (up to the cost of the charger), and $50,000 (up to the cost of the charger) for a Direct Current Fast Charger ("DCFC"). In addition, an incentive of up to 50 percent of the cost of the Make-Ready for Fleet Chargers, up to $5,000 of the cost of the Make-Ready for Level 2 Chargers, and up to $50,000 of that cost for DCFCs is available. An additional incentive of up to $5,000 may be included for DCFC chargers that are Energy Star certified.

The number of vehicles and chargers that an entity is eligible for will be determined by population size of the government the entity serves and may be based per location. Grants will be awarded on a rolling basis contingent upon program funding. Eligible applicants who are in an overburdened municipality ("OBM"), as defined by the OCEE, are eligible for a 50 percent bonus, to be provided as either an additional incentive amount or eligibility for additional chargers and vehicles. Staff may implement additional eligibility criteria and caps as necessary to ensure the effectiveness of the program.

Awards shall be in the form of a reimbursement, based on proof of purchase or lease of a new eligible battery EV and/or charging equipment. For charging equipment, eligible costs shall include the cost of the charger, taxes on the charger, delivery and activation fees and warranty for the charger. All applicants must complete all required forms within the deadlines as prescribed by the BPU or Program administrator. Chargers receiving State funding must comply with the federal uptime requirements, which currently require chargers to be functional 97 percent of the time. Eligible vehicle(s) must be paid for and received in order to submit for reimbursement. Chargers must be paid for and installed in order to submit for reimbursement.

All charger incentives require that the charger be Energy Star certified, in accordance with the Appliance Act (L.2021, c. 464), and a networked dual-port charger that is on a network pre-approved by the State. Chargers receiving State funding must comply with the federal uptime requirements, which currently require chargers to be functional 97 percent of the time. The Clean Fleet incentive may be stacked with utility make-ready incentives, up to the amounts

allowed by the utility's stipulation of settlement. The Clean Fleet charger incentive may not be stacked with the New Jersey Department of Environmental Protection's ("NJDEP") It Pay$ to Plug In Program for the same charger.

Multi-Unit Dwellings (Chargers)

Recognizing that one of the major obstacles to EV adoption is the inability to charge at residences and acknowledging that residents of low-income and OBCs are more often impacted by this obstacle, the Board created the Multi-Unit Dwelling ("MUD") EV Charger Incentive Program in 2021. The EV Act calls for at least 15 percent of all MUDs to have EV chargers by December 2025. In addition, EMP Goal 1.1.2 calls for the State to focus on the best ways to deploy charging infrastructure throughout the State. Utilizing legislatively appropriated funds in FY22, the program provided incentives for 757 chargers, funded with $5,256,500. In FY23 1,235 chargers have been incentivized with $5,854,500 funding and in FY24, thus far, over $4.3 million was committed to fund approximately over 700 chargers.

The incentive provides $4,000 for the cost of a Level 2 charger (up to the cost of the charger); maximum awards are based on the size of the development/location. Eligible chargers must be accessible to all residents and may be accessible to visitors. All charger incentives require that the charger be Energy Star certified, in accordance with the Appliance Act, and a networked dual-port charger that is on a network pre-approved by the State. Chargers receiving State funding must comply with the federal uptime requirements, which currently require chargers to be functional 97 percent of the time. The MUD incentive may be stacked with utility make-ready incentives, up to the amounts allowed by the utility's stipulation of settlement. The MUD incentive may not be stacked with the NJDEP It Pay$ to Plug In Program for the same charger. Chargers must be paid for and installed in order to submit for reimbursement.

Eligible entities include apartments, condominiums, and mixed residential locations that feature a minimum of five units and have dedicated off-street parking.

Awards shall be in the form of a reimbursement, based on proof of purchase of charging equipment. For charging equipment, eligible costs shall include the cost of the charger, taxes on the charger, delivery and activation fees and warranty for the charger. All applicants must complete all required forms within the deadline as prescribed by the BPU or Program administrator. Chargers receiving State funding must comply with the federal uptime requirements, which currently require chargers to be functional 97 percent of the time. Vehicles and chargers may be ordered prior to award approval but may not be purchased prior to submitting an application.

Grants will be reviewed by Staff or the Program Administrator, assessed, and awarded on a rolling basis contingent upon program funding. Eligible applicants who are in an OBM, are eligible for a 50 percent bonus. For eligible applicants that are deed restricted, 100 percent affordable (low - and moderate- income) housing may also be eligible for a 50 percent bonus. Applicants may only receive one bonus. Staff may implement additional eligibility criteria and caps as necessary to ensure the effectiveness of the program.

CSE began administering this program in February 2024. All applications submitted prior to that time will be addressed by Staff.

EV Tourism

Range anxiety continues to be an obstacle to EV adoption, as many people are concerned that an EV will hinder their ability to take longer trips. In furtherance of EMP Goal 1.1.2, which examines ways to deploy charging infrastructure throughout the State, the Board's EV Tourism Program was designed to encourage the building of more corridor and community chargers throughout New Jersey, reducing range anxiety for our residents and encouraging EV-driving tourists to choose New Jersey as their tourism destination. In addition, this program offers incentives to hotels across the State, moving the State closer to the EV Act which calls for at least 20 percent of franchised locations to have EV chargers by December 2025.

The program provides $5,000 for the cost of a Level 2 charger (up to the cost of the charger) for up to six chargers per site or $50,000 for the cost of a fast charger (up to the cost of the charger) for up to two chargers per site. All charger incentives require that the charger be Energy Star certified, in accordance with the Appliance Act, and be a networked dual-port charger that is on a network pre-approved by the State, chargers must be publicly accessible. The EV Tourism incentive may be stacked with utility make-ready incentives, up to the amounts allowed by the utility's stipulation of settlement. The EV Tourism incentive may not be stacked with the NJDEP's It Pay$ to Plug In Program for the same charger. An additional incentive of up to $5,000 may be included for DCFC chargers that are Energy Star certified.

Grants will be reviewed by Staff or the Program Administrator, assessed, and awarded contingent upon program funding. Staff may implement additional eligibility criteria and caps as necessary to ensure the effectiveness of the program.

Awards shall be in the form of a reimbursement, based on proof of purchase of eligible EV charging equipment. Chargers must be paid for and installed in order to submit for reimbursement. For charging equipment, eligible costs shall include the cost of the charger, taxes on the charger, delivery and activation fees and warranty for the charger. All applicants must complete all required forms within the deadlines as prescribed by the BPU or Program Administrator. Chargers receiving State funding must comply with the federal uptime requirements, which currently require chargers to be functional 97 percent of the time. Vehicles and chargers may be ordered prior to award approval but may not be purchased prior to submitting an application.

E-Mobility Pilot Programs

In addition to moving towards zero emissions transportation options, the EMP calls for an overall reduction in vehicle miles traveled ("VMT") across the State, thus reducing emissions overall and easing congestion, which often leads to concentrated emissions in more densely populated areas.

One way to effectuate this change is to provide alternatives to personal cars as a mode of transportation. In 2022, the BPU prepared a report on e-mobility that presented several options that would help to address mobility deserts in low-income areas and which e-mobility options would be most impactful.

In FY24, the DCE investigated the findings of that report to inform Pilot programs to encourage e-mobility options. One such Pilot program would be an electric bicycle ("e-bike") incentive program. E-bikes are becoming more widely adopted by governments and people who want affordable transportation options that reduce their carbon footprint, while completing essential commutes and errands. The intent of the program would be to encourage the purchase of new eligible class one and class two e-bikes, as designated by the State. Getting more e-bikes on roads will afford New Jersey a unique opportunity to reduce VMT in automobiles, help to improve public health – particularly in densely populated areas of the State, and contribute to reducing transportation emissions. Due to Staffing constraints, this planning work with continue in FY25, with the intent to launch future programs.

In addition, Staff will look at other pilot proposals included in the report that encourage e-mobility, some options outlined in the report were community ride-share charging hubs and additional residential home charging incentives for ride-share drivers who have an EV.

Electric School Bus Program

In August 2022, the legislature created a three-year program within the NJDEP to fund Electric School Buses. That Program was mandated to provide $15 million each year for three years to "determine the operational reliability and cost effectiveness of replacing diesel-powered school buses with electric school buses."

In December 2023, the legislature dedicated $15 million from the FY24 Clean Energy Fund to the NJDEP to fund the first year of the program. The FY25 budget proposes to fund the second year of the program.

V2G School Bus Pilot

In addition, there is also funding for an "V2G School Bus Pilot" to further the work established by the legislature in the Electric School Bus Program.

Medium Heavy Duty Depot

In January 2024, L. 2023, c. 316 was enacted, which required NJBPU to create a demonstration project for MHD depots encouraging non-wire solutions and storage. The legislation required six projects with up to $2 million for each project. NJBPU is investigating other funding opportunities and partnerships to leverage this funding and achieve the objectives outlined in L. 2023, c. 316.

EMP Strategy 2: Accelerate Deployment of Renewable Energy and Distributed Energy Resources

This strategy seeks to address the State's efforts to accelerate the deployment of renewable energy ("RE") and distributed energy resources ("DERs"). Two key components of this strategy are to maximize the development of offshore wind ("OSW") and solar energy. As part of the NJCEP, the BPU is tasked with overseeing the OSW and solar programs that will help the State achieve Governor's Murphy's clean energy goals in the most equitable, cost-effective, and efficient ways.

Renewable Energy Programs

Offshore Wind Program

Executive Order 8[3] called upon all State agencies with responsibility under the Offshore Wind Economic Development Act ("OWEDA") (statute amending L. 2007, c. 340 and L. 1999, c. 23) to work collaboratively towards achieving the goal of 3,500 Megawatts ("MW") of OSW by 2030 and to establish a vibrant offshore wind market in New Jersey and in the region. Executive Order 92, to support the furthering of a vibrant offshore wind industry, increased the goal to 7,500 MW by 2035, which is consistent with EMP Goal 2.2. In September 2022, Executive Order 307 ("EO 307") further increased the OSW goal to 11,000 MW by 2040. In November 2022, a revised solicitation schedule was announced laying out how New Jersey expects to meet the new goal.

In September 2018, the Board announced the opening of a competitive solicitation for 1,100 MW, at the time the largest single state solicitation in the nation and a framework for future solicitations. A Request for Quotation ("RFQ") was also issued in FY19 for an OSW economic consultant to assist in the review and evaluation of the applications received in response to the first solicitation, consistent with OWEDA. The consultant's scope was to evaluate the technical feasibility of proposals, the energy producing capacity underlying project economic performance, energy pricing, cost/benefit analysis, job creation, project financing, and the public subsidy requested. The Board awarded a contract in FY19, with costs to be recovered through the OSW applicants' application fees, as allowed under OWEDA.

In FY19, the Board retained a consultant for the Offshore Wind Strategic Plan for a two-year term. The Offshore Wind Strategic Plan was started in August 2018 and includes establishing the framework for moving forward in consultation with stakeholders and strategic partners. The draft strategic plan was issued for public comment in the 5th Quarter ("Q5") of FY20[4] and was adopted by the Board and released to the public in September 2020.

The first OSW competitive solicitation resulted in applications from three experienced OSW developers that represent multi-billion-dollar investments and hundreds of clean energy jobs for New Jersey. On June 21, 2019, the Board unanimously approved the 1,100 MW Ocean

[3] Exec. Order No. 8 (Jan. 31, 2018).

[4] On April 14, 2020, New Jersey Governor Phil Murphy signed into law a bill that extended the State's FY20 to

September 30, 2020. In order to align with the State's fiscal year, the Board extended the NJCEP FY20 budget. Wind Project to be developed 15 miles off the coast of Atlantic City before 2024 and projected to power an estimated 500,000 homes.

On August 16, 2019, Governor Phil Murphy signed Executive Order No. 79 and established a Council for the Wind Innovation and New Development ("WIND") Institute ("WIND Council"), charged with developing and implementing a plan to create a regional hub for New Jersey's burgeoning offshore wind industry and with building upon the Murphy Administration's commitment to making New Jersey a national leader in offshore wind. The WIND Council includes representatives from the Office of the Secretary of Higher Education, the EDA, the BPU, the Department of Education, the DEP, and the Department of Labor and Workforce Development.

On February 28, 2020, the Governor announced a planned solicitation schedule for the full 7,500 MW goal for 2035 to provide transparency to the industry and to show commitment to the development of wind in New Jersey. The solicitation schedule also allows for flexibility to adjust the schedule to capture the best benefits for citizens of the State on issues of cost, development of transmission, supply chain establishment, federal tax credits, and more.

An RFQ for an OSW economic consultant was issued in FY20 for the development of the second OSW solicitation and the review and evaluation of OSW project proposals consistent with OWEDA. The review and evaluation again included evaluating the technical feasibility of proposals, the energy producing capacity underlying project economic performance, energy pricing, cost/benefit analysis, job creation, project financing, and the public subsidy requested. The Board awarded Levitan & Associates a contract in FY20, with a significant portion of the costs to be recovered through the OSW applicants' application fees, as allowed under OWEDA.

In September 2020, a second solicitation was issued for 1,200 to 2,400 MW of OSW ("Solicitation Two"). Evaluation of applications received from two developers in December 2020 resulted in the Board awarding two projects totaling 2,658 MW in June 2021.

Also in 2020, the Board requested that PJM Interconnection LLC ("PJM") include the State's OSW goal in its regional transmission expansion planning under a PJM process known as the State Agreement Approach ("SAA"). The Board also issued an RFQ for a consultant to assist Staff with the SAA process, and a contract was awarded to a qualified consultant.

On April 22, 2020, the WIND Council released a report detailing plans for creating the Wind Institute, which will serve as a center for education, research, innovation, and workforce training related to the development of offshore wind in New Jersey and the Northeast and Mid-Atlantic region. The Wind Institute will coordinate and galvanize cross-organizational workforce and innovation efforts to position New Jersey as a leader in offshore wind. A primary function of the Wind Institute will be to act as a centralized hub for offshore wind workforce development by coordinating across stakeholder groups and State agencies to support the development and delivery of programs and facilities that empower New Jersey students and workers to participate in the offshore wind industry.

For each fiscal year, beginning with FY21, the Board has entered into a Memorandum of Understanding ("MOU") with the Economic Development Authority ("EDA") to provide funding to support the development and execution of offshore wind workforce, education, research, and innovation programs as part of the development of the to-be-created Wind Institute. The funds provided by the BPU are expected to support the expansion of the Wind Institute Fellowship, which provides funding for New Jersey university students seeking to be at the forefront of advancing knowledge and innovation in the OSW industry, and University Initiatives' efforts to increase industry-valued expertise at New Jersey universities; the continued development and execution of OSW workforce and education programs, including overseeing grant challenges, executing MOUs, or and other means to establish OSW-focused training and education initiatives; training for non-destructive testing, crane operations, maritime occupations, and manufacturing, as well as general education campaigns about OSW and career pathways; and the development and execution of initiatives that spearhead research and innovation that unlock market potential and/or specifically address challenges facing New Jersey's OSW industry. While the process to establish the Wind Institute through legislation is ongoing, these MOUs provide immediate action to lay a cohesive groundwork for workforce development necessary to support this rapidly growing industry.

Together, these efforts will enable New Jersey to create the foundation for a targeted and coordinated offshore wind workforce development approach that creates job opportunities for a wide range of New Jersey students and workers.

In FY21, the Board and the South Jersey Port Corporation ("SJPC") entered into a MOU to support the development of critical, first-of- their-kind manufacturing facilities in New Jersey to support the State's growing offshore wind industry ("SJPC MOU"). This is in furtherance of EMP Goals 2.2.2-2.2.4, which seek to develop the OSW supply chain, infrastructure, and workforce.

Also in FY21, the Board entered into a MOU with the New Jersey Economic Development Authority ("EDA") to support a portion of the development and related expenses of the New Jersey Wind Port ("Wind Port"). The Wind Port is intended to be the first purpose-built location for marshalling and manufacturing and is expected to play a critical role in advancing the OSW industry in New Jersey, as well as being an economic engine for the State.

In April 2021, PJM issued a solicitation for OSW transmission solutions on behalf of the Board. Proposals were received in September 2021 for eighty projects from thirteen OSW transmission developers. In October 2022, after a review and evaluation period of more than one year by Staff, the consultant, and PJM, the Board awarded a suite of coordinated transmission projects to enable the OSW goal of 7,500 MW to be efficiently, reliably, and cost effectively connected to the electric grid in New Jersey. The suite of projects awarded saved ratepayers approximately $900 million compared to the "business as usual" baseline. In its award Order, the Board directed Staff to begin to consider a second SAA to help achieve the new 11,000 MW goal.

In 2021, the Board entered into a Memorandum of Agreement ("MOA") with the National Offshore Wind Research and Development Consortium ("NOWRDC") in which FY22 funding

supported the Board's multi-year membership in NOWRDC.

FY22, FY23, and FY24 funding has allowed the Rutgers Center for Ocean Observation Leadership ("RUCOOL") to continue the work that it began for the Board in 2017 on oceanographic and atmospheric studies of the waters off of New Jersey's coast.

In 2022, Staff began to develop the State's third OSW solicitation. A draft Solicitation Guidance Document was issued in November 2022 for public comment. The third solicitation targeted 1,200 to 4,000 MW. The final guidance document was issued in March 2023, with applications due in August 2023. On January 24, 2024, the Board awarded two projects totaling 3,742 MW, including Invenergy's 2,400 MW Leading Light Wind project and Attentive Energy's 1,342 MW Attentive Energy Project 2.

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. 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 ("OSWSP2"). In July 2023 a consultant for the second OSWSP was retained. Work on the OSWSP2 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 additional specific activities, including retaining a consultant to assist Staff in the development of the fifth solicitation guidance document and evaluation of the proposals; continuing funding for the RUCOOL work; continuing funding for a consultant to assist Staff in the OSW Strategic Plan and SAA 2.0; continuing funding for NOWRDC; continuing funding for SJPC; and promoting the ongoing Wind Institute activities.

Solar

Pursuant to the Clean Energy Act of 2018[5] ("CEA") (L. 2018, c. 17) and EMP Goal 2.3.2, the Board has transitioned from its legacy solar incentive program (the "SREC registration program" or "SRP") to a new successor solar program. The SREC registration program closed upon the determination of the Board 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).

[5] Clean Energy Act, L. 2018, c. 17, https://www.njleg.state.nj.us/2018/Bills/PL18/17_.PDF.

The solar transition was conducted in two phases. Phase 1 was the implementation of a Transition Incentive ("TI") Program to provide a bridge between the legacy SREC program and a successor incentive program. The TI Program was approved by the Board in December 2019 and was opened on May 1, 2020 to new projects and to projects with a valid SRP registration that did not energize prior to the 5.1% milestone.

Phase 2 was the design and implementation of the new Successor Solar Incentive ("SuSI") Program. On July 28, 2021, the Board approved the closure of the TI Program to new registrations, effective on August 27, 2021, and opened the new SuSI program. The SuSI program is comprised of an Administratively Determined Incentive ("ADI") Program for net metered residential projects, net metered non-residential project 5 MW and under, and community solar projects; and a Competitive Solar Incentive ("CSI") Program for grid supply projects and larger net metered non-residential projects (over 5 MW). The ADI Program opened to new registrations on August 28, 2021.

The Board has set incentive levels and megawatt allocations by market segment designed to result in 450 MW per year of net metered solar and community solar. Following the closure of the TI Program, an Interim Subsection (t) market segment was established to provide an incentive opportunity for grid supply projects located on brownfields, properly closed sanitary landfills, and areas of historic fill until the Board announced the launch of the CSI Program. 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.

ADI Incentives (NJ-SREC-IIs) Per Market Segment

Market Segments	System Size MW (dc)	Incentive Values ($/SREC-II)	*Public Entities ($20 Adder)
Net-Metered Residential	All Sizes	$85	N/A
Small Net-Metered Non-Residential located on Rooftop, Carport, Canopy and Floating Solar	Projects smaller than 1 MW (dc)	$110	$130
Small Net Metered Non-Residential Ground Mount	Projects smaller than 1 MW (dc)	$90	$110
Large Net Metered Non-Residential located on Rooftop, Carport, Canopy and Floating Solar	Projects 1 MW to 5 MW (dc)	$100	$120
Large Net Metered Non-Residential Ground Mount	Projects 1 MW to 5 MW (dc)	$85	$105

Community Solar	Up to 5 MW (dc)	$90	N/A
Interim Subsection (t) Grid	All Sizes	$100	N/A

ADI Capacity Blocks by Market Segment, Energy Year 2024

Market Segments	System Size	MW (dc) Capacity Blocks
Net-Metered Residential	All Sizes	200 MW
Net Metered Non-Residential	All sizes at or below 5 MW (dc)	150 plus unused EY2023 capacity (124,888 .82 kW)
Community Solar including LMI and Non-LMI	All sizes at or below 5 MW (dc)	225 MW
Interim Subsection (t) Grid	All Sizes	75 MW (Interim basis; Now closed)

On December 7, 2022, the Board announced the new CSI Program, which offers incentives to qualifying grid supply solar and net metered solar installations over 5 MW in size. The CSI Program awards 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 MWh of solar electricity production; pre-qualified projects compete on bid price only. Megawatt procurement targets, totaling 300 MW, are as follows:

Tranche	Procurement Target (MW)
1. Basic Grid Supply	140
2. Grid Supply on the Built Environment	80
3. Grid Supply on Contaminated Sites and Landfills	40
4. Net metered non-residential Installations larger than 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 Program took place in the first quarter of 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 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 described 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 unawarded 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 will continue on an annual basis going forward.

The Board established a non-refundable bid participation fee of $1000 per MW, the proceeds of which will be used to defray costs of the program. The Board waived, in the second solicitation, the bid fee for developers who submitted a substantially similar project (one with an overlapping footprint) to a project they submitted in the first solicitation.

Community Solar

EMP Goal 2.3.1 calls for the continued growth of New Jersey's Community Solar Program. Community solar aims to broaden access to solar energy by enabling electric utility customers to participate in a solar generating facility that can be remotely located from their own residence or place of business. These customers are those who cannot benefit from net metered solar, such as those who rent, live in multi-unit dwellings, have property unsuitable for solar, or lack access to the necessary capital. Community solar is therefore an important program for promoting equitable and fair access to New Jersey's renewable energy policies.

Community solar in New Jersey was rolled out first as a Pilot Program, launched in February 2019 pursuant to the CEA. Through two solicitations conducted between 2019 and 2021, the Pilot Program led to the conditional approval of 150 projects, representing approximately 243 MW. Consistent with the goal of promoting equitable access to solar energy, all projects selected to participate in the Pilot Program have committed to allocate at least 51% of project capacity to low- and moderate-income ("LMI") subscribers. The Community Solar Energy Pilot Program was designed as a competitive application process; projects were selected using criteria designed to further the State's policy objectives for community solar development, including preferred siting, low- and moderate-income resident inclusion, community engagement, and guaranteed savings for participating customers.

Pursuant to the CEA, the Pilot Program has been converted to the permanent Community Solar Energy Program ("CSEP"), which is intended to target the development of at least 150 MW new community solar capacity annually. On March 30, 2023, Staff issued a straw

proposal that sought stakeholder feedback on the design of the permanent program.

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 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, all tranches have closed. 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 24.

During FY25, the Board plans to contract for escrow services, as Community Solar projects are required to post escrow with the Board; the escrow amount will be reimbursed to the applicant when the registered Community Solar project commences commercial operation.

Energy Storage

In 2018, Governor Murphy signed the CEA into law. The Act established 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 Rutgers University to conduct an analysis of energy storage ("ES") in New Jersey, pursuant to the CEA. The Board accepted the final report at its June 12, 2019 agenda meeting.

In FY21, the first phase of an ES program intended to meet the CEA and EMP goals was initiated as part of the Solar Successor Straw Proposal. The December 2022 Board Order establishing the CSI Program includes a specific tranche providing incentives for 160 MWh of storage in combination with grid supply solar. 80 MWh of storage in combination with grid supply solar were awarded in FY24, as a part of the second CSI Program solicitation.

In FY22, Staff began to develop the second phase of the ES program, which will be aimed at reaching CEA-mandated 2030 goals.

In September 2022, Staff issued a straw proposal and began a stakeholder process for an ES program, the New Jersey Storage Incentive Program ("NJ SIP"). Three stakeholder meetings were held and written comments were received on the Straw Proposal. In 2024, Staff anticipates releasing a revised Straw Proposal and implementing the SIP program.

The ES budget line also includes funding for a State match of USDOE funding to improve resiliency at eligible entities. The details of this potential funding are still being finalized by Staff and will be provided to the Board for further consideration.

Grid Modernization

New Jersey's interconnection rules and processes require updating in order to achieve 100 percent clean energy by 2050. In FY22, Staff engaged a contractor to assist with updating New Jersey's interconnection rules so that they reflect national best practices and better

enable the State to achieve its clean energy goals. Necessary updates to the State's interconnection rules may include but are not limited to: updates to the interconnection process; modernization of utility processes for studying interconnection requests; updates to technical interconnection study standards; updates necessary to coordinate interconnection requests with the regional transmission system; incorporation of updated Institute of Electrical and Electronics Engineers or other standards; and other changes that will facilitate New Jersey meeting its ambitious clean energy targets. Five stakeholder meetings were held regarding the interconnection process, which informed the consultant's final report accepted by the Board in November 2022. The report contained nine recommendations. Draft rules were issued for public comment to implement four of the recommendations. This was followed by further stakeholder engagement to develop 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. In FY25, Staff will continue to oversee the development of the grid modernization proceedings and take the next steps based on the report's recommendations.

EMP Strategy 3: Maximize Energy Efficiency and Conservation and Reduce Peak Demand

This strategy focuses on strengthening New Jersey's overall EE and peak demand reduction, which involves clear energy reduction goal setting, consistency, and accountability. Energy reductions will be achieved through improvements in building thermal envelopes, appliance efficiency, energy benchmarking, equipment controls, strategic energy management, and attention to peak demand reduction. To prevent the amplification of energy burden disparities, access to increased efficiency for all residents will be prioritized, and the OCEE will continue to play a key role. In addition, the strategy aims to strengthen building and energy codes and appliance standards.

Energy Efficiency Programs

Energy Efficiency Transition

In 2018, Governor Murphy signed into law the landmark CEA, which called for a significant overhaul of New Jersey's clean energy systems by augmenting existing EE, RE, and DER programs and building sustainable infrastructure in order to fight climate change and reduce carbon emissions. Reducing the rate of climate change and emissions will in turn create well-paying local jobs, grow the State's economy, and improve public health, while ensuring a cleaner environment for current and future residents.

As part of this statewide undertaking, the CEA required New Jersey's public gas and electric utility companies to reduce their customers' use of gas and electricity by set percentages over time. To help reach these targets, the BPU established a statewide framework for EE programs in June 2020 and approved a comprehensive suite of EE programs that feature new ways of managing and delivering EE directly from public gas and electric utility companies to

their customers and that, since July 1, 2021, have begun to transition the State to what are expected to be some of the highest energy savings in the country.[6]

The Board-approved utility-run EE programs offer on-bill repayment or comparable third-party financing, with more favorable terms for qualifying LMI customers and small commercial entities. The utilities also offer weatherization programs for moderate-income customers. The Board's approval, oversight, and evaluation of the utility-run EE programs support EMP Goal 3.1.5, which is to adopt equitable clean energy financing mechanisms that enable greater penetration of EE opportunities for all customers. They also support EMP Goal 3.1.3, which is to establish strategic and targeted EE programs to increase energy reductions and customer engagement. EMP Goal 3.1.3 specifically mentions programs that target moderate- income customers as helpful in closing gaps in program affordability and also incorporation of on-bill financing into EE programs.

Further, 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 system repairs and upgrades."[7] EO 316 defined electrification as "the retrofitting or construction of a building with electric space heating and cooling and electric water heating systems."[8]

In May and July 2023, the Board established the requirements for the second three-year program ("Triennium 2") cycle of EE programs offered by utility and State program administrators pursuant to the CEA, including new building decarbonization start-up programs and demand response programs. The Board is currently reviewing proposals from the public gas and electric utility companies for Triennium 2 EE programs for commencement on January 1, 2025.

Acoustical Testing Pilot

The New Jersey Acoustical Testing Pilot Program is proposed in response to the EMP Goal 3.1.3, which encourages the exploration of "new energy-saving opportunities in complementary sectors, such as the water sector." Annual water and energy losses due to aging water infrastructure in New Jersey are significant, amounting to billions of gallons of water and multiple gigawatts of energy lost. This pilot incentive program allocates resources to facilitate the purchase or rental by water utilities of acoustic monitoring systems that employ permanent leak monitoring technology to enable them to more efficiently and effectively locate water leaks. This pilot program welcomes proposals from all New Jersey water utilities, but primarily seeks to address water and energy losses in urban and older inner suburban communities. These communities have older infrastructure and addressing their

[6] *See* https://njcleanenergy.com/transition for more information about the EE transition.
[7] Executive Order No. 316 (Feb. 15, 2023).
[8] Ibid.

infrastructure issues would also result in benefits to OBC. The Board approved the release of the application in March 2021. In July 2021, the Board awarded a total of $1.1 million in grants to four applicants to implement permanent leak detection technology in their water systems. Staff will continue to closely examine the progress and efficacy of the first round of funding and utilize this information to determine recommendations to the Board for a possible second pilot year.

LED Streetlights Replacement

Staff, through collaboration with the Rutgers Center for Green Building ("RCGB"), engaged with municipalities and utilities in FY24 to identify the baseline for existing types of streetlights and the inventory in the State. In FY25, RCGB will continue to research LED technologies and their cost-effectiveness. RCGB will also review existing tariffs and their alignment with the projected energy savings resulting from conversion to LED streetlights. Following delivery of final draft recommendations from RCGB to Staff in approximately the third quarter of 2024, Staff anticipates providing a straw proposal for public comment in the fourth quarter of 2024 and presenting final program recommendations to the Board for approval in 2025.

Specifically, this is in response to EMP Goal 3.1.7, which is to "revise street lighting tariffs as necessary to incentivize mass adoption of energy efficient initiatives." The energy savings and resulting reduction in greenhouse gas emissions that occur when municipalities change over from traditional streetlights to dark sky compliant LED street lights is significant. This program may allocate grant funding for municipalities to meet the upfront costs of the changeover and could have a carve-out for projects in OBCs to ensure that those communities have the opportunity to benefit from the conversion to LED streetlights.

Sustainable Jersey

The BPU's Sustainable Jersey contract supports the adoption of clean energy throughout the State through their Sustainable Jersey Municipal and Schools Certification Programs and their hands-on work with municipal governments and school districts. Sustainable Jersey assists municipal governments and schools to not only participate directly in clean energy programs themselves but to also encourage local residents and businesses to realize the energy and economic benefits that result from clean energy programs.

In particular, the BPU's work with Sustainable Jersey directly tracks with EMP Goal 3.1.2, which is to increase awareness of and access to utility EE programs, NJCEP and its suite of statewide programs, and other BPU clean energy programs. Sustainable Jersey is also providing technical assistance to OBMs that receive grants through the Community Energy Plan Grant ("CEPG") Program and Community Energy Plan Implementation ("CEPI") Grant Program (described further below), and hosts the website for the Community Solar Project Finder in cooperation with the Board.

New Jersey Institute of Technology

The NJIT Center for Building Knowledge ("CBK") provides research, training, and technical

assistance on EE in the State and on select aspects of the NJCEP. The CBK created and manages the New Jersey Clean Energy Learning Center ("NJCELC"), which provides online education for the full range of stakeholder groups engaged with NJCEP. In FY24, CBK hosted the launch of the Campus Consortium for Decarbonization, as led by TRC as part of NJCEP. In FY25, their core activities will include continuing to maintain the NJCELC website, developing new educational materials, and supporting NJCEP initiatives. In FY25, CBK will also focus on tasks such as expanding content in existing areas like heat pumps and benchmarking, supporting the New Construction Program, leading Training for Residential Energy Contractors ("TREC") workforce development program implementation, supporting the Campus Consortium for Decarbonization, developing educational programs on new and emerging technologies, and undertaking miscellaneous educational activities.

Rutgers Center for Green Building

In addition to the RCGB LED Streetlights work described above and EE evaluation work described below, RCGB will continue its work analyzing cost-effective amendments to NJ energy codes and co-facilitating the NJ Energy Code Collaborative. The RCGB is also supporting BPU's competitive federal grant applications for resilient and efficient codes implementation. These areas of work broadly support EMP Goal 3.3, which is to strengthen building and energy codes and appliance standards, including Goal 3.3.6, which is to increase compliance of mandated building and energy codes.

Benchmarking

In addition to the EE transition, the CEA mandated that, by May 2023, the BPU require building owners and operators of commercial buildings over 25,000 square feet to benchmark their energy and water use for the prior calendar year using the U.S. Environmental Protection Agency's Portfolio Manager tool. Benchmarking is an important early step in raising awareness with building owners and operators about the energy performance of their buildings. EMP Goal 3.3.2 is to "[e]stablish transparent benchmarking and energy labeling," and the EMP describes building energy use benchmarking as a critical component in promoting market-driven increases in energy efficiency. Measurement and analysis of facilities' energy use, as well as comparison of performance to similar or model buildings, provides owners and operators with the necessary information to assess opportunities for performance improvements that reduce energy use and costs.

In FY22, the Board approved New Jersey's energy and water benchmarking program for large commercial buildings through which building owners and operators will provide their first submissions by October 1, 2023 and all subsequent year submissions by July 1st of each program year. In FY24, the Board provided a 90-day grace period for the second reporting year submissions to September 29, 2024. Additionally, Staff has been pursuing and supporting program implementation steps – including outreach, training, IT development, and rulemaking – to ensure that building owners are able to benchmark their buildings.

In FY24, RCGB will continue to support the benchmarking program by developing the list of commercial buildings over 25,000 square feet, which entails analysis and modeling of tax

records, GIS, and LiDAR data. In collaboration with RCGB, Staff will develop a comprehensive report for the results of the first reporting year.

Additionally, the Board recognized the need for the State to "lead by example" and benchmarking of State facilities over 25,000 sq/ft is being implemented on the same timeline as the commercial sector. Protocols were developed in FY23 for State facilities and benchmarking compliance was achieved at a higher rate than the commercial sector for the first reporting period. Many of the State's eligible properties are located on a campus or master metered, which has resulted in the need to benchmark the entire campus as opposed to just the individual building. The State's EPA Portfolio Manager profiles related to benchmarking compliance have 107 properties with buildings above 25,000 sq/ft (65 campuses and 42 single buildings). There is a total of 1,494 buildings that are being tracked. The State continues to audit buildings and increase the number of profiles for buildings, although not all are required to benchmark.

EMP Strategy 4: Reduce Energy Consumption and Emissions from the Building Sector

EMP Goal 4.1 focuses on starting the transition to net zero carbon new construction. The NJCEP EE programs for new construction directly address this strategy. The BPU's redesigned New Construction Program includes an improved platform that replaces and improves the existing Residential New Construction ("RNC"), Commercial & Industrial ("C&I") Buildings - New Construction ("C&I NC" or "SmartStart NC"), C&I Buildings: Pay for Performance - New Construction ("P4P NC"), and C&I Buildings - Customer Tailored Energy Efficiency Program - New Construction ("CTEEP NC") Programs. The redesigned New Construction Program incorporates multiple new components – including a single point of entry, optimized program process flow, increased depth of scope, and three pathways to participation (bundled, streamlined, and high performance), as well as a greenhouse gas bonus. The redesigned New Construction Program will be developed through ongoing input from public stakeholders prior to Staff presenting it to the Board for their consideration.

EMP Goal 4.2 focuses on starting the transition to electrify existing oil- and propane-fueled buildings. The BPU is assessing cost-effectiveness of heat pump adoption in various scenarios, with an eye toward prioritizing electrification of oil- and propane-fueled buildings. In particular, BPU is working with the investor-owned utility companies to develop building decarbonization incentives offered as part of utility EE programs for existing buildings.

<u>State Facilities Initiative</u>

The State Facilities Initiative ("SFI") identifies and implements EE projects in State-owned facilities or State-sponsored projects with the objective of producing energy and cost savings. The funding provided to the SFI is directly in line with EMP Goals 3.3.5 and 4.1.1. EMP Goal 3.3.5 seeks to "[i]mprove energy efficiency in, and retrofit state buildings to, a high-performance standard." EMP Goal 4.1.1 addresses electrifying State facilities.

The BPU Division of State Energy Services ("SES"), coordinates these projects based on

evaluation of capital costs and anticipated energy savings. SES works with energy managers, State agencies, the Office of Management and Budget, and the Treasury Division of Property Management and Construction ("DPMC") to help identify the projects that are viable to move forward and impact energy consumption. Through a MOU, SES and DPMC execute the projects while Treasury Administration helps coordinate the payments. In FY25, **additional** funding has been provided to further upgrade State facilities. In addition, funds have been reallocated based on updated project timelines.

The BPU and Treasury first partnered through an MOU in February 2017 to upgrade the Hughes Justice Complex and the NJDEP.[9] In November 2019, the Board entered into an MOU with DPMC to establish criteria for selecting and allocating funds on the designated priority list ("2019 MOU").[10] This allowed for increased State facility projects and a prioritized pipeline of future upgrades. Projects will meet one or more of the following criteria: (a) improvements, upgrades, and replacements of air handling and movement systems; (b) lighting and equipment upgrades and replacements; (c) boiler, chiller, and HVAC replacements; (d) lighting and building controls; (e) RE and EE systems at all State facilities; and (f) injection of funding for State facility projects outside of the Energy Capital Committee domain that have an EE or RE component but are stalled due to lack of funding.

Following the guidelines established in the 2019 MOU, SES will continue to develop projects.

Included as an appendix is a chart that summarizes the FY25 Designated Project List ("DPL"). The DPL represents SES staff's most current list and funding amounts making up the SFI budget line. The proposed funding levels for specific projects on the list reflects the current project status, recognizing that project start dates and milestones are dependent on DPMC coordinating the commitment and deployment of all project funds, including use of the Treasury line of credit. As with prior approved DPLs, including the one approved in 2019, SES staff will continue to identify potential future projects, or appropriate future projects, subject to the review and approval by the Board consistent with the orders referenced above.

Additionally, the BPU has advocated for changes to the Treasury Circular to enhance the role of agency energy manager. In order to make sure that agency staff have the tools to implement energy savings plans, in FY23 the SFI offered training and grants for agencies that send energy managers through the eight-month training program. 13 State entities are participating in the current cohort. Utilizing the Energy Manager Training, SES was able to train agency energy managers on Local Government Energy Audit paperwork. This resulted in a substantial increase from less than ten applications in the previous year to over 50 applications in FY23 and FY24. For FY25, through the State Energy Manager training program, additional State entities will apply for energy audits, which will help shape what

[9] 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. QO17010075, Order dated February 22, 2017.

[10] 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. QO19101423, Order dated November 13, 2019.

other projects will follow. This also aids in the advancement of benchmarking for other State buildings.

Furthermore, the Annual State Facility Energy Consumption Report will allow for continued tracking of energy consumption and cost at State facilities. This data will help inform agencies of prior use, opportunities for reductions, and high energy use intensity.

EMP Strategy 5: Decarbonize and Modernize New Jersey's Energy System

This strategy addresses the planning, finance, and implementation of electricity distribution system upgrades to accommodate increased electrification and DER integration; exercising regulatory jurisdiction and increasing oversight over transmission upgrades to ensure prudent investment and cost recovery from ratepayers; modifying rate design and the ratemaking process to empower customer energy management; and maintaining gas pipeline system reliability and safety while planning for future reductions in natural gas consumption.

Microgrids

The BPU learned from Superstorm Sandy that business as usual – with respect to the electric distribution system overall and backup generators at critical facilities – was inadequate for resilience. To address resilience at critical facilities, in 2014, the BPU provided funding to NJIT to conduct a study of potential locations for Town Center Distributed Energy Resources ("TCDER") microgrids in the Sandy-affected regions of the State. The 2015 EMP recommended an increase in the use of microgrid technologies, and in November 2016, the BPU issued a microgrid report that formed the basis for New Jersey's initial microgrid program.

In FY18, the BPU initiated Phase I Feasibility Study of the microgrid program, through which interested applicants could submit applications to help fund TCDER microgrid feasibility studies. The BPU awarded a total of approximately $2 million to 13 public entities consisting of municipalities, counties, and authorities to conduct the feasibility studies.

In FY20, the BPU initiated Phase II Design Phase of the program, which was open to all eligible Phase I participants and which provided incentives for detailed designs of TCDER microgrids. In March 2021, the BPU awarded a total of $4 million to eight applicants. One awardee subsequently withdrew from the program, resulting in a total award of $3,750,000. In FY21, 75 percent of the award ($2,812,500) was provided to each of the seven awardees. The balance of the award will be provided upon approval of the completed design work by Staff. In April 2024, the Board approved a new MOU to continue the design phase of the program.

The BPU has not allocated funds for a prospective construction phase of the program. In FY20, to investigate opportunities for financing TCDER Microgrids, the BPU applied for and received a grant of approximately $300,000 from the USDOE to conduct a study regarding

financing microgrids. The study had the following objectives:

- Analyze existing best practices to inform the development of the procurement/financing models;

- Evaluate and track the TCDER microgrid applicants as they enter the procurement and financing process to derive "real-world" information that can further refine the models; and

- Produce a guide grounded in legal, economic, and regulatory realities to help jurisdictions in New Jersey and across the United States to better understand the process of procuring and financing advanced community microgrids.

The study report was released in July 2021. In FY25, funding will continue to support a study to evaluate the design progress and evaluate barriers to Microgrid adoption.

EMP Strategy 6: Support Community Energy Planning and Action with an Emphasis on Encouraging and Supporting Participation by Low- and Moderate-Income and Environmental Justice Communities

This strategy concerns the environmental justice ("EJ") and equity dimensions of the clean energy economy, with the purpose of ensuring equal access to the clean energy economy and its opportunities and benefits.

Clean Energy Equity

First, the OCEE was established, which works on cross-cutting energy and equity issues and guides the BPU's programs towards an equity lens. One of the programs that the OCEE administers is the Community Energy Plan Grant ("CEPG") Program, which was relaunched in November 2021. This new iteration of the program places an emphasis on supporting OBMs, including higher award amounts and technical assistance available to these municipalities.

This strategy also lists goals for clean power generation and clean transportation options in LMI and EJ communities, addressing the disproportionate pollution impact with which these communities are often burdened. Specifically, the Community Solar Program and the MUD Program, as described in detail above, highlight the BPU and the OCEE's efforts to directly meet these goals as they relate to OBC.

Finally, there are enhanced incentives available for LMI communities. There are ongoing outreach efforts taking place in working groups around enhanced incentives to encourage increased participation. Equity metrics for utility-run EE programs are included in quarterly reports and posted on the NJCEP website. The reports evaluate participation, expenditure, and savings in OBCs with additional qualitative notes on outreach efforts. Also, 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 aforementioned programs, including much of the EE work overseen by the OCEE, is addressed under Strategy 3. Also, the Comfort Partners Compliance Filing further outlines the work that is being performed through this program.

Heat Island Pilot

The OCEE is working with the NJDEP and other State agencies on an initiative that seeks to implement strategies that would address the causes and reduce the impacts of excessive heat and the heat island effect. This initiative is still in development and may offer incentives and identify clean energy alternatives in an effort to address several of the underlying factors that contribute to the heat island effect, with the added benefit of increasing EE and resilience.

Residential Energy Assistance Payment

Since the onset of the public health emergency in 2020, the Board has taken a leading role in safeguarding the access to electric, gas, water, wastewater, and essential telecommunications services for customers. The Board expanded access to and funding for programs like the Universal Service Fund ("USF") and the Payment Assistance for Gas and Electric ("PAGE") Program. Working with all of the utilities and other companies subject to the Board's jurisdiction, along with representatives of community groups, customer advocates and Rate Counsel, Staff has ensured compliance with the various Executive Orders regarding utility operations, including the moratorium on shutoffs for nonpayment and the subsequent grace period and enrollment period.

In partnership with DCA, Staff facilitated the distribution of approximately $410 million in American Rescue Plan ("ARP") funding for utility bill arrearages through the programs administered by the DCA. The bulk of this assistance was distributed to customers in a collaborative process with the utility service providers, where customers with arrearages over $300 and more than 30 days overdue, not otherwise eligible for assistance, were identified by the utility and contacted by DCA. Approximately 127,234 households were provided assistance through this effort.

Additionally, the BPU provides funding for the USF and PAGE programs. During the last program year, USF provided $164,069,456 of assistance (an increase of 12%) to 222,182 households. A key component of the USF is the Fresh Start Program, whereby eligible customers who make 12 consecutive monthly payments on their current bill have the past due balance paid in full by the program. Through Fresh Start Program expansion, the Board provided arrearage forgiveness in the amount of $44 million to USF enrollees during the last program year, a decrease of 14 percent compared to the prior program year. The smaller PAGE Program, which is more focused on moderate-income, disbursed approximately $3.5 million in 2023, a 13 percent increase compared to the prior year. PAGE grants were provided to 8,832 households in 2023.

In FY24, the Board initiated a new initiative called the "Residential Customer Relief Initiative" which was later renamed to Residential Energy Assistance Payment. The intended

purpose is to refund a portion of the Societal Benefits Charge, as well as about $21 million in arrearage relief funding, to residential customers most in need of financial assistance. Through the Residential Energy Assistance Payment, approximately $51 million dollars in relief will be disbursed to qualifying customers statewide.

Whole House Pilot Program

In FY23, the BPU and Green and Healthy Homes Initiative designed and launched New Jersey's Whole House Pilot Program ("WHPP") in Trenton. This program continues in FY24 to expand EE offerings and address long-term health impacts for low-income residents through development of a collaborative, interagency approach to addressing a broader array of residential health and safety concerns than had previously been addressed through the Comfort Partners Program and the Weatherization Assistance Program in a limited capacity. Additionally, the WHPP was recently expanded to include building electrification as an option for customers in Trenton. In FY25, this program continues to be funded by the State Energy Program ("SEP") and the SBC.

Community Energy Plan Grants

Through the CEPG Program, local governments identify which strategies of the EMP are most applicable in their communities, what obstacles may exist, what opportunities there may be, and which BPU incentive programs or other State programs may help them move towards the goals of the EMP.

In 2021, the Board requested that the Office of Clean Energy Equity ("OCEE") perform an evaluation of the CEPG Program to develop recommendations that prioritize LMI and OBCs who may benefit the most from the program.

As a result of this request, the OCEE redesigned the CEPG Program in FY22 to remove barriers to participation from these communities with limited resources. First, OCEE simplified the application process for all municipalities. In addition, based on OBC census tracts data, and the New Jersey Department of Community Affairs ("DCA") Municipal Revitalization Index ("MRI"), the OCEE identified 48 OBMs. These 48 municipalities were eligible for an enhanced grant amount and additional aid in the form of technical assistance from Sustainable Jersey. All New Jersey municipalities were eligible for $10,000 grants unless they were identified as an OBM, in which case they were eligible for a $25,000 grant, with additional aid in the form of technical assistance to help complete the grant application and technical support to develop the community energy plan after the grant is awarded. The simplified application process and enhanced benefits for OBMs were designed to increase the likelihood of success of and engagement in the program.

On June 8, 2022, the Board awarded grants to 46 municipalities, including 24 OBMs, with grants totaling $820,000. So far, 26 municipalities have submitted their final plans, and the remaining participants are in the final stages of completing their respective plans.

In FY24, the Board approved the third program year for CEPG. The application window for

CEPG was opened in December 2023 and is set to close in May 2024. With this new round of funding, the Board expanded the criteria for qualifying OBMs to get participation from more towns and extend the geographical distribution of funds.

Also in FY24, the Board for the first time offered grant funding to support municipalities' implementation of their completed community energy plans through creation of the CEPI Grant Program. This new offering provided funding necessary for towns to implement clean energy actions on a local level in support of clean energy goals identified in the EMP. The newly created CEPI Grant Program prioritized funding for OBMs and offered them enhanced technical assistance. The application window for CEPI opened in December 2023, and will close in May 2024. The Board and Sustainable Jersey have been actively doing outreach to municipalities throughout the State to inform them of the new grant program. Grant awardees through this new program are expected to be announced in July 2024, with projects starting in September 2024 and ending in September 2026.

EMP Strategy 7: Expand the Clean Energy Innovation Economy

This strategy seeks to develop New Jersey's clean energy economy, including the clean energy tech sector and the burgeoning OSW industry, through workforce training, clean energy finance solutions, and investing in innovative research and development programs. With the establishment of the WIND Institute, as mentioned in greater detail above, which will coordinate education, workforce training, research and development, and capital investments, New Jersey will continue to lead and innovate on OSW. Not only will New Jersey's clean energy goals reduce the risk of climate change, they also present significant opportunities to increase jobs and strengthen the economy.

Economic Development Authority

<u>R&D Energy Tech Hub</u>

In FY21, FY22, and FY23, the Board entered into MOUs with the EDA to provide funding to support the EDA's Clean Tech Seed Grant Program for research and development activities for very early-stage, NJ based clean tech companies. Additionally, this funding has been used to support a clean tech research and development asset mapping and voucher initiative. This initiative is designed to increase awareness, access, and utilization of the State's physical clean tech innovation-related assets, such as testing equipment and specialized fabrication equipment. FY23 funding included the addition of a new Clean Tech Pilot Demonstration Program.

In FY24, funding was approved to advance the BPU's continued support of EDA's clean tech programs, including a third round of the Clean Tech Seed Grant Program, a third round of the Clean Tech R&D Voucher Program, and a second round of the Clean Tech Pilot Demonstration Program, including the addition of a new Clean Tech Pilot Demonstration Program. This program will enable New Jersey based companies to accelerate the commercialization and

deployment of innovative clean energy technologies by providing funding for pilot demonstration ready projects to test and validate performance and de-risk the commercialization process.

Multiple EMP Strategies and All Other Programs

Many of the programs offered through the NJCEP address multiple EMP strategies. Additionally, in order to fund salary expenses, marketing, and other essential administrative services for the NJCEP, funding has been allocated to continue to support the below programs.

Planning and Administration

BPU Program Administration

The DCE is charged by the Board with the responsibility for administering the NJCEP. As the administrator of the NJCEP, the DCE is responsible for various program-related matters, including:

1. Developing recommendations to the Board regarding programs to be funded, budgets for those programs, and various matters related to the administration and implementation of the programs;

2. Drafting Board orders memorializing Board decisions and tracking compliance with such orders;

3. Administering the Clean Energy Fund ("CEF") to support all program activity, including:

    a. Ensuring compliance with State policy and procedures regarding all payments to and from the CEF for program-related activities;

    b. Coordinating with Treasury with regard to financial management and reporting of the NJCEP and reconciliation of the CEF with the rest of the State financial system; and

    c. Coordinating the activities of various working groups and stakeholder meetings, including soliciting input regarding programs, budgets, and program administrative matters;

4. Overseeing the activities of the program administrator and the utilities, coordinating with sister agencies such as EDA and NJDEP, and advancing education and outreach efforts, and other issues;

5. Developing reporting guidelines and providing the Board with regular updates regarding program activities;

6. Developing protocols for measuring energy savings and renewable energy generation;

7. Overseeing evaluation and related research activities;

8. Developing program goals, performance indicators, and minimum requirements for program management;

9. Monitoring program activity, reviewing evaluation results, and recommending modifications to programs and budgets as required;

10. Developing requests for proposals to engage program administrators and/or managers, evaluation contractors, consultants, and other contractors that assist with the administration of the programs, evaluating proposals received, and selecting contractors;

11. Facilitating resolution of issues related to program management and customer complaints;

12. Managing the Comprehensive Resource Analysis proceedings to set funding levels; and

13. Managing requests for proposals for program services and related program transition activities.

The DCE remains in urgent need of additional capacity to develop and manage the growing suite of programs mandated by legislation and the goals established in the EMP. Additional funding in FY25 is requested to meet this capacity need.

Marketing

The NJCEP Marketing Plan is designed to enhance knowledge and awareness among businesses, local government, and residents of energy efficiency, energy affordability, and other clean energy initiatives and programs. The NJCEP branding campaign, launched in April 2020, continues to build awareness among New Jerseyans and businesses of the clean energy resources available through NJCEP offerings, thereby increasing participation in NJCEP programs. Marketing efforts include consistent and dynamic social media, internet, television, and radio ads, and a sponsorship with the New York Jets.

The marketing plan communicates the State's overarching goals and ongoing efforts to foster long-term, resilient, clean energy options and to reduce energy consumption, burdens, and emissions to create a more sustainable and equitable environment for all of New Jersey in alignment with the EMP.

Clean Energy Program Website

NJCleanEnergy.com supports the NJCEP's goals by providing information to the public about all of the division's offerings. Upon award of a State contract to a winning bidder, a redesigned website will increase public awareness of the benefits of clean and efficient energy and of the incentives and financial assistance available to ratepayers. In addition, it will provide an easy-to-use and navigate platform to make applications more accessible and provide decision portals to allow customers to more easily find the most applicable programs.

The Clean Energy Program website Request for Proposal was issued in March 2024, and the Board plans to award a contract for a new website administrator in FY25.

Program Evaluation/Analysis

Evaluation and related research provide insights into and analysis of clean energy markets and programs. The BPU is the lead implementing agency for the development and implementation of the EMP and the NJCEP. As such, the BPU is required to track and report on progress in meeting EMP goals, as well as to evaluate current and proposed NJCEP programs in terms of their rate impact and the cost versus benefits of specific programs operated through ratepayer funds. The BPU is also required to establish baselines related to EE, renewable energy generating sources, and emerging technologies, and to evaluate the market potential for current and emerging clean technologies. The BPU has evolved the evaluation framework to include Enhanced and Gold Rigor practices in support of program theory-based evaluations.

Federal Grid Modernization Program State Match

The BPU is the lead implementing agency that ensures a reliable electric grid and helps facilitate our clean energy transition. 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, as required by the pending FY25 State budget. The BPU submitted a $27 million dollar Grid Resilience and Innovative Partnerships (GRIP) application to implement Grid enhancing technologies and non-wires alternatives in select circuits in the ACE grid to support more distributed energy resource interconnection.

NJBPU Memorandum of Understanding with EDA for Contractor Assistance on Federal Clean Energy Grant Opportunities

The NJBPU entered into an MOU with the EDA for contractor assistance on federal clean energy grant opportunities. EDA contracted with McKinsey & Company, Inc. to assist the State and relevant agencies to explore and apply for federal grants in connection with IRA and CHIPS grant applications. NJBPU serves a key role in advancing clean energy in the State and leads 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. It 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, including those available under the Greenhouse Gas Reduction Fund, Grid Resilience and Innovation Partnerships, and Home Efficiency Rebates grant programs. The FY24 Clean Energy Fund - Program Evaluation/Analysis budget line was used to fund this transfer, based on the terms established in the attached MOU. The NJBPU has submitted over $400 million worth of applications for federal funding.

Energy Efficiency

The FY23 NJCEP proposal provides continued funding for evaluation, measurement, and verification ("EM&V") of utility- and State-run EE program outcomes for residential, governmental, commercial, and industrial markets. In FY23, the BPU's EE EM&V Working Group – which the Board created during the EE Transition and which is led by the Statewide Evaluator – continued its work to evaluate utility- and State-run EE programs. The EE EM&V Working Group has developed a shared EM&V framework and schedule of studies applicable throughout each three-year period of utility-run EE programs.

Evaluation of EE programs assesses whether energy saving performance targets are met, including for hard-to-reach customer bases, such as multi-unit dwellers, income-eligible households, and small commercial customers. EE program evaluation supports EMP Goal 3.1.3, which is to establish strategic and targeted EE programs to increase energy reductions and customer engagement.

The EM&V Working Group also evaluates performance indicators, which may include revised utility-specific targets for reductions in energy consumption and peak demand that support the minimum reductions mandated by the CEA. This performance tracking directly aligns with EMP Goal 3.1.1, which calls for implementation of the CEA requirement that electric and gas utilities annually reduce consumption by at least 2% and 0.75%, respectively, including the establishment of clear performance indicators and targets and EM&V methods.

The evaluation studies are managed by the Statewide Evaluator and executed by the RCGB, an EE Evaluation Study Team ("EST") (contracted in FY23 by the BPU to conduct evaluation studies through FY25), and independent utility program evaluators. In FY22 and FY23, RCGB oversaw completion of several evaluation studies – including analysis of New Jersey commercial new construction industry standard practice, New Jersey non-residential and residential lighting market characterizations, and analysis of New Jersey 2020 and 2021 retail lighting sales. In FY25, RCGB will continue to perform and support evaluation studies, including cost-benefit analyses, and other evaluations of State-run EE programs, and participate in the EE EM&V Working Group.

In FY23, the EST started studies on Heat Pumps and Building Electrification, Incremental Measure Costs, Equivalent Full Load Hours, Net to Gross Factors, and Commercial and Industrial Baseline.

The independent program evaluators for the utilities, with oversight by the Statewide Evaluator, conduct ongoing impact and process studies. Impact studies evaluate quantitative performance metrics, such as participation rates and savings. Process studies are qualitative market research studies examining EE program operations, including customer and contractor satisfaction.

Energy Master Plan Ratepayer Impact Study

The 2019 EMP established a set of goals and pathways for New Jersey to reach 100 percent clean energy by 2050, as directed by Governor Murphy in Executive Order No. 28. The Board developed the Integrated Energy Plan ("IEP"), a long-term forecasting model, to better inform the strategies set forth in the EMP. Specifically, the IEP modelled several scenarios to identify the most strategic and least-cost pathways to achieve New Jersey's 2050 clean energy and emissions targets. The IEP considered the costs and benefits of the full energy system under such scenarios but not the individual ratepayer impacts of a clean energy transition.

To assess ratepayer impacts, Staff engaged The Brattle Group ("Brattle") to incorporate the goals and objectives of the EMP, including the results of the IEP, into a comprehensive model of customer rates and energy costs in the year 2030 for four classes of customers (low-income and non-low-income residential plus small and large commercial and industrial customers) under three scenarios (current policy, EMP achievement, and ambitious pathways). In addition, Brattle compared results for each pathway across different customer types to examine the incremental impacts for customers that adopt various ways to increase their use of clean energy solutions.

The Board accepted the Ratepayer Impact Study in August 2022. The Study found that the 2030 total energy costs of the average residential and the average small and large commercial and industrial customers are expected to be lower than their current costs if these customers are able to adopt electric vehicles or electric heating technologies and participate in energy efficiency programs. The study further noted that the avoided cost of reduced greenhouse gas emissions in 2030 from electrification of vehicles and homes provides an annual benefit of $1.75 billion per year in 2030.

Equity in 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 New Jersey, 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 in FY25.

Rutgers University Facilitation of Dual-Use Solar Pilot

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/property. 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.

Outreach and Education

The BPU's EE Marketing Working Group – which the Board also established during the EE Transition and currently meets on an ad hoc basis – includes representatives of the BPU Staff from multiple divisions, the NJCEP program administrators, utility companies and their program administrators, Rate Counsel, Sustainable Jersey, and others. This working group coordinates on outreach and education on EE programs offered across the State. The EE Marketing Working Group's activities are consistent with and supportive of EMP Goal 3.1.6, which is to "[s]treamline and increase marketing, education, awareness, and program administration," which will continue in FY25.

<u>Clean Energy Conference</u>

The BPU, led by the Chief of Staff's Office and DCE, and Rutgers University, 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. Key amongst the speakers were Governor Phil Murphy, FERC Commissioner Willie Phillips, Princeton University's Jessie Jenkins, NJEDA CEO Tim Sullivan, NJDEP Commissioner Shawn LaTourette, Governor's Office on Climate Action and the Green Economy's Jane Cohen, and 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 nearly 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, thereby increasing New Jersey's national recognition as a leader in clean energy. In FY24, funding is being reserved to potentially host another edition of the Clean Energy Conference.

Memberships

This component of the budget includes funding for sponsoring the National Association of State Energy Offices and the Clean Energy State Alliance, which coordinates efforts among state energy offices, as well as other memberships key to ensuring collaboration and utilization of best practices from other states.

BPU Initiatives

Workforce Development

As the clean energy economy continues to grow in New Jersey, workforce development and training are key components of realizing the State's efficiency, generation, and energy equity goals while providing clean, green jobs to workers in New Jersey. To that end, the BPU has funded a New Jersey EE and building decarbonization workforce study conducted by the John J. Heldrich Center for Workforce Development at Rutgers University ("Heldrich Center"). The study report is in its final stages of development after rounds of reviews conducted by the BPU Staff and the Statewide Evaluator team. It has been presented to a range of stakeholders, including the EE Work Force Development Working Group meeting in October 2023 and a meeting of Workforce Development Board Directors in January 2024. The study findings were also instrumental for the BPU-led Training for Residential Energy Contractors ("TREC") formula grant proposal application and program designs.

BPU is also coordinating with the New Jersey Department of Labor and Workforce Development to explore the potential establishment of State-funded workforce development initiatives that support employment and training services for individuals interested in clean buildings careers through competitive grants to community-based organizations in partnership with utility companies. These grants could support the recruitment of eligible participants from New Jersey's overburdened communities to receive core employment and

training services, such as workforce readiness and financial literacy instruction, wrap-around supportive services, job coaching, and job placement services to facilitate entrance into the clean energy workforce. These State-funded grants could also increase access to employment and training services, such as occupation skills trainings resulting in industry-recognized credentials and needs- based on-the-job training placements with employers intended to provide a bridge for participants into sustainable, unsubsidized employment. In FY24 and continuing into FY25, utility companies are also exploring offering subsidized or no-cost training programs for workers to gain credentials, including certifications, which are required for employment in EE and building decarbonization jobs.

In addition, in FY24, the BPU collaborated with RCGB, the Heldrich Center, and NJIT to develop and submit New Jersey's application for $3.5 million in formula grant funding from the USDOE (TREC). This funding aims to train residential energy contractors to implement work supported by the Inflation Reduction Act. The implementation plan includes a Business and Industry Leadership Team ("BILT") Convention scheduled for June 2024, which will be co-convened by NJIT and the Department of Labor & Workforce Development Industry Partnerships teams. The development and implementation of these initiatives occurred while the BPU supported the Governor's Clean Building Working Group and are coordinated with the Workforce Development and Equity Working Groups (which include State agencies, community organizations, labor organizations, industry representatives, training providers, community colleges, colleges and universities, workforce development boards, utility companies, Rate Counsel, and other partners) established through the EE transition.

Fiscal Year 2025 Program Budgets

The following table sets out a detailed FY25 budget for programs managed by the DCE:

		FY25 Detailed Budget - Cost Category Budgets ($)					
Program/Budget Line	**Total Budget**	**Administration**	**Sales, Marketing, Website**	**Training**	**Rebates, Grants and Other Direct Incentives**	**Rebate Processing and QA**	**Evaluation**
Total NJCEP	**501,847,415**	**30,299,408**	**9,186,904**	**7,450,000**	**376,092,625**	**-**	**78,818,478**
Energy Efficiency Programs	**79,255,279**	**-**	**-**	**-**	**79,255,279**	**-**	**-**
State Facilities Initiatives	**59,991,206**	**-**	**-**	**-**	**59,991,206**	**-**	**-**
Acoustical Testing Pilot	**3,277,175**	**-**	**-**	**-**	**3,277,175**	**-**	**-**
LED Streetlights Replacement	**15,986,898**	**-**	**-**	**-**	**15,986,898**	**-**	**-**
Distributed Energy Resources	**61,687,500**	**-**	**-**	**-**	**61,187,500**	**-**	**500,000**
Microgrids	**1,687,500**	**-**	**-**	**-**	**1,187,500**	**-**	**500,000**
Energy Storage	**60,000,000**	**-**	**-**	**-**	**60,000,000**	**-**	**-**
RE Programs	**19,643,721**	**1,475,000**	**-**	**-**	**10,000,000**	**-**	**8,168,721**
Offshore Wind	**19,643,721**	**1,475,000**	**-**	**-**	**10,000,000**	**-**	**8,168,721**
EDA Programs	**29,000,000**	**510,000**	**-**	**6,700,000**	**6,790,000**	**-**	**15,000,000**
NJ Wind	**22,000,000**	**300,000**	**-**	**6,700,000**	**-**	**-**	**15,000,000**
R&D Energy Tech Hub	**7,000,000**	**210,000**	**-**	**-**	**6,790,000**	**-**	**-**
Planning and Administration	**61,455,825**	**11,064,408**	**7,936,904**	**-**	**2,054,756**	**-**	**40,399,757**
BPU Program Administration	**10,000,000**	**10,000,000**	**-**	**-**	**-**	**-**	**-**
Marketing	**7,096,055**	**1,064,408**	**6,031,647**	**-**	**-**	**-**	**-**
CEP Website	**1,500,000**	**-**	**1,500,000**	**-**	**-**	**-**	**-**
Program Evaluation/ Analysis	**40,399,757**	**-**	**-**	**-**	**-**	**-**	**40,399,757**
Outreach and Education	**2,309,423**	**-**	**405,257**	**-**	**1,904,166**	**-**	**-**
Sustainable Jersey	1,159,166	-	-	-	1,159,166	-	-
NJIT Learning Center	745,000	-	-	-	745,000	-	-
Conference	405,257	-	405,257	-	-	-	-

Memberships	**150,590**	**-**	**-**	**-**	**150,590**	**-**	**-**
BPU Initiatives	**250,805,090**	**17,250,000**	**1,250,000**	**750,000**	**216,805,090**	**-**	**14,750,000**
Clean Energy Equity	**62,546,165**	**-**	**-**	**-**	**62,546,165**	-	-
Community Energy Grants	5,564,268	-	-	-	5,564,268	-	-
Heat Island Pilot	2,500,000	-	-	-	2,500,000	-	-
Residential Energy Assistance Payment	51,831,897	-	-	-	51,831,897	-	-
Whole House	2,650,000	-	-	-	2,650,000	**-**	**-**
Federal Grid Modernization Program State Match	**25,000,000**	**11,500,000**	-	-	-	-	**13,500,000**
Electric Vehicle Programs	**162,258,925**	**5,500,000**	**1,250,000**	**-**	**154,258,925**	**-**	**1,250,000**
Plug In EV Incentive Fund	32,583,925	-	-	-	32,583,925	-	-
CUNJ Administrative Fund	5,500,000	5,500,000	-	-	-	-	-
CUNJ Residential Charger Incentive	4,000,000	-	-	-	4,000,000	-	-
EV Studies, Pilots and Administrative Support	2,500,000	-	1,250,000	-	-	-	1,250,000
Clean Fleet	28,900,000	-	-	-	28,900,000	-	-
Multi-Unit Dwellings (Chargers)	32,875,000	-	-	-	32,875,000	-	-
EV Tourism	10,900,000	-	-	-	10,900,000	-	-
E-Mobility Programs	7,000,000	-	-	-	7,000,000	-	-
Electric School Buses	30,000,000	-	-	-	30,000,000	-	-
School Bus V2G	2,000,000	-	-	-	2,000,000	-	-
MHD Depot	6,000,000	-	-	-	6,000,000	-	-
Workforce Development	**1,000,000**	**250,000**	**-**	**750,000**	**-**	**-**	**-**

New Jersey's Clean Energy Program™
Fiscal Year 2025 Program Descriptions and Budget

Energy Efficiency and Renewable Energy Program Plan Filing

FY25 (6-month filing: July 1 through December 31, 2024) Compliance Filing

June 27, 2024

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Table of Contents

Introduction

This partial Fiscal Year 2025 ("FY25") compliance filing ("Compliance Filing") presents the program plans, budgets, and anticipated savings of those initiatives of *New Jersey's Clean Energy Program*™ ("NJCEP") administered by TRC for the first six months of FY25, i.e., from July 1, 2024 through December 31, 2024.[1] In late 2024, the New Jersey Board of Public Utilities ("Board" or "BPU") expects to consider another TRC NJCEP Compliance Filing that would cover a two and one half year period from January 1, 2025 through June 30, 2027. The Board is staging the filings this way so as to bring the TRC NJCEP Compliance Filings into synch with the energy efficiency plans the New Jersey utilities have filed pursuant to the New Jersey Clean Energy Act of 2018 ("CEA"). [2]

Administered through the Division of Clean Energy, NJCEP is a signature initiative of the Board that provides financial incentives and support for energy efficiency technologies, distributed energy resources, and solar renewable energy.

Budgets

Budget information for the programs administered by TRC can be found in Appendix C, *Program Budgets*.[3]

All budgets set forth in this Compliance Filing are subject to state appropriations law, and all incentive offerings are subject to availability of funds.

Savings Goals

Energy savings projections for the programs administered by TRC can be found in Appendix D, Program Goals and Performance Metrics.

Cost-Benefit Analyses

Cost-benefit analyses for the programs administered by TRC can be found in Appendix E, Cost-Benefit Analysis.

New Jersey's Energy Efficiency Program Transition

In 2018, Governor Murphy signed into law the landmark CEA. The law called for a significant overhaul of New Jersey's clean energy systems by building sustainable infrastructure to fight climate change and reduce carbon emissions, which will in turn create well-paying local jobs, grow the State's economy, and improve public health while ensuring a cleaner environment for current and future residents.

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[1] This Compliance Filing only addresses programs implemented by TRC. NJCEP funds are also directed to other state energy programs not implemented by TRC and, therefore, are not addressed in this filing.

[2] N.J.S.A. 48:3-87.8 et al.

[3] The budget for all the new construction programs, including the new New Construction Program and the legacy programs transitioning into that new program (see below in main text), will consist of the amount set forth at "New Construction Program."

As part of this statewide undertaking, the Clean Energy Act required New Jersey's investor-owned gas and electric utility companies ("IOUs") to reduce their customers' use of gas and electricity by set percentages over time. To help reach these targets, the BPU approved a comprehensive suite of efficiency programs that would transition the State to some of the highest energy savings in the country.

These "next generation" energy efficiency programs feature new ways of managing and delivering programs historically administered by NJCEP. Some of the programs will continue to be administered by NJCEP, but most have been transferred to the IOUs.

The programs that will continue to be administered by and through NJCEP are:

1. The New Construction Program ("NCP").
2. Large Energy Users Program ("LEUP").
3. Local Government Energy Audit ("LGEA") Program.
4. Combined Heat and Power – Fuel Cells ("CHP-FC").
5. Solar Registration Programs ("Solar Programs").

Complete descriptions of the above-described programs and their incentives are set out in **Part 1** of this Compliance Filing.

The NCP will in large part replace the following legacy programs: Residential New Construction ("RNC"); and Commercial and Industrial ("C&I") Buildings which has 3 sub-programs – 1) New Construction ("SmartStart NC"); 2) C&I Buildings: Pay for Performance - New Construction ("P4P NC"); and C&I Buildings: 3) Customer Tailored Energy Efficiency Program for new construction ("CTEEP NC") (collectively, "Legacy Programs"). The transition from the Legacy Programs to the new NCP will take place on a schedule provided to stakeholders and the public through means other than this Compliance Filing. To the extent applicable during FY25 and beyond, complete descriptions of the Legacy Programs and their incentives are set out in **Part 2** of this Compliance Filing.

Certain other programs and/or program components identified in Appendix C, *Program Budgets*, will continue to operate and expend NJCEP funds only for applications received during prior fiscal years ("FYs") in accordance with the applicable program rules in place during the applicable FY(s).

Table References

PART 1 (Active Programs)

Commercial and Industrial Energy Efficiency Programs

General Overview

The NJCEP C&I Energy Efficiency ("EE") Programs ("C&I Programs") are designed to help New Jersey's businesses use electricity and natural gas more efficiently. Efficiency in electricity and gas usage will promote competition and increase industry success ensuring job retention and creation. There is also an environmental benefit to electricity and gas usage efficiency. Each individual C&I Program is described in more detail in the relevant subsections below.

The C&I Programs are designed to:

- Provide information on how to meet and exceed current energy code requirements so buildings operate more efficiently thereby minimizing operating costs;
- Encourage customers to choose high efficiency options when undertaking construction or equipment upgrades (i.e., when customers normally construct buildings or purchase building systems equipment);
- Support market transformation by providing information and incentives to help customers and designers make energy efficient equipment specification, building/system design, lighting design, and commissioning part of standard business practices; and
- Stimulate commercial and industrial customer investments in energy efficiency that will support the growth of the industries that provide these products and services.

The C&I Programs address the key market barriers that make it challenging for developers, designers, engineers, and contractors to routinely incorporate energy efficiency in their projects, including:

- Lack of familiarity or uncertainty with energy efficient building technologies and designs;
- Bias toward lower initial cost and lack of procedures for considering lifetime building operating costs during decision-making;
- Compressed time schedules for design and construction;
- Aversion to risk involved with specifying technologies less familiar to the local design community despite the proven reliability of efficient technologies and designs; and
- Priorities for engineers, designers, and contractors that often do not align with incentive structures and energy efficiency considerations.

The C&I Programs employ a set of offerings and strategies to address the market barriers noted above and to achieve market transformation in equipment specification, building/system design, and lighting design. These include:

- Program emphasis on intervention during customer-initiated construction and equipment replacement events that are a normal part of their business practice;
- Coordinated and consistent outreach to C&I customers, especially large and centralized players, such as national/regional accounts, major developers, etc.;

- Consistent incentive levels for efficient electric and gas equipment and design practices to permanently raise efficiency levels;
- Information and technical support provided to customers and designers to make energy efficient equipment specification, building/system design, lighting design, and commissioning part of standard business practices;
- Information and technical support provided to customers and designers to facilitate compliance with New Jersey's new commercial energy code, as well as future upgrades to that code; and
- Programs designed to meet the needs of a diverse set of customers, including non-profit entities, local governments, and businesses of all sizes.

Unless specifically stated otherwise in the following program descriptions, customers eligible for incentives under New Jersey's C&I EE Program are defined as non-residential electric and/or gas customers of one of New Jersey's regulated electric or gas utilities who contribute to the SBC. With the exception of the new construction segment, applicants to any of the NJCEP C&I EE Programs must be contributors to the SBC within the previous twelve months.

Construction projects are subject to prevailing wage requirements pursuant to L. 2009, c. 203, which amends L. 2009, c. 89, as well as the prevailing wage regulations promulgated by the New Jersey Department of Labor and Workforce Development pursuant to L. 1963, c. 150 as amended, and N.J.A.C. 17:27-1.1 et seq. and Affirmative Action rules. The prevailing wage rate shall be paid to workers employed in the performance of any construction undertaken in connection with BPU financial assistance programs. This law applies to contracts greater than the amount set forth by the New Jersey Department of Labor and Workforce Development. Unless otherwise stated in a program description, customers self-certify that they are complying with prevailing wage requirements by submitting an application to the program and receiving program incentives.

C&I Buildings: Large Energy Users

Program Purpose and Strategy Overview

The purpose of the Large Energy Users Program ("LEUP") is to foster self-investment in energy efficiency and combined heat and power projects for New Jersey's largest C&I non-hospital utility customers. This program was established in 2011 as a pilot following requests from these customers to develop a program specific to their needs and in recognition of their large contribution to the SBC. These large, sophisticated facilities have unique needs and internal processes which may not align with the structure of other C&I programs with respect to submission criteria or timing. The LEUP offers a more flexible process to these customers, many of whom have engineers on staff, but in turn requires that participating facilities comply with accountability processes to obtain incentives, thus assuring that the desired efficiency is achieved. The program supports various types of large customers spanning the pharmaceutical, higher education, industrial, building management, data center, and other commercial sectors.

Specific design features include:

- Ability to submit multiple projects/buildings under one application;
- Flexible application submission process providing the customer the opportunity to submit up to 3 scopes of work in each program year;
- Ability to participate in other programs while engaged in LEUP.

Support for Energy Master Plan ("EMP") Goals

The LEUP supports many of the EMP's strategies and goals, including, among others, the following:

- Primary Goal 3.1 (Increase New Jersey's overall energy efficiency).
- Primary Goal 3.3 (Strengthen building and energy codes and appliance standards), especially its Goal 3.3.3 (Establish mechanisms to increase building efficiency in existing buildings).

Program Description

Incentives are awarded to customers that satisfy the program's eligibility and program requirements ("Eligible Entities" or "Eligible Customers") for investing in self-directed energy projects that are customized to meet the requirements of the customers' existing facilities, while advancing the State's energy efficiency, conservation, and greenhouse gas ("GHG") reduction goals. The program relies on eligible customers and their technical consultants to identify and develop qualifying energy efficiency projects that they believe will be beneficial for their operations and will meet program criteria as described below. In support of LEUP projects, the Program Manager will provide the following services:

- Budget management and energy savings reporting;
- Review and approval/rejection of all submitted enrollment submittals for program eligibility;

- Review and approval/rejection of all submitted Draft Energy Efficiency Plan ("DEEP") submittals; [4]
- Review and approval/rejection of all submitted Final Energy Efficiency Plan ("FEEP") submittals;
- Technical assistance via email and telephone to assist entities in the proper submittal of the required information;
- Updates of data tracking tools to incorporate additional tasks related to this initiative; and
- Incentive processing including issuance of checks and tracking/recordkeeping.

Eligible customers who wish to participate in the LEUP must comply with the standards and criteria below.

Target Markets and Eligibility

The LEUP is available on a first come, first served basis so long as funding is available to existing, large C&I buildings that meet the following qualifications:

- Eligible entities must have incurred at least $5,000,000 in annual energy costs (on a pre-sales tax, aggregate of all buildings/sites) during the immediately preceding fiscal year. Eligible entities shall be defined as (1) Public: having distinct and separate budgetary authority, i.e., a budget used to fund only that entity (e.g., a utility authority); (2) Public Schools: having distinct and separate budgetary authority, i.e., a budget used to fund only that entity (e.g., a school district); and (3) Private: Non-residential companies including all related subsidiaries and affiliates regardless of separate EIN numbers or locations within New Jersey, consistent with the May 3, 2013 Order in Docket No. EO07030203.[5]
- Further, in order to be considered for incentives, the billed peak demand of each facility included in the DEEP/FEEP must meet or exceed 400 kW and/or 4,000 dekatherms ("Dth").[6]
- Finally, the limitations/restrictions listed below, including, among others, the exclusion of hospitals, apply.

Entities interested in applying to participate in the program will submit the following information through form(s) available through the NJCEP website and/or Program Manager:

- Number of buildings/sites and list of all associated utility and third-party supplier accounts;
- Energy cost, billed usage and number of location or premise IDs as provided by utility for each account from previous fiscal year.

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[4] Note: the approved entity may choose to skip the DEEP submittal and to submit only a FEEP.

[5] In re the Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for the 2009 Through 2012 Clean Energy Program – Revised 2012-2013 Programs & Budgets – Revised Rebate Approval Process, BPU Docket No. EO07030203, Order dated May 3, 2013 ("May 3, 2013 Order").

[6] A dekatherm is a unit of heating value equivalent to 1,000,000 British Thermal Units.

Submittal Requirements for Fund Commitment

- Qualifying entities shall submit a FEEP to the Program Manager for existing facilities only. The FEEP must be submitted to the Program Manager for review three (3) months from the date of the DEEP approval letter.

Program Standards

1. All energy conservation measures ("ECMs" and each, an "ECM") must meet Minimum Performance Standards, which may be fulfilled during professional engineer review, which shall be understood as the most stringent of:
    a. Appendix A to the Large Energy Users Program Guide; and
    b. ASHRAE 90.1-2019;
    c. Local code; and
    d. Appendix A, *C&I and DER Incentive Caps and General Rules.*
2. ECMs must be fully installed no later than twelve months from approval of the FEEP, provided, however, that the Program Manager may allow up to twenty-four months where special circumstances beyond the reasonable control of the applicant (such as exceptionally large or complex projects or projects experiencing unusually severe supply chain disruptions or personnel shortages) justify such longer period. In addition, up to two extensions may be granted for a period of up to six months with satisfactory proof of project advancement and upon due cause otherwise. Project advancement may be demonstrated through copies of permits, equipment invoices, installation invoices indicating percentage complete, updated project schedules, and similar documents.

Limitations/Restrictions

1. New construction and substantial renovation (also known as gut renovation) projects are not eligible under the program.
2. Hospitals are not eligible for this LEUP.
3. Incentive will be limited to EE measures. The following shall not be included as part of this program:
    a. Renewable energy; and
    b. Maintenance energy saving projects
4. Incentives shall only be available for ECMs approved in the FEEP. The Program Administrator may waive this restriction on a case-by-case basis using the Board's usual waiver standard.
5. ECMs already installed or under construction will not be considered for incentives and shall not be included in FEEP. The Program Administrator may waive this restriction on a case-by-case basis using the Board's usual waiver standard.
6. Federal grants/incentives are allowed. Other state grants/incentives are allowed provided they do not originate from NJCEP funds. NJCEP loan funds are allowed. Funds provided

by a New Jersey IOU are not allowed. The total of federal, state, and LEUP funding shall not exceed 100% of total project cost.

7. No DEEP or FEEP may have more than 50% of the overall total energy savings coming from lighting and/or lighting controls measures, unless the Program Manager determines the applicant has demonstrated the scope of work is otherwise comprehensive in that it:

    a. Assesses the cost-effectiveness of installing energy conservation measures in each of the following areas in a given building: (i) heating systems, (ii) cooling systems, (iii) ventilation systems, (iv) domestic hot water systems, and (v) building envelopes, and

    b. Implements all cost-effective energy conservation measures identified through the foregoing assessment in a given building or, as to any such measures not implemented, explains why such implementation would not be practicable.

    For example, a scope of work that does not include replacement of a 30-year-old atmospheric boiler would not be allowed to include lighting savings greater than 50% of the total energy savings.

Review and Payment Framework

1. Upon receipt of the FEEP, Program Manager will have sixty (60) days to review each submittal and provide comments to entity.
2. Program Administrator will present FEEPs to Board for approval as required by Board policy and commitment of incentive. The Program Administrator may conduct up to three site inspections per FEEP submission including a pre-inspection at 50% completion and 100% completion, as required.
3. If ECMs are not completed within the specified timeframe, incentive commitment may be forfeited.
4. Entity will provide M&V data as requested and will comply with any program evaluation activities.

Program Offerings and Incentives

The program will offer a maximum incentive, which will be the lesser of the incentive levels identified in the four bulleted items below:

- 75% of total project(s) cost as identified in the FEEP(s). Total project costs may include pre-engineering costs, soft costs, and other costs associated with the preparation of the FEEP; and
- For all lighting measures: $0.16/kWh per projected kWh saved annually; for all other measures: $0.33 per projected kWh saved annually; $3.75 per projected therms saved annually, all as identified in the FEEP(s); and
- $4,000,000 per entity per FY, determined by summing the commitments associated with each FEEP approval made during the applicable FY;

or,

- The amount necessary to buy down to no less than a two-year payback. Details regarding this buy down will be set forth in the LEUP Program Guide, LEUP application, and/or similar documents.

The program has a minimum incentive commitment per FEEP of $100,000. Projects with incentives below this threshold will be redirected to other programs. Incentives shall be reserved upon approval of the DEEP. Program funds will be committed upon approval of FEEP by the Program Manager and, if required, by BPU. Incentive shall be paid upon project completion and verification that all program requirements are met. Entities may submit up to three (3) DEEP/FEEPs throughout the program year.

Quality Control Provisions

Documented policies and procedures provide proper guidelines to ensure consistency in the processing and quality control for all program participants. All energy efficiency plans are reviewed upon receipt to confirm compliance with eligibility requirements. Applicant eligibility information is verified, along with all technical information in support of energy efficient measure qualification and incentive calculation. Applicant-supplied information and Program Administrator-performed incentive calculations are entered into the database, and files are created for all documents and ongoing project correspondence. Pre- and/or post- inspections and quality control file reviews will be conducted, as required.

TRC will utilize the Contractor Remediation Procedures as necessary or appropriate to address significant performance or other problems.

C&I Buildings: LEUP Decarbonization Pilot

Program Purpose and Strategy Overview

The purpose of the Decarbonization Pilot is to gauge the potential for energy programs to encourage certain New Jersey non-residential customers to reduce GHG emissions. This proposed pilot is offered as an enhancement to NJCEP's LEUP, which program allows large utility customers to submit a wide range of complex self-directed projects through a single program framework, maximizing the program's effectiveness while minimizing the administrative burden on the customer. However, whereas the LEUP only allows energy efficiency projects, the Decarbonization Pilot will incentivize a broader scope of work such as energy efficiency, beneficial electrification, electric vehicle ("EV") chargers, storage, and combined heat and power, among others. Unlike traditional energy efficiency programs, the Decarbonization Pilot is designed to explicitly target GHG emissions reductions. Prospective projects will be required to include a significant portion of non-energy efficiency measures within their overall scope to ensure that the pilot evaluates a broad range of decarbonization technologies.

Support for Energy Master Plan Goals

The Decarbonization Pilot will directly support many of the State's EMP strategies and goals, including, among others, the following:

EMP Code	EMP Goal	Technology
Primary Goal 1.1	Decarbonize the transportation sector	EV Chargers; Other Alternative Fuel Types
Primary Goal 2.3	Maximize local (on-site or remotely-sited) solar development and distributed energy resources by 2050	On-Site Renewables; CHP/FC
Primary Goal 3.1	Increase New Jersey's overall energy efficiency	Energy Efficiency
Primary Goal 4.2	Start the transition to electrify existing oil- and propane-fueled buildings	Beneficial Electrification

Through this pilot, the program aims to:

- Gain better understanding of the effort and cost needed to develop and implement a Decarbonization Plan.
- Analyze the effectiveness of the incentive framework to encourage customers to reduce GHG emissions.
- Determine GHG reduction potential by use case scenario and by technology deployed.
- Determine customer receptivity to decarbonization solutions.
- Provide a qualitative analysis of the pilot and its potential as a program with a broader mandate.

Program Description

Incentives are awarded to customers that satisfy the pilot's eligibility and requirements for investing in self-directed energy projects that result in GHG reductions, as measured in terms of tons of carbon dioxide equivalent ("tCO2e").[7] The pilot relies on eligible customers and their technical consultants to identify and develop qualifying projects that they believe will be beneficial for their operations.

Target Markets and Eligibility

The pilot will focus on higher education (colleges/universities) customers because their campuses offer a wide range of building types and energy use cases, including, among others, large multi-unit residential (dormitory); one- to four-unit residential housing; classrooms; cafeterias; coffee shops; gymnasiums; student centers; laboratories/research facilities; offices; garages; libraries; auditoriums, vehicle fleets. Higher education customers also allow for opportunities to make deep system changes that could potentially be harder to model in a different setting. This could include more cross-category projects such as Demand Response/renewables/EVs, whose combined impact would be more difficult to gauge for projects that are not at a contiguous site.

Due to the limited number of customers in the target market sector, this pilot will be open to all existing college/university customers that are accredited[8] institutions that have a multi-building campus. To be eligible, any submission must encompass the entire campus or, if there is more than one campus, may encompass the entire collection of campuses owned or operated by the college/university.

Program Standards

- Eligible customers are required to submit to the Program Manager a Decarbonization Plan, which may be done through a preferred technical consultant. The plan must encompass the entire campus (or collection of campuses if the applicant owns or manages more than one campus) and include all decarbonization solutions that can reasonably be implemented within a 3-year period. Additional longer-term solutions may also be included at the customer's discretion.
- Each included decarbonization solution must meet the Minimum Performance Standards ("MPS") of its specific equipment category. The relevant MPS for each such category shall be the most stringent of:
    - Appendix A to the Large Energy Users Program Guide, or
    - ASHRAE 90.1-2019.
- Upon receipt of the Decarbonization Plan, the Program Manager will have sixty (60) days to review the submittal and provide comments to the applicant. In addition to reviewing

[7] The method for calculating tCO2e will be set forth in the Program Guide or other program documents.

[8] Please refer to this site for a list of New Jersey's accredited institutions: https://www.nj.gov/highereducation/colleges/schools_sector.shtml

the anticipated magnitude of GHG reduction, the Program Manager will evaluate the Decarbonization Plan as to the breadth and variety of the proposed scope of work, the expected useful life of the projects within that scope, and general cost effectiveness.

- Upon completion of its review, the Program Manager will reject or approve the Decarbonization Plan, and, if approved, commit the incentive.
- Decarbonization measures must be fully installed no later than three years from the approval of the Decarbonization Plan. The commitment may provide for one or more progress payments to be made during this timeframe to accommodate work as it is completed.
- Up to two extensions may be granted for a period of up to six months for good cause shown. If measures are not completed within the specified timeframe, the related incentive commitment will be forfeited.
- The Program Manager may, in its discretion, conduct site inspections of sites covered by a pending or approved application, including, among others, a pre-inspection and inspections at 50% completion and 100% completion.
    - The Program Manager may, in its discretion, require participants to submit monitoring and verification ("M&V") data and to otherwise reasonably cooperate with the Program Manager's evaluation of the participant's project and the pilot more generally.

Limitations/Restrictions

- Only those decarbonization measures implemented at existing buildings are eligible for incentives.
- Decarbonization Plans must address more than a single category of equipment (i.e., may not address an energy efficiency only project, a solar only project, an EV only project, etc.).
- Solar photovoltaic ("PV") systems may be considered as part of a Decarbonization Plan for the purpose of meeting program requirements, but any financial incentives for solar must be applied for through only the solar programs (i.e., not this Decarbonization Pilot).
- Limitation on lighting savings will be the same as stipulated in LEUP.
- Incentives shall only be available for solutions set forth in the approved Decarbonization Plan. However, for good cause shown, the Program Manager may allow solutions to be added after the initial approval of the Decarbonization Plan.
- Measures already installed or under construction prior to the approval of the Final Decarbonization Plan will not be considered for incentives and shall not be included in the Decarbonization Plan.
- For electric generating equipment, such as CHP, GHG reduction credit will be given only for energy produced and consumed on-site.
- 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.[9] 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.

- The Board and its contractors reserve the rights in their absolute discretion to deny applications they deem for any reason to be unsuitable for this pilot.
- In the event this pilot receives more applications than permitted by the allocated budget, the Board and its contractors reserve the right to prioritize applications based on geographic location so that participation is spread across the state's investor-owned utilities service territories.

Program Offerings and Incentives

The pilot will offer two incentives:

1. An incentive to offset 100% of the cost of developing the Decarbonization Plan.
    a. This incentive is variable and will require a submission of a Proposal, whether from the applicant or its preferred technical consultant, outlining the proposed fees and any other relevant costs associated with developing the Decarbonization Plan. The proposal and final incentive amount are subject to screening and approval by the Program Manager.
    b. Proposals already accepted and/or underway at the time of application to NJCEP are not eligible for this incentive.
2. $1,000 per tCO2e first year reductions based on the amounts set forth in the Decarbonization Plan.
    a. This incentive is paid at completion of the approved decarbonization solutions.
    b. As mentioned above, the commitment may in the Program Manager's discretion provide for one or more progress payments.
    c. The incentive will be capped at the lesser of:
        i. 75% of total project(s) cost (estimated or actual, whichever is less). Total project costs include material, labor, and generally accepted soft costs such as engineering and design, or
        ii. $5,000,000 per entity per FY for this pilot, determined by summing the commitments associated with each approved Decarbonization Plan made during the applicable FY.

Incentives are available on a first come, first served basis so long as funding is available.

[9] For the avoidance of doubt: (a) any and all solar projects shall be eligible to receive incentives only through the Board's solar program, not through this Decarbonization Pilot and (b) this Decarbonization Pilot does not in any way restrict its participants' ability to seek or receive federal incentives, tax credits, or loans.

Quality Control Provisions

Documented policies and procedures provide proper guidelines to ensure consistency in the processing and quality control for all program participants. All Decarbonization Plans are reviewed upon receipt to confirm compliance with eligibility requirements. Applicant eligibility information is verified, along with all technical information in support of decarbonization measure qualification and incentive calculation. Applicant supplied information and Program Manager performed incentive calculations are entered into the database, and files are created for all documents and ongoing project correspondence. Pre- and/or post- inspections and quality control file reviews will be conducted, as required.

TRC will utilize the Contractor Remediation Procedures as necessary or appropriate to address significant performance or other problems.

Local Government Energy Audit

Program Purpose and Strategy Overview

The Local Government Energy Audit Program ("LGEA") Program was launched as part of NJCEP's portfolio in 2008 to provide financial incentives to cover the cost of having an energy audit performed on eligible facilities owned by eligible applicants consisting of municipalities, school districts, 501(c)(3) nonprofits, and other local and state government entities ("Applicant" or "Applicants").

The goal of the energy audit is to provide Applicants with information on how their facilities use energy, identify ECMs that can reduce energy use, and put Applicants in a position to implement the ECMs. The energy audits also help guide Applicants towards appropriate incentive programs to help reduce costs associated with implementing the ECMs.

The program is also used as a means of qualifying applicants for other relevant initiatives, most notably the Energy Savings Improvement Program ("ESIP") and Sustainable Jersey's municipal and school programs. Collaboration with these programs can provide cost-effective benefits to these publicly funded facilities while helping to achieve mutual goals.

Support for Energy Master Plan Goals and Strategies

The LGEA Program will support many of the EMP's strategies and goals, including, among others, the following:

- Goal 1.1.6 (Continue to improve NJ TRANSIT's environmental performance).
- Primary Goal 3.1 (Increase New Jersey's overall energy efficiency).
- Primary Goal 3.3 (Strengthen building and energy codes and appliance standards), especially its Goal 3.3.5 (Improve energy efficiency in, and retrofit state buildings to, a high performance standard).
- Primary Goal 4.1 (Start the transition for new construction to be net zero carbon), especially its Goal 4.1.1 (Electrify state facilities).

Program Description

This program is implemented as follows:

- The Applicant will submit an application to the program identifying basic facility information such as, building type, square footage, and recently implemented ECMs, as well as the reason(s) for requesting an energy audit;
- A case manager will assist the Applicant in determining the audit path that best addresses the Applicant's needs (as described below);

- Available energy audit paths include:
    - ASHRAE Level I audit[10];
    - ASHRAE Level II audit; and
    - Add-on scope audits as provided for in the LGEA Program Guide or application materials (e.g., a more detailed review of an existing or potential RE system, a deeper feasibility assessment for rooftop PV system, or certifying a building as having met ENERGY STAR requirements).[11]

  Each level of audit would also include a high-level feasibility assessment for EV charging stations.
- When an Applicant is enrolled in LGEA and participating in any NJCEP and/or utility-managed energy efficiency programs at the same time for the same facility(ies), the Program Manager will assess the impact the work may have on the energy audit and require the Applicant take one of the following actions within a determined timeframe, depending on the level of impact:
    - Proceed with energy audit and equipment upgrades (minimal impact);
    - Complete equipment upgrades prior to proceeding with energy audit process or vice versa (moderate impact); or
    - Cancel energy audit application (significant impact).

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[10] From the ASHRAE Handbook:

Level I – Walk-through Assessment – Assess a building's energy cost and efficiency by analyzing energy bills and conducting a brief survey of the building. A Level I energy analysis will identify and provide a savings and cost analysis of low-cost/no-cost measures. It will also provide a listing of potential capital improvements that merit further consideration, along with an initial judgment of potential costs and savings.

Level II – Energy Survey and Analysis – This includes a more detailed building survey and energy analysis. A breakdown of energy use within the building is provided. A Level II energy analysis identifies and provides the savings and cost analysis of all practical measures that meet the owner's constraints and economic criteria, along with a discussion of any effect on operation and maintenance procedures. It also provides a listing of potential capital-intensive improvements that require more thorough data collections and analysis, along with an initial judgment of potential costs and savings. This level of analysis will be adequate for most buildings and measures.

Level III – Detailed Analysis of Capital-Intensive Modifications – This level of analysis focuses on potential capital-intensive projects identified during Level II and involves more detailed field data gathering and engineering analysis. It provides detailed project cost and savings information with a high level of confidence sufficient for major capital investment decisions.

[11] For the avoidance of doubt, the add-on scope audits must be added on to a standard eligible audit and cannot be a standalone study.

- If the initial program eligibility and application requirements have been met and the Applicant is approved to have an energy audit performed under this program, the Program Manager will issue an Approval Letter/Notice to Proceed to the Applicant.
- In order to provide increased visibility for energy savings project potential, the energy audit scope will include an evaluation of energy related water conservation measures (which may also be included in standard audit scopes), demand response potential, and estimated GHG reduction for each recommended measure.
- After verifying all program requirements have been met, the Program Manager will perform the audit, prepare an audit report, and notify the Applicant when the audit report is completed. Additionally, the Program Manager may meet in person or conduct a web/phone conference with the Applicant to discuss audit findings and next steps for implementing measures recommended in the report.

The LGEA will provide audits up to a value of $150,000 per fiscal year, per Applicant.

- In applying the foregoing cap to state entities, LGEA will treat each State Agency and Department as a separate entity but subject the group of State Departments (defined as all those entities using Tax ID: 21-6000928) to an overall cap of $450,000 per fiscal year, which overall cap may, with the approval of Board Staff, be increased up to a maximum of $1,000,000.[12]
- For larger Applicants interested in pursuing ESIP (by selecting intent to pursue ESIP on the application), if the audit cost exceeds or is expected to exceed $150,000, the Program Manager will work with the Board Staff to determine and authorize a larger cost cap, not to exceed $300,000.
- For non-profit 501(c)(3) healthcare entities, the Program Manager will work with Board Staff to determine and authorize a larger cost cap, not to exceed $300,000, so long as the funds exceeding the initial $150,000 would be for auditing facilities designated as hospitals by the NJ Department of Health ("DOH").

Target Markets and Eligibility

LGEA is open to the following eligible entities that contribute to the SBC through either their gas and/or electric utilities:

- "State contracting agency" as defined by N.J.S.A. 52:34-25;
- "Public agency" as defined by N.J.S.A. 52:35A-1;
- Local governments per Local Public Contracts Law (N.J.S.A. 40A:11-1);
- Local governments per Public School Contracts Law (N.J.S.A. 18A:18A-1);
- County colleges per County College Contracts Law (N.J.S.A. 18A:64A-25.1);
- NJ State Colleges or State Universities per State College Contracts Law (N.J.S.A. 18A:64-52); and
- Non-profit charitable organizations per Section 501(c)(3) of the Internal Revenue Code

[12] The Tax ID is provided to TRC by the New Jersey Department of Treasury ("Treasury"), which Treasury uses to qualify the State Agency or Department.

Applicants may apply for an energy audit for buildings they own. A building may still be eligible if the Applicant leases the building and provides supporting documentation from the building owner authorizing the energy audit before it is performed.

Buildings must demonstrate an average demand of 200kW or greater in the most recent twelve (12) months of electric utility bills (inclusive of all accounts in the building) in order to qualify to participate in LGEA. The Program Manager will have the ability to grant exceptions to the kW requirement, on a per building basis, if the Applicant can demonstrate it meets at least one of the following criteria:

1. ESIP is an anticipated source of funding;
2. Master metering or campus metering arrangement on-site, where average demand of any single building is unknown; or
3. The unavailability or inapplicability of other NJCEP or utility-sponsored energy efficiency programs at this time due to facility type or measure type.

For #2 and #3 above, the Applicant must provide a detailed explanation as to how it meets the criteria for the claimed exception.

LGEA is available to buildings never previously audited under the Program, as well as buildings that have received an audit no less than three years earlier (measured from the audit report approval date). All program requirements must be met in order for an entity to qualify for a second energy audit.

New Construction Energy Efficiency Program

New Construction Program

Program Purpose and Strategy Overview

The New Construction Program is designed to increase energy efficiency and environmental performance, as well as simplify the customer experience and application process for all new construction buildings in New Jersey, including single family homes, townhomes, multifamily dwellings, commercial buildings, and industrial buildings. The NCP's long-term objective is to transform the new construction market into one in which most new buildings in the State will be "net zero energy."[13]

NJCEP's new construction programs that existed prior to the launch of the present NCP[14] consisted of different programs for each market segment. This created confusion in the marketplace and barriers to participation, especially for multipurpose buildings. The NCP will replace NJCEP's legacy new construction programs on a reasonable, predetermined schedule, which will be provided to stakeholders and the public in an effort to ensure an orderly and smooth transition.

The NCP is designed to:

1. **Broaden and Expand the Scope of Energy Savings**: Introduces Passive House Institute ("PHI") and Phius standards.[15] Eliminates single-measure incentives and instead requires a bundle of at least two ECMs to drive deeper energy savings. Includes a rigorous and sophisticated High-Performance Pathway.
2. **Support Electrification and the Reduction of GHG Emissions**: Introduces a GHG reduction initiative that is easy to understand and participate in and which will, among

[13] A net zero energy building is one that generates sufficient clean renewable energy to meet its total energy consumption need.

[14] I.e., the RNC, SmartStart NC, P4P-NC, and CTEEP NC Programs. This NCP section will hereinafter refer to each of those expiring programs as "Legacy" programs, e.g., the "Legacy RNC Program."

[15] Passive House Institute is an independent research institute whose mission is to further the development of the Passive House concept. The Passive House concept is described in more detail in the Passive House subsection of the Program Description and Strategy Overview section below. Phius is an organization that certifies building professionals, standards, buildings, and products as Passive House. See https://www.phius.org/.

other things, help prepare the market for electrification and decarbonization as outlined in the EMP. This in turn will encourage participation in the Solar Programs.

3. **Create a Single Point of Entry and Eliminate Market Gaps**: Implements a new streamlined program for all new construction buildings that, among other things, eliminates potentially confusing overlaps in the multifamily market and eliminates the need for multiple program applications for mixed-use buildings. Provides an entry point for every type of project from single-family homes incorporating a small bundle of ECMs, to large industrial buildings incorporating many ECMs, calculated through sophisticated modeling.
4. **Optimize Program Process Flow**: In addition to the benefits of the single point of entry described above, the use of well-known, widely used standards and programs sponsored by third parties, such as Leadership in Energy and Environmental Design ("LEED") and USEPA's ENERGY STAR®, often referred to collectively as "Proxies," simplifies and will increase participation because the processes they use have been refined over the years and because many program participants, their contractor/consultants, or both, are familiar with those processes.
5. **Increase Equity and General Participation**: Provides equitable access to programs for projects located in Low- and Moderate-Income ("LMI") census tracts, income-qualified Affordable Housing,[16] and Urban Enterprise Zones/Opportunity Zones ("OZs") through enhanced incentives, targeted outreach, and other initiatives.[17] Promotes and supports professional growth among those in the EE and RE industries, especially with regard to LEED and Passive House projects.
6. **Inform Code Development and Support Code Compliance**: By encouraging program participants to achieve deeper energy savings and GHG reductions than do current building energy codes, and by gathering data and experience regarding same, the new program may help to inform and advance the development of future codes.

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[16] See the following webpages for the identification of and more information about UEZs, and OZs: New Jersey Opportunity Zones Resource Center (nj.gov), and NJ Division of Taxation - Urban Enterprise Zone. "Affordable Housing" means any housing that an official document identifies as participating in a federal, state, or local affordable housing program. This may also include official documents showing identification from the New Jersey Housing and Mortgage Finance Agency, United States Low Income Housing Tax Credit (LIHTC), and United States Housing and Urban Development (HUD).

[17] LMI is defined in consultation with Board Staff and is set forth in the Program Guide, applications, and/or other program documents.

Support for Energy Master Plan Goals

The NCP will support many of the EMP's strategies and goals, including, among others:

- Primary Goal 3.1 (Increase New Jersey's overall energy efficiency).
- Primary Goal 4.1 (Start the transition for new construction to be net zero carbon).

In addition, the NCP will support the Executive Order 316 target to electrify commercial and residential buildings in an additional 400,000 homes and 20,000 commercial properties, and to make an additional 10% of all LMI properties electrification-ready by 2030.[18]

Target Market and Eligibility

New construction or buildings undergoing substantial renovation (also known as "gut rehab") of all types (e.g., single family, townhome, multifamily, commercial, and industrial) are eligible to participate in the NCP, so long as their utility bills include or will include contributions to the Societal Benefits Charge ("SBC").

The target market for the NCP is builders, developers, and program partners (e.g., program-approved energy consultants, architects, engineers, and Raters,[19] collectively, "Partners").

Any EE measures included in, or as part of, an application to the NCP will not be eligible for incentives under any other NJCEP energy efficiency or New Jersey utility-sponsored EE programs.

A substantial renovation project may be eligible for a utility-sponsored energy efficiency program, as well as for this NCP. In those circumstances, the applicant will be able to choose which program it will utilize. The applicant submitting such a project will be able to choose only one program to cover a specific ECM or piece of energy efficient equipment, e.g., the applicant can choose to receive an incentive for a heat pump hot water heater from either this NCP or a utility-sponsored program, not from both programs.

Program Description and Delivery Methods

The NCP offers three pathways to earn incentives: **Bundled, Streamlined,** and **High-Performance**. Each pathway includes a different set of Program requirements, and each will

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[18] Exec. Order No. 316 (Feb. 15, 2023), 55 N.J.R. 510(a) (Mar. 20, 2023).

[19] A "Rater" is an energy professional who oversees the energy efficiency work completed by participating builders and developers. Raters are typically certified by third party organizations. By way of example, a Rater may be certified (a) as a Home Energy Rating System ("HERS") Provider approved by an EPA-Approved Verification Oversight Organization ("VOO"), or (b) as a Modeler approved by an EPA-Approved Multifamily Review Organization ("MRO").

provide incentives for projects meeting those requirements. The incentives will largely be calculated based on the square footage of the building covered by the applicant's submission to this NCP. Immediately below is a summary of the requirements for each pathway:

1. The **Bundled Pathway** requires the implementation of a bundle of relatively typical above-code ECMs. Eligible ECMs under this pathway consist primarily of electric efficiency equipment, as well as efficient building envelope[20] and insulation measures.
2. The **Streamlined Pathway** encourages deeper energy savings than the Bundled Pathway but requires less time and expense than the High-Performance Pathway described below. Although it requires some modeling of ECMs, the modeling is performed in a web-based user interface that requires minimal inputs and generates quick and accurate projected savings.
3. The **High-Performance Pathway** encourages the deepest energy savings by requiring that applicants take a whole-building approach and either exceed code requirements by a certain percentage or meet one of several sets of stringent technical standards set by Proxies for new construction. This pathway largely replaces the Legacy RNC and P4P NC Programs.

Not all pathways are available to all building types. Building types are determined by using the EPA Multifamily New Construction ("MFNC") Program Decision Tree, located in Appendix B, *Multifamily Decision Tree*. If a building does not fall into the Single-Family New Homes ("SFNH") or MFNC categories, the project will be considered Non-residential for all purposes

[20] "Building envelope" is the part of a building that separates conditioned from unconditioned spaces; it includes things such as doors, windows, walls, and siding.

relevant to this NCP section. The table below outlines which pathway(s) may be used by which building type(s):

Table 1: Eligibility for Pathways by Building Type

New Construction Program - Eligibility			
Program Pathways	Building Type		
	Residential		Non-Residential
	Single Family or Townhome	Multifamily	Non-residential
Bundled	n/a	n/a	Y
Streamlined	n/a	n/a	Y
High-Performance Pathway *Non-Proxy*	n/a	n/a	Y
High-Performance Pathway *LEED V4.1*	n/a	n/a	Y
High-Performance Pathway *ENERGY STAR*	Y	Y	n/a
High-Performance Pathway *DOE Zero Energy Ready Home*	Y	Y	n/a
High-Performance Pathway: *PHIUS Core, Zero or Core REVIVE 2021; PHI V10 Classic, Plus, or Premium*	Y	Y	Y

Applicants must submit their applications prior to commencing the construction or installation of the measures covered by their applications. Applicants are encouraged to apply prior to or during the early design stage, which will provide a meaningful opportunity for the Program to work with the applicant to achieve deeper savings.

In addition to the above-described pathways, the NCP includes a **Workforce Development** component, described in more detail below. The Workforce Development component provides incentives for the recruitment and training of new energy professionals and Partners to oversee the energy efficiency work completed by participating developers and builders, as well as designers and tradespeople with the specialized training and skills to design and install the ECMs.

Partner Network

This market-based Program relies on a network of Partners. Partners work under contract with builders and developers, acting as their "energy expert," and are required to strictly follow Program requirements. Partners must be reviewed and approved by the Program Manager to be allowed to work within the Program. They may be approved to work under a single or several pathways.

Program Requirements

The NCP's three pathways provide New Jersey's builders and developers with a range of participation options to suit different levels of effort and experience with energy efficient design. Minimum energy performance requirements across all pathways are measured from IECC 2018/2021 or ASHRAE 90.1-2016/2019[21] energy code baselines. Therefore, the pathways all result in energy performance better than that required by the applicable IECC or ASHRAE code, i.e., the applicable New Jersey energy codes. The following sets out additional details regarding each pathway.

Bundled Pathway

Applicants applying through this pathway must select from a list of prescriptive measures set forth in the applicable Table 2 or Table 3 below.[22] Eligible ECMs under this pathway consist primarily of electric efficiency equipment, as well as efficient envelope and insulation measures. To qualify for an NCP incentive, an applicant must select a minimum of two measures from the Bundled Pathway Credits Table applicable to its Climate Zone ("CZ") and meet or exceed the applicable Minimum Points Required for its building type, as set forth in the applicable table. The Program Manager may modify either or both of the foregoing requirements for any type of building for which only a single type of measure (e.g., only a heat pump water heater) can be implemented.

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[21] Unless otherwise expressly set forth in this NCP section, 2018/2021 and 2016/2019 means whichever is applicable dependent on the date of the project's building permit.

[22] A similar table applicable to Indoor Agriculture is under development. Subject to the approval of Board Staff, such table may be posted on the NJCEP website and included in other Program materials, and the Program Administrator may provide incentives described in this Compliance Filing to applicants that satisfy the criteria in that table.

Table 2: Bundled Pathway Credits, CZ 4A

Bundled Pathway Credits, Climate Zone 4A											
Measure ID	Energy Credit Abbreviated Title	Addendum AP Section	Dormitory or Retirement	Healthcare	Hotel or Motel	Office	Restaurant	Retail	School or Education	Warehouse or Storage	Other
			Minimum Points Required								
			30	13	12	14	31	24	12	27	13
E02	UA reduction (15%)	C406.2.1.2	24	3	8	7	19	36	4	62	20
E03	Envelope Leakage Reduction	C406.2.1.3	47	6	14	8	24	44	0	77	28
H02	Heating Efficiency *(electric only)*	13.5.2.2.2	4	3	1	2	5	7	2	14	5
H03	Cooling Efficiency	13.5.2.2.3	4	7	7	6	5	7	9	1	5
H05	Ground-Source Heat Pump	13.5.2.2.5	10	11	6	10	13	18	6	×	11
W01	SHW Preheat Recovery	13.5.2.3.1(a)	21	2	7	2	10	7	3	3	7
W02	Heat-Pump Water Heater	13.5.2.3.1(b)	33	1	12	2	8	2	2	1	8
W04	SWH Pipe Insulation	13.5.2.3.2	3	1	2	1	×	×	1	×	2
W05	Point-of-Use Water Heaters	13.5.2.3.3 (a)	×	×	×	3	×	×	2	×	3
W06	Thermostatic Balancing Valves	13.5.2.3.3 (b)	1	1	1	1	1	1	1	1	1
W08	SHW Distribution Sizing	13.5.2.3.5	22	×	8	×	×	×	×	×	×
W09	Shower Drain Heat Recovery	13.5.2.3.6	19	×	6	×	×	×	2	×	9
L06	Light Power Reduction	13.5.2.5.6	2	8	2	8	4	10	9	13	6
Q01	Efficient Elevator Equipment	13.5.2.7.1	5	2	4	5	1	5	6	5	4
Q02	Efficient Kitchen Equipment	13.5.2.7.2	×	×	×	×	27	×	×	×	×

1. Heat pumps providing both space heating and space cooling that meet program requirements may be eligible for credit in both H02 and H03 categories above.
2. "x" means the applicable type of building earns no points for the applicable measure.

Table 3: Bundled Pathway Credits, CZ 5A

Measure ID	Energy Credit Abbreviated Title	Section	Dormitory or Retirement	Healthcare	Hotel or Motel	Office	Restaurant	Retail	School or Education	Warehouse or Storage	Other
			Minimum Points Required								
			33	13	11	16	29	22	12	32	15
E02	UA reduction (15%)	C406.2.1.2	30	4	9	10	26	45	3	74	25
E03	Envelope Leakage Reduction	C406.2.1.3	65	7	19	13	33	56	1	92	36
H02	Heating Efficiency *(electric only)*	13.5.2.2.2	5	4	2	5	8	10	3	21	7
H03	Cooling Efficiency	13.5.2.2.3	3	5	5	4	3	4	6	1	3
H05	Ground-Source Heat Pump	13.5.2.2.5	13	11	8	15	14	19	7	×	13
W01	SHW Preheat Recovery	13.5.2.3.1 (a)	22	2	8	2	11	7	3	2	7
W02	Heat-Pump Water Heater	13.5.2.3.1 (b)	36	1	13	2	9	2	2	1	8
W04	SWH Pipe Insulation	13.5.2.3.2	3	1	2	1	×	×	1	×	2
W05	Point-of-Use Water Heaters	13.5.2.3.3 (a)	×	×	×	2	×	×	3	×	3
W06	Thermostatic Balancing Valves	13.5.2.3.3 (b)	1	1	1	1	1	1	1	1	1
W08	SHW Distribution Sizing	13.5.2.3.5	23	×	8	×	×	×	×	×	×
W09	Shower Drain Heat Recovery	13.5.2.3.6	20	×	7	×	×	×	2	×	10
L06	Light Power Reduction	13.5.2.5.6	2	8	2	8	3	8	9	11	6
Q01	Efficient Elevator Equipment	13.5.2.7.1	5	2	4	5	1	5	6	4	4
Q02	Efficient Kitchen Equipment	13.5.2.7.2	×	×	×	×	26	×	×	×	×

1. Heat pumps providing both space heating and space cooling that meet program requirements may be eligible for credit in both H02 and H03 categories above.
2. "x" means the applicable type of building earns no points for the applicable measure.

By way of example, an applicant constructing a dormitory in CZ 4A and implementing only Measure ID E03 (Envelope Leakage Reduction) would earn 47 points but would not qualify for an incentive because it failed to select the required minimum of two measures. However, if the applicant added Measure ID H02 (Heating Efficiency (*electric only*)), it would qualify because it was implementing the required minimum of two measures and earning 51 points, an amount greater than the 30 Minimum Points Required.

The NCP incorporates, by reference, the requirements for each measure as set forth in ASHRAE 90.1-2019, Addendum AP ("Addendum AP"),[23] the document from which the above Tables were drawn.[24]

Streamlined Pathway

For an applicant utilizing this pathway, the Program will provide access to, through an online portal or similar means, a relatively simple modeling tool, Sketchbox, to enter data about its project and the project's ECMs.[25] The applicant will be eligible for NCP incentives if Sketchbox calculates that the ECMs will achieve site energy savings at least 5% above code.

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[23] As approved by the ASHRAE Standards Committee on July 20, 2022; by the ASHRAE Board of Directors on August 15, 2022; by the Illuminating Engineering Society on September 8, 2022; and by the American National Standards Institute on September 9, 2022. If Addendum AP is updated or otherwise revised, the relevant sections of this Compliance Filing (including, without limit, the tables above) may, with the approval of Board Staff, be revised to reflect such updates or other revisions.

[24] The Tables in this Compliance Filing do not include every measure included in Addendum AP. For the avoidance of doubt, NCP incentives will not be paid for measures that are not included in the Tables in this Compliance Filing. In addition, the applicable Program Guide may further limit the scope of equipment eligible for incentives.

[25] Sketchbox estimates performance by incorporating select rules from both ASHRAE 90.1-2016/2019, Section 11 (Energy Cost Budget Method) and Appendix G of ASHRAE 90.1-2016/2019 (Performance Rating Method).

The following types of buildings are currently capable of being entered into Sketchbox and are thereby potentially eligible for incentives through this pathway[26]:

Table 4: Building Types Eligible for Streamlined Pathway

Automotive facility	Manufacturing facility
Convenience store	Motel
Convention center	Museum
Dining: bar lounge/leisure	Office
Dining: cafeteria/fast food	Parking garage
Dining: family	Penitentiary
Exercise center	Performing arts theater
Gymnasium	Religious building
Health-care clinic	Retail
Hospital	School/university
Hotel	Transportation
Library	Warehouse

Further, the Program Guide[27] and/or other Program documents may limit eligibility beyond the requirements set forth in this Compliance Filing. By way of example, buildings with more than three building shells and/or with different types of HVAC systems are required to seek and obtain the Program Manager's approval to participate in this pathway, and certain conditions may be imposed on the application. In addition, the Program documents may impose stricter requirements for certain ECMs than those set forth in this Compliance Filing, including, among others, those related to natural gas equipment.

Eligible measures in this pathway include, for example, reduced lighting power density, improved HVAC equipment efficiency, improved vertical fenestration U-value, air-side economizer, depth of vertical fenestration overhangs, and demand-controlled ventilation.

Each project must address each of the following building systems: envelope, heating, cooling, and lighting. The Program Manager may, however, grant exceptions to substantial renovation projects for which the applicant establishes that it considered measures for the subject system but reasonably determined it would not be practicable to implement any measures for that system. The

[26] If Sketchbox is updated or otherwise revised, the table of eligible building types may, with the approval of Board Staff, be revised to reflect such updates or other revisions.

[27] The Program Guide is a document that provides guidance regarding applying to and complying with the program; it can be accessed through https://njcleanenergy.com/.

Program Manager may also except buildings that are not heated from the requirement to include a heating measure and buildings that are not cooled from the requirement to include a cooling measure.

High Performance Pathway

Applicants applying through this pathway must either (a) perform whole-building energy modeling to demonstrate savings beyond code ("ASHRAE Modeling Approach") or (b) have their project building certified through well-known, nationally recognized Proxies, all as described in more detail below.

ASHRAE Modeling Approach (aka "non-Proxy")

The ASHRAE Modeling Approach requires applicants to optimize a project's design by using approved energy modeling software to evaluate the savings from ECMs as compared to a design that merely meets the applicable baseline building code. The list of approved software will be based on the software requirements outlined in ASHRAE 90.1, Section 11 or Appendix G of ASHRAE 90.1, it may also include other software approved by the Program Manager.

An applicant must develop a Proposed Energy Reduction Plan ("ERP") for each project. The Proposed ERP must detail a set of measures that will achieve the minimum performance target; it is subject to review and approval by the Program Manager. After the ERP is approved, the applicant must construct its project and provide an As-Built ERP, along with a Commissioning Report,[28] to demonstrate that the ERP measures are installed and functioning.

The minimum performance target is 5% site energy savings compared to the baseline. The model baseline is established using Appendix G of ASHRAE 90.1-2016/2019. Measures must be modeled as interactive improvements to the baseline in Appendix G of ASHRAE 90.1-2016/2019.

Each project must address each of the following building systems: envelope, heating, cooling, and lighting. The Program Manager may, however, grant exceptions to substantial renovation projects for which the applicant establishes that it considered measures for the subject system but reasonably determined it would not be practicable to implement any measures for that system. The Program Manager may also exempt buildings that are not heated (e.g., a refrigerated warehouse) from the requirement to include a heating measure and buildings that are not cooled (e.g., an unrefrigerated warehouse) from the requirement to include a cooling measure.

LEED

Applicants using this approach must submit documentation establishing that (a) they have satisfied the requirements for LEED certification utilizing either the V4.1 Building Design & Construction ("BD&C") or the Interior Design & Construction ("ID&C") rating systems, and (b) their projects achieve the minimum point values for *EAc2 Optimize Energy Performance Points for Option 1*, as shown in Table 5 below.

[28] An As-Built ERP depicts the ECMs as they were actually installed as compared to what was in the ERP; a Commissioning Report reports the steps taken to test and, if necessary, adjust the ECMs to confirm they are operating and performing as designed.

Table 5: LEED Point Requirements.

LEED Point Requirements	
LEED 4.1 Rating System	**Minimum Requirement for EAc2: Optimize Energy Performance**
BD+C: New Construction	4
BD+C: Core & Shell	4
BD+C: Major Renovation	4
BD+C: Schools	4
BD+C: Retail	4
BD+C: Data Centers	4
BD+C: Warehouses & Distribution	4
BD+C: Hospitality	4
BD+C: Healthcare	4
ID+C: Commercial Interiors	14
ID+C: Retail	14
ID+C: Hospitality	14

US EPA ENERGY STAR Program

Applicants using this approach must submit documentation establishing that they have satisfied the requirements for ENERGY STAR certification utilizing the applicable ENERGY STAR program, either the SFNH or the MFNC Program, subject to the restrictions and conditions set out below.[29] For buildings and projects using this approach, the Decision Tree set forth in this Compliance Filing at Appendix B, *Multifamily Decision Tree*, will be used to determine which ENERGY STAR Program governs the application.

ENERGY STAR SFNH Program

Applicants must satisfy the requirements for ENERGY STAR certification utilizing the Performance Path by way of the Energy Ratings Index ("ERI"). Compliance will be based upon ENERGY STAR Version 3.2.

ENERGY STAR MFNC Program

Applicants must satisfy the requirements for ENERGY STAR certification utilizing the Performance Path by way of the ERI or ASHRAE pathways. The applicant can choose to base its application on compliance with either ENERGY STAR MFNC Version 1.1 or ENERGY STAR MFNC Version 1.2. Projects using ENERGY STAR MFNC Version 1.1 and following the ERI path must also demonstrate at least 10% site energy savings as compared to the IECC 2021 code baseline. Projects following the ASHRAE path must demonstrate at least 15% site energy savings as compared to the ASHRAE 90.1-2019 baseline.

[29] For the avoidance of doubt, projects that choose to utilize ENERGY STAR's Prescriptive Path(s) are not eligible for NCP incentives at this time.

US DOE Zero Energy Ready Home ("ZERH") Program

Applicants must satisfy the requirements for the ZERH certification following the applicable version of the program, which is determined in accordance with the DOE ZERH – Program Versions and Implementation Timelines currently available here: https://www.energy.gov/eere/buildings/doe-zero-energy-ready-home-zerh-program-requirements. Projects whose building permits are issued under IECC 2021 and whose submissions are based upon compliance with ZERH Version 1 must also demonstrate at least 10% site energy savings as compared to the IECC 2021 code baseline or at least 15% site energy savings as compared to the ASHRAE 90.1-2019 baseline.

Passive House

PHI and Phius have developed design principles for attaining a rigorous level of energy efficiency while also creating comfortable indoor living spaces. Passive House focuses on continuous insulation, airtight construction, optimized windows, balanced ventilation, and minimal mechanical systems. PHI and Phius facilitate electrification of the entire building. Applicants using this approach must submit documentation establishing that they have satisfied the requirements of either (a) PHI Classic, Plus, or Premium Version 10 or (b) Phius Core 2021, Phius Zero 2021, or Phius Core Revive 2021.

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Incentives

Project Incentives

Project incentives are as set forth in Table 6 and Table 7, subject to the Notes immediately below the tables. Incentives will be paid after construction/installation has been completed, the as-built documentation and construction have been approved by the Program Manager, and any applicable NJCEP QA/QC has been successfully completed.

Table 6: Base and GHG Reduction Incentives

Incentives			
Pathway	Incentive Rate ($/sqft)	GHG Reduction Bonus	
		Tons CO2e per kSF	$/sqft
Bundled	$0.25	n/a	n/a
Streamlined	$0.50	0.7 - 0.99 tons 1.0 - 1.99 tons 2.0 - 2.99 tons 3.0+ tons	$0.25 $0.50 $1.00 $1.50
High-Performance *Non-Proxy*	$1.00		
High-Performance *LEED V4.1*	$1.00		
High-Performance *ENERGY STAR*	$1.00		
High-Performance *DOE Zero Energy Ready Home*	$1.75		
High-Performance (choose one): *PHIUS Core 2021* *PHIUS Zero 2021* *PHIUS CORE REVIVE 2021* *PHI Classic V10* *PHI Plus V10* *PHI Premium V10*	$2.50		

Table 7: Additional Incentives

Incentives			
Pathway	Additional Incentive Rate ($/sqft)		
	Affordable Housing (residential)	UEZ/OZ (non-residential)	Industrial/High Energy Intensity (non-residential)
Streamlined	n/a	+ $0.15	+ $0.60
High-Performance	+ $0.25	+ $0.25	+ $1.00

Notes to Table 6 and Table 7:

For Single Family Homes and Townhomes:

1. The minimum floor for calculating incentives will be 2,000 sqft, even if the subject home is less than 2,000 sqft. By way of example only, a 1,500 sqft home that qualified for an ENERGY STAR incentive would be paid a base incentive of $2,000 (2,000 sqft x $1/sqft). It might also be eligible for a GHG reduction incentive or Additional Incentive, each of which would, if earned, be calculated as if the home were 2,000 sqft.

2. The maximum ceiling for calculating incentives will be 4,000 sqft, even if the subject home is greater than 4,000 sqft. By way of example only, a 5,000 sqft home that qualified for an ENERGY STAR incentive would be paid a base incentive of $4,000 (4,000 sqft x $1/sqft). It might also be eligible for a GHG reduction incentive or Additional Incentive, each of which would, if earned, be calculated as if the home were 4,000 sqft.

Workforce Development Reimbursement

The Workforce Development Incentive offers up to 100% reimbursement for successful completion of pre-approved trainings and certifications for persons who live in New Jersey, whose principal place of work is in New Jersey, or who have another nexus to New Jersey as approved by the Program Manager and Board Staff.

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The Program will reimburse up to $2,000 per person per course, with a limit of two courses per person per Fiscal Year. Eligible topics are described below in Table 8; specific courses and certifications within those topics will be eligible for reimbursement only if the Program Manager has approved the specific course or certification prior to the application for reimbursement.

Table 8: Eligible Topics

PHI Certified Passive House Designer	PHI Certified Passive House Tradesperson
Phius Certified Consultant (CPHC)	Phius Certified Rater, Phius Certified Verifier
Phius Certified Builder (CPHB)	RESNET HERS Rating Field Inspector (RFI)
RESNET HERS Rater	RESNET HERS Modeler
LEED Green Associate	LEED AP (BD+C and ID+C only)
AEE's Building Energy Simulation Analyst (BESA)	AEE Certified Building Commissioning Professional (CBCP)
ASHRAE Building Energy Modeling Professional (BEMP)	[ENERGY STAR New Homes or MFNC Rater Certification
Other courses/certifications may be considered case-by-case if the applicant can demonstrate that the course/certification will support participation in the NCP.	

Cooperative Marketing

The Cooperative Marketing Incentive offers cost-sharing for pre-approved advertising placed by contractors participating in the New Construction Program. The cost sharing is 50% of the cost of advertising, which may consist of print (newspaper, magazine, newsletter), yellow pages, direct mail, television, radio, web banner (digital), signage, billboard, and social media. In addition, other types of advertising may be approved on a case-by-case basis, if the applicant can demonstrate its relative cost-effectiveness and benefits to NJCEP. The fiscal year cap per Partner is $50,000. Partners seeking to utilize the program should contact coop@NJCleanEnergy.com.

Expirations & Extensions

The Program will issue commitment letters that include the amounts of incentives committed to specific projects ("Commitment Letters"), in accordance with schedules and procedures set forth in other Program documents. The incentive commitments will be valid for one year for Bundled Pathway projects and three years for Streamlined and High-Performance Pathway projects, in all cases measured from the date of the Commitment Letter. The Program Manager may, for good cause shown, extend the initial commitment period for up to two additional six-month periods. Further, the Program Administrator may approve up to two extensions, each of a length set by the Program Administrator with the approval of Board Staff, beyond the extensions the Program Manager is authorized to approve.

Quality Control Provisions

Documented policies and procedures provide proper guidelines to ensure consistency in the processing and quality control for all NCP applications. All applications received are reviewed to confirm compliance with eligibility requirements. Applicant eligibility information is verified, along with all technical information in support of measure qualification and incentive calculation. Applicant supplied information and project technical data are entered into a database. Electronic files are created for all documents and for ongoing project correspondence.

The Program Administrator quality control staff will perform and/or oversee pre- and post-construction inspections, conduct technical reviews of submissions, and perform file reviews on a sampling of applications prior to incentive payments, based upon pre-determined, random sampling percentages, which may account for the applicant's, or its contractors/consultants', track record with the Program.

TRC will utilize the Contractor Remediation Procedures, as necessary or appropriate, to address significant performance or other problems.

New Construction Program: Garden State Challenge Pilot

Program Purpose and Strategy Overview

The Garden State Challenge ("GSC") is a pilot program that supports the design and development of innovative, sustainable, and energy efficient new construction buildings. The GSC's goals are directly aligned with New Jersey's aggressive efficiency and decarbonization goals as laid out in the EMP, and as described in more detail below. The GSC will provide development and construction support for advanced building designs that take especially significant strides toward a carbon-free future. The GSC recognizes the benefits of collaborating with the private sector to innovate and test non-traditional standards or designs which are critical to meeting our aggressive climate goals.

The state needs large scale adoption of low- to no-carbon new construction buildings to advance the market and to achieve its decarbonization goals. In line with the fast-approaching carbon reduction deadlines of the EMP, the recipient(s) of the Garden State Challenge will work to set precedent in reaching for a carbon-neutral future. As replicable examples, the challenge winners will lay the groundwork to inspire low- to no-carbon new construction buildings to become industry standard. The GSC encourages design teams to design and test theories outside of traditional construction methods to encourage quicker and more efficient designs and construction.

The GSC creates a statewide building competition which will provide incentives for efficient and replicable designs in specified building categories. The GSC's requirements support the following goals:

- Inspire the market to take bigger steps towards a carbon-free future by:
    - Incorporating measures that accelerate achievement of the EMP's goals.
    - Displaying financial feasibility to design and build low- to no-carbon emitting buildings.
    - Fostering and supporting the advancement of building codes.
- Provide environmentally friendly buildings that represent the pinnacle of building design by:
    - Complementing the surrounding environment and ecosystem.
    - Providing superior comfort & functionality.
- Promote designs to give buildings a competitive edge in the marketplace through:
    - Enhanced health & safety.
    - Expedited construction duration.
    - Resiliency.

Support for EMP Goals and Strategies

The GSC will support many of the EMP's strategies and goals, including, among others, the following:

- Primary Goal 2.1 (100% clean power by 2050), especially its Goal 2.1.1 (Meet the 50% Renewable Portfolio Standard by 2030 and explore possible regulatory structures to enable New Jersey to transition to 100% clean energy by 2050);
- Primary Goal 3.1 (Increase New Jersey's overall energy efficiency);
- Primary Goal 4.1 (Start the transition for new construction to be net zero carbon);
- Primary Goal 7.1 (Grow world-class research and development and supply chain clusters for high-growth clean energy sub-sectors); and
- Goal 7.2.3 (Establish vocational training to establish a pipeline of well-qualified, modern energy specialists).

Program Description

The Garden State Challenge is a competition with monetary awards distributed in three successive rounds of the building design process and upon construction completion. Designs should represent buildings that will be aesthetically pleasing, low to no-carbon, will provide superior comfort, enhance health and safety, be replicable and quicker to construct than other comparable buildings, and most importantly, inspire the industry to promote and ultimately achieve New Jersey's strategy for 100% Clean Energy by 2050.

Applicants are expected to be teams of forward-thinking architects, engineers, developers, builders, undergraduate or graduate students who take pride in leading the new construction market. Related incentives are set out below in this GSC section.

Successful applicants' teams must demonstrate the following:

- Competence in carbon-neutral-ready design that is coupled with architectural design quality and innovation;
- Ability to deliver high quality, cost-effective, easily constructed, functional, carbon-neutral-ready, and resilient buildings at competitive costs;
- How their projects generate interest in and demand for the design and construction of carbon-neutral-ready and resilient buildings; and
- Their commitment to share information related to the project's design, costs, and performance.

Target Markets and Eligibility

Eligible projects include only those at the schematic or early design drawing stage of a ground-up new construction project, as those stages are most amenable to incorporating new ideas. The GSC will accept and make awards[30] in each of four Building Categories: Commercial, Industrial, Institutional, and Lodging/Residential. The Program Guide and/or other program documents will provide more details as to which buildings are encompassed in these Building Categories.

Applicants may submit more than one application.

[30] Subject to the terms and conditions set forth in this Compliance Filing and/or other program documents.

Projects having an active incentive commitment from any other NJCEP program are not eligible to participate in GSC, and any projects that receive an incentive award from GSC are not eligible to participate in any other NJCEP programs.

Program Delivery Method, Standards, and Incentives

The Garden State Challenge is a competition providing monetary awards for eligible projects, with the awards distributed in three competitive rounds based upon an evaluation of the following features and criteria of the submitted design:

- Cost-effective construction;
- No- to low-GHG emissions and low energy costs during operation;
- Facilitation of expedited construction periods; and
- Offers a competitive edge with predictable revenue and cost projections.

Each winning demonstration project is eligible to receive over $1,000,000 in design and construction incentives, plus applicable student incentives,[31] all as described in more detail below. Each round of the competition will open and close on dates specified by a committee of policy, technical, and regulatory stakeholders selected by the Program Manager in consultation with Board Staff ("Review Committee"). Extensions will not be granted for individual projects; however, at its discretion, the Program Manager may grant an extension that is applicable to all projects. The Review Committee will review all eligible submittals. The Review Committee will promulgate scoring sheets that will be included in the program documentation. The Review Committee will assemble to review the projects and develop one final, filled out scoring sheet for each project at each round described below. A minimum score will be set and must be met for any given project to be considered for advancement. The winner(s) of each round will be notified and publicly announced.

Each round of the competition will narrow down the number of eligible projects that may be awarded incentives and advanced to the next round. Round 1 will be narrowed down to no more than five buildings in each Building Category. Round 2 will be narrowed down to no more than three buildings in each Building Category. Round 3 will select one winner in each Building Category. Program documents may set guidelines for managing a situation in which there are insufficient submissions to support a robust competition in any Building Category. Further, if there is sufficient budgetary capacity and an unexpectedly high number of well-qualified applications in one or more categories, the Program Manager may make awards to and advance greater numbers of buildings in one or more rounds than is set forth above.

For the avoidance of doubt, each round's incentives shall only be available and awarded to projects selected to advance to that round.[32]

[31] To encourage applicants to include students on their teams.

[32] Incentives are awarded for the earlier rounds to encourage participants to participate even though they may consider their chances of being the overall winner of Round 3 to be low.

Round 1: Schematic Design

A request for proposals for new construction building design concepts will be announced with a minimum of three months granted to assemble a design team and develop schematic designs for the proposed project. Submittals shall include at least the following:

- Documentation displaying the financial feasibility of the design team.
- Design team resumes and credentials.
- Schematic design drawings with supporting information about the proposed project with concept ideas for non-traditional measures, design drawings, and support material.
- The Review Committee will select up to **five projects** with the highest score in each Building Category, each of which will receive a monetary incentive award and advancement to the next round.

Incentive Award: $50,000 per project, $250 per student, and advancement to Round 2: Design Drawings.

Round 2: Design Drawings

Applicants selected in Round 1: Schematic Design will be asked to complete their Design Drawings and submit them to the GSC no later than six months after the Round 1 award date. Submittals shall include the following:

- Design drawings, support material, and savings calculations.
- Preliminary detailed construction schedule.
- In addition, each applicant that accepts the invitation to participate in Round 2 must agree that its submittals constitute public and government records which the Board and its agents may publish, disseminate, and otherwise use to promote the GSC's goals and the GSC itself.

The Review Committee will select up to **three projects** with the highest score in each of the four Building Categories described above in this section of this Compliance Filing, each of which will receive a monetary incentive award and advancement to the next round.[33]

Incentive Award: $100,000 per project, $500 per student, and advancement to Round 3.

Round 3: Final Design & Construction

Applicants selected in Round 2: Design Drawings will be asked to complete their Construction Drawings and to submit them to the GSC no later than six months after the Round 2 award date. Submittals shall include the following:

[33] Awards will be granted in accordance with the above-described Review Committee processes and standards and will consider among other things the subject projects' relative performance as to: (1) cost-effective construction; (2) no- to low-GHG emissions and low energy costs during operation; (3) facilitation of expedited construction periods; and (4) offers a competitive edge with predictable revenue and cost projections).

- All construction drawings, support material, and savings calculations.
- Proposed detailed construction schedule.
- Construction cost estimates.
- A description of the building's expected performance.

In addition, each applicant that accepts the invitation to participate in Round 3 must agree that:

1. Its submittals constitute public and government records that the Board and its agents may publish, disseminate, and otherwise use to promote the GSC's goals and the GSC itself.
2. If the applicant wins Round 3, it will reasonably cooperate with the Board and/or the Program Manager to promote the winning building, including, among other things, allowing the interior and/or exterior of the building to be photographed or otherwise depicted and for such depictions to be published.
3. If the applicant wins Round 3, it will provide the Program Manager with the building's utility usage for the amount of time set forth in program documentation.

Winning designs should demonstrate that all competition goals are met.

The Review Committee will select the project with the highest score in each Building Category. Each selected project will be deemed the final winner for its Building Category, will be used as a demonstration project to encourage low- to no-carbon building designs across the state of New Jersey, and will receive monetary incentive awards as follows: (a) the First Incentive, upon determination of the final winner, and (b) the Second Incentive, upon completion of construction and confirmation and documentation that the as-built project substantially incorporated the design features upon which the First Incentive was based.

First Incentive Award: $500,000 and $1,500 per student on the winning team.

Second Incentive Award: $1,000,000 upon completion of construction (i.e., the issuance of a temporary or final Certificate of Occupancy for the building) and submission of the as-built documentation described above, all within 18 months after the issuance of the Round 3: Design Completion award. The Program Manager may, for good cause shown, extend the above-described 18-month period for up to two additional six-month periods.

Outreach and Promotion

This competition relies heavily on promotion of the GSC and its Request(s) for Proposal through collaboration with the Outreach Team and the NJBPU Communications Office. It will raise industry awareness that buildings can be designed and built to the highest electrification and decarbonization standards, and to incorporate new technologies, for the benefit of all New Jerseyans. Outreach may include events such as public announcements of round winners, groundbreaking events, ribbon cutting events, tours of constructed buildings, digital award badges for winner websites and social media, specialized signs to be included inside the buildings to highlight winning status, and cooperative advertisement for the winning projects.

Quality Control Provisions

Documented policies and procedures provide proper guidelines to ensure fairness and consistency in the evaluation of all applications. The Program Manager may arrange for on-site visits or inspections of projects that have received a Round 3 award.

TRC will utilize the Contractor Remediation Procedures, [34] as necessary or appropriate, to address significant performance or other problems.

All applications received are reviewed to confirm compliance with eligibility requirements. Applicant eligibility information is verified, along with all technical Electronic files are created for all documents and for ongoing project correspondence.

[34] The Contractor Remediation Procedures are explained and available at https://njcleanenergy.com/main/board-public-utilities/board-public-utilities-0.

Distributed Energy Resources

Overview

NJCEP promotes several categories of Distributed Energy Resources ("DER") to assist in increasing market activities that will increase overall combined electricity delivery system efficiency, reduce overall system peak demand, further the use of emerging and renewable technologies, reduce emissions, and provide cost-effective reliability solutions for New Jersey while supporting the State's EMP.

Combined Heat and Power - Fuel Cell

Program Purpose, Strategy, and Description

This NJCEP Combined Heat and Power – Fuel Cell ("CHP-FC") Program offers incentives for Combined Heat and Power and Fuel Cell projects.

For the purposes of this program, Combined Heat and Power is defined as follows:

- Combined heat and power ("CHP"), also known as cogeneration, is the production of electricity and useful thermal energy from a single source fuel. Useful thermal energy means energy in the form of direct heat, steam, hot water, or other thermal form that is used for heating, cooling, humidity control, process use, or other valid thermal end-use energy requirements, and for which fuel or electricity would otherwise be consumed. Bio-power and partial bio-power projects that meet these criteria are considered to be CHP projects for Program purposes.

Waste Heat to Power ("WHP") projects that comply with the following definition are treated as CHP projects by the program:

- Waste heat to power is the process of capturing waste heat discharged as a byproduct of an industrial process and using that heat to generate power. In this configuration, a source fuel is first used to provide thermal energy to meet load requirements of a process or system (i.e., not deliberately creating excess thermal energy for the purpose of electricity generation). The byproduct of this process is heat that would otherwise be wasted to the atmosphere. The waste heat is then repurposed to produce electricity, as opposed to, directly consuming additional fuel for this purpose.

Projects meeting the definitions of either CHP or WHP above are collectively referred to as CHP projects in the remainder of this Compliance Filing.

For the purposes of this program, fuel cells are not considered to be WHP or CHP.

For the purposes of this program, fuel cell ("FC") is defined as follows:

- Power plants that produce electricity through an electrochemical reaction with a fuel source.

FCs are further broken down between "≥ 60% FCs" that can achieve an annual system efficiency of ≥ 60% (Higher Heating Value – HHV), based on total energy input and total utilized energy output (Efficiency) and "≥ 40% FCs" that can achieve an Efficiency ≥ 40% < 60%.

CHPs and FCs are all eligible for incentives through this program as set forth in more detail below.

Support for EMP Goals and Strategies

This program will support many of the EMP's strategies and goals, including, among others, the following:

- Primary Goal 3.1 (Increase New Jersey's overall energy efficiency).
- Primary Goal 2.1 (100% clean power by 2050), especially its Goal 2.1.6 (Develop mechanisms to compensate distributed energy resources for their full value stack at the regional and federal level).

Target Market and Eligibility

This CHP-FC Program is open to all New Jersey C&I utility customers paying into the SBC. Applications are reviewed and funds are committed on a first come, first serve basis provided all program requirements are met. CHP-FC systems that receive funding from the Energy Resiliency Bank will not be eligible for incentives through NJCEP.

Equipment Eligibility

Natural gas, hydrogen, biogas, and mixed fuel (e.g., natural gas and biogas) CHP-FC equipment, as well as FC equipment using any fuel that is installed on the customer side of the utility meter, is eligible for incentives. For the avoidance of doubt, one hundred percent renewable fueled projects, including biogas and landfill gas-fueled projects that meet CHP-FC Program criteria, are also eligible to receive incentives.

To qualify for incentives, CHP and FC projects must meet all the following eligibility criteria:

- Equipment must be new, commercially available, and permanently installed. Expansion of an existing system with new equipment is also eligible. However, only the incremental expansion would be eligible for incentives; and
- Systems must operate a minimum of 5,000 full load equivalent hours per year (i.e. run at least 5,000 hours per year at full rated KW output). Board Staff may grant exceptions to the minimum operating hours requirement for Critical Facilities (as identified in the CHP Incentives section of this Compliance Filing), provided the proposed system operates a minimum of 3,500 full load equivalent hours per year and has islanding capability; and
- All FC project submissions must include documentation that the purchase price includes at least one stack upgrade at no additional cost to the customer/applicant so that the equipment's maximum useful life is realized; and
- All project submissions must contain specific cost data for providing the unit with blackstart/islanding capability regardless of whether the project will have that capability; and
- Installations of multiple systems planned for the same site within a twelve (12) month period must be combined into a single project.

To qualify for incentives, CHP projects must also meet all the following eligibility criteria:

- The CHP system must achieve an annual system efficiency of at least 60% (Higher Heating Value – HHV) based on total energy input and total utilized energy output. Mechanical energy may be included in the efficiency evaluation; and
- Waste heat utilization systems or other mechanical recovery systems are required for CHP projects. New electric generation equipment which captures waste heat or energy from existing systems is also allowed.

To qualify for incentives, FC projects must also meet the following eligibility criteria:

- FC systems must achieve an annual electric system efficiency of at least 40% (HHV) based on Net Useful Electric Power plus Net Useful Thermal Production (if any) divided by the Total Fuel Input at HHV.

Third party ownership (or leased equipment), such as procured under Power Purchase Agreements, is permitted within the program with the following provisions:

- In order to ensure the equipment remains on site and operational for the term of the agreement, a binding agreement is required between the parties. A copy of this agreement shall be provided to the Program Manager prior to commitment of incentives. The agreement should state that the equipment could be transferred to new owners should the property be sold or otherwise have a buyout provision such that the equipment remains on site and stays in operation. Only permanently installed equipment is eligible for incentives and must be physically demonstrable upon inspection prior to receiving an incentive. This can be demonstrated by electrical, thermal, and fuel connections in accordance with industry practices for permanently installed equipment and be secured to a permanent surface (e.g., foundation). Any indication of portability, including but not limited to, temporary structures, quick disconnects, unsecured equipment, wheels, carrying handles, dolly, trailer, or platform will deem the system ineligible;
- The customer/applicant will be allowed to sign over the incentive to the third-party owner. A valid project cost shall be demonstrated as part of the application in order to establish an appropriate incentive level; and
- All other program rules apply.

Not Eligible for CHP-FC Incentives

The following types of generating systems/equipment are not eligible for this CHP-FC Program:

- Used, refurbished, temporary, pilot, demonstration or portable equipment/systems;
- Back-Up Generators (systems intended for emergency or back-up generation purposes); and
- Any system/equipment that uses diesel fuel, other types of oil, or coal for continuous operation.

Manufacturer Diversity Caps for ≥ 40% FCs

During FY25, that is, from July 1, 2024 through June 30, 2025, new incentive commitments for ≥ 40% FCs are capped at $4,500,000, and new incentive commitments for projects primarily involving equipment from any single ≥ 40% FC manufacturer are capped at $2,000,000. By way of example, if during FY25 applicants A, B, C, and D have each been issued a $500,000 commitment for ≥ 40% FC projects using equipment primarily supplied by manufacturer D, no further commitments would be issued during FY25 for ≥ 40% FC projects using manufacturer D's equipment.

Board Staff may approve exceptions to the above caps on a case-by-case basis if it determines that doing so is necessary to ensure full use of the current FY's FC and/or CHP-FC budgets.

Feasibility Studies

CHP and ≥ 60% FCs are eligible for incentives for having completed and submitted to NJCEP a feasibility study. To be eligible for an incentive, the applicant must first submit its proposal for the feasibility study and have such proposal approved by the Program Manager. It, of course, must also submit the completed study itself, along with proof of its cost. The Program Manager will approve the proposal and final submittal only if it determines that that each is technically sound and is at a reasonable cost. Additional requirements are outlined in the Program Guidelines.

Incentives

Incentives vary based on CHP-FC technology, fuel source, type, the presence or absence of heat recovery, project size, and total project cost. Details on qualifying technologies and available incentives can be found in the Tables below in this Incentives subsection.

Applicants will not be allowed to receive incentives for the installed generation equipment from other available SBC-funded programs or from the Energy Resilience Bank. CHP-FC projects will be evaluated on a per site basis and incentives awarded accordingly. For the avoidance of doubt, if at any time prior to system installation and operation a project is cancelled or abandoned, the incentive funds paid to date must be promptly returned to NJCEP.

Feasibility Study Incentive for CHP and ≥ 60% FCs Only

50% of the cost of the study, capped at an incentive of $50,000 and payable upon NJCEP approval of the completed study. This incentive would, among other things, count towards all other applicable NJCEP caps.

Other CHP-FC Incentives

Table 9: CHP-FC Technology and Incentive Levels

Eligible Technology	Size (Installed Rated Capacity)	Incentive ($/Watt) [5]	% of Total Cost Cap per project	$ Cap per project
CHPs powered by non-renewable or renewable fuel source, or a combination[4]: • Gas Internal Combustion Engine • Gas Combustion Turbine • Microturbine ≥ 60% FCs	≤500 kW[1]	$2.00	30-40%[2]	$2 million
	>500 kW – 1 MW[1]	$1.00		
	>1 MW – 3 MW[1]	$0.55	30%	$3 million
	>3 MW[1]	$0.35		
≥ 40% FCs	All of the above[1]	Applicable amount above	30%	$1 million
WHPs[3] Powered by non-renewable fuel source. Heat recovery or other mechanical recovery from existing equipment utilizing new electric generation equipment (e.g. steam turbine)	≤1 MW[1]	$1.00	30%	$2 million
	>1 MW[1]	$0.50	30%	$3 million

1. Incentives are tiered, which means the incentive levels vary based upon the installed rated capacity, as listed in the chart above. For example, a 4 MW CHP system would receive $2.00/watt for the first 500 kW, $1.00/watt for the second 500 kW, $0.55/watt for the next 2 MW and $0.35/watt for the last 1 MW (up to the caps listed).
2. The maximum incentive will be limited to 30% of total project. This cap will be increased to 40% where the recovered heat is used in a cooling application (e.g. absorption chiller) at the facility at which the CHP-FC system is located.
3. Projects installing CHP with WHP will be eligible for incentives shown above, not to exceed the lesser of percent per project cap or dollars per project cap of the CHP. Minimum efficiency will be calculated based on annual total electricity generated, utilized waste heat at the host site (i.e., not lost/rejected), and energy input.
4. Systems fueled by a Class 1 renewable fuel source are eligible for a 30% incentive bonus (additional to the incentives calculated in accordance with the table immediately above). If the fuel is mixed, the bonus will be prorated accordingly. For example, if the mix is 60/40 (60% being a Class 1 renewable), the bonus will be 18%. This bonus will be included in the final partial payment, based on system performance and fuel mix consumption data.

5. All CHP-FC systems located at Critical Facility and incorporating blackstart/islanding technology are eligible for a 25% incentive bonus (additional to the incentives calculated in accordance with the table immediately above). For this Program, a Critical Facility is any:
    a. Public facility, including, without limitation, any federal, state, county, or municipal facility, or
    b. Non-profit and/or private for-profit facility, including, without limitation, any hospital, water/wastewater treatment facility, school, multifamily building, or similar facility that:
        i. Is determined to be either Tier 1 or critical infrastructure by the New Jersey State Office of Emergency Management or Office of Homeland Security and Preparedness, or
        ii. Could serve as a Shelter during a power outage. For this Program, a Shelter is a facility able to provide food, sleeping arrangements, and other amenities to its residents and the community.

    For the avoidance of doubt, any public facility is a Critical Facility.
6. The incentive bonuses described in the notes above shall count towards neither the % of Total Cost Cap per project nor the $ Cap per project, in each case as included in Table 9: CHP-FC Technology and Incentive Levels.

Table 10: CHP-FC Incentive Payment Schedule (other than for Feasibility Studies)

1st – Purchase	2nd – Installation	3rd - Acceptance of post-installation data
30%	50%	20%

1. Projects will receive program incentives in three partial payments. The first incentive will be paid upon proof of purchase of equipment. The second incentive will be paid upon project installation and operation, including successful inspection. The third incentive will be paid upon acceptance and confirmation that the project is achieving the required performance thresholds based on twelve (12) months of continuous operating data submitted within eighteen (18) months of installation, with the foregoing deadline being subject to being extended for six (6) additional months by the Program Manager upon the request of the applicant submitted prior to the expiration of the deadline and for good cause shown.
2. Regarding the third incentive, if all other required performance thresholds are achieved:
    a. And the total annual net kWh generated is ≥80% of that specified in the Program-approved application, the full third incentive is earned.
    b. But the total annual net kWh generated is ≥50% but <80%, of that specified in the Program-approved application, the amount of the third incentive earned is reduced proportionately by the ratio of actual total annual net kWh generated to the approved application total annual net kWh generated.
    c. But the total annual net kWh generated is <50% of that specified in the Program-approved application, no third incentive is earned.

Quality Control Provisions

Quality control provisions are designed to ensure that systems that receive incentives are operating as expected and providing the desired benefits to the State. All applications received are reviewed to confirm compliance with eligibility requirements. Applicant eligibility information is verified, along with all technical information in support of energy efficient measure qualification and incentive calculation. Applicant supplied information and Program Administrator performed incentive calculations are entered into the database, and files are created for all documents and ongoing project correspondence.

TRC will utilize the Contractor Remediation Procedures as necessary or appropriate to address significant performance or other problems.

Renewable Energy

Solar Registration Programs

Program Purpose and Strategy Overview

New Jersey's solar policies and Renewable Portfolio Standards ("RPS") have been established through legislation and implemented mainly through regulations and Board Orders. NJCEP's Solar Renewable Energy Certificate ("SREC") Registration Program ("SRP") was designed to meet the goals and objectives of the regulations in place at the time of its design. In 2020, the Board proposed and adopted regulations establishing a solar Transition Incentive ("TI") Program to provide a bridge between the legacy SRP and the then soon to be established Successor Program. In 2021, the Board proposed and adopted additional regulations establishing the Successor Solar Incentive ("SuSI") Program. The SuSI Program is comprised of two sub programs: 1) the Administratively Determined Incentive ("ADI") Program; and 2) the Competitive Solar Incentive ("CSI") Program, which CSI Program's application portal was opened to new applications on April 15, 2023.

Support for EMP Goals and Strategies

The Solar Programs support many of the EMP's strategies and goals, including, among others, the following:

- Primary Goal 2.1 (100% clean power by 2050), especially its Goal 2.1.1 (Meet the 50% Renewable Portfolio Standard by 2030 and explore possible regulatory structures to enable New Jersey to transition to 100% clean energy by 2050), Goal 2.1.2 (Ensure at least 75% of electricity demand is met by carbon-free renewable generation by 2050 and set interim targets), and Goal 2.1.3 (Routinely model scenarios and pathways to achieve 100% clean energy generation by 2050 with consideration for least-cost options).
- Primary Goal 2.3 (Maximize local (on-site or remotely-sited) solar development and distributed energy resources by 2050), especially its Goal 2.3.2 (Transition to a successor solar incentive program), which has been achieved.

Program Description

The Solar Registration Programs ("Solar Programs") provide registration for RECs for solar projects, including behind-the-meter, community solar, and direct grid-supply projects connected to the New Jersey electric distribution system. The Generation Attribute Tracking System ("GATS") operated by PJM Environmental Information Services is used for the tracking and trading of RECs.

Pursuant to the Board's regulations, each megawatt hour ("MWh") of solar generation generates one solar renewable energy certificate ("REC"), which REC represents the clean energy benefits related to the MWh. For the SREC Registration Program, the RECs are called "SRECs" and are tradable in an open market; for the TI Program, they are called Transitional RECs ("TRECs") and can be sold to a utility at a fixed price set by the Board; and, for the SuSI Program, they are called "SREC IIs" and can be sold to a utility at a fixed price. The values of the SREC-IIs under the ADI

Program are set by the Board, and the values of the SREC-IIs under the CSI Program will be set through a solicitation process.

The Solar Registration Program team processes registrations and certifies solar projects as eligible for each of the three programs noted above. The SRP team will continue to process SREC and TI registrations submitted before those programs closed to new registrations and it will process any new registrations submitted for the SuSI Program.

FY25 Program Changes

The Solar Programs will be modified as required to remain consistent with any revisions to the programs approved by the Board.

Planned Program Implementation Activities

The Solar Programs will have the following areas of focus:

- Sustain the growth of New Jersey's solar markets, while communicating accurate and objective information on market development activity.
- Monitor legislative and policy developments, inform the market of key outstanding questions and decisions (e.g., new RPS levels, net metering rules), and translate new policies into program operational procedures, as required.
- Work with the Board and its staff to consider, develop, and implement possible programmatic changes, including those described below and otherwise implementing the Solar Act of 2021, N.J.S.A. 48:3-114 et seq., L. 2021, c.169.

Target Markets and Eligibility

Eligible solar technology is defined as a system that utilizes semi-conductor technologies to produce electricity directly from sunlight. All systems must meet program requirements regarding equipment certification, proper installation practices, and compliance with program procedures and processes. Solar PV systems connected to the electric distribution system serving New Jersey can participate in the programs.

Offerings and Customer Incentives

The Solar Programs provide a means for solar electric generation facilities to access a market where their RECs can be sold or traded. Solar generating facilities that are interconnected with the electric distribution system serving New Jersey and that meet all applicable rule requirements, as well as all program requirements will be eligible to generate RECs upon successful completion of all requirements. The regulations governing RECs can be found at N.J.A.C. 14:8-2, 14:8-10, and 14:8-11. The program rules will continue to conform to these regulations.

In addition:

- A web based solar portal will be used for submitting registrations; and
- The Program Manager will prepare monthly reports identifying program results and trends including tracking capacity blocks for the SuSI Program.

Quality Control / Quality Assurance Provisions

All renewable energy systems facilitated through the SRP must be installed in accordance with program equipment requirements, program performance requirements, manufacturer specifications, and provisions of the National Electrical Code ("NEC"). The installer is also required to meet Solar Programs contractor license requirements.

Quality Control ("QC") serves as a check to ensure specific parameters of a renewable energy installation have been achieved. Quality Assurance ("QA") defines processes that ensure quality standards using efficient and cost-effective mechanisms.

The QA protocol requires diligence on the part of the "in-office" processing team to ensure the "Final As-Built" (Post-Construction) project information submitted as part of the final application paperwork is complete, correct, and in compliance with all program requirements. This review process is critical for the success of the QA function, which complements the on-site QC inspection process to ensure program compliance.

On-site verifications will be conducted for a pre-determined percentage of projects for residential and add-on systems that add additional capacity to a previously installed solar systems. An on-site verification will be performed for all grid-supply projects, behind the meter projects with a capacity greater than 500 kW, and community solar projects. The Program Manager may also conduct on-site verifications upon written request from the Board Staff or PJM-GATS to verify the cause for high meter reads or system production reading anomalies and submit written explanation of the findings to the Board Staff and PJM-GATS.

A pre-determined percentage of the projects that receive an inspection waiver will be randomly selected for a more in-depth paperwork review. The Program Manager reserves the right to request additional information, including, PV watts, shading analysis, photos, etc.

TRC will utilize the Contractor Remediation Procedures, as necessary or appropriate, to address significant performance or other problems.

Outreach, Website and Other - Outreach Plan

Outreach Plan

Executive Summary

This Outreach Plan ("Plan") highlights the strategies and tactics that the TRC Outreach Team will use to raise awareness of new and existing NJCEP clean energy programs, and educate potential program applicants, contractors, and stakeholders.

This Plan supports the State's EMP and specifically, the existing and proposed NJCEP programs:

- Local Government Energy Audit Program
- Large Energy Users Program
- New Construction Program
- Combined Heat & Power and Fuel Cells
- LEUP Decarbonization Pilot

The Plan's tactics support the priorities and focus areas of BPU NJCEP and include:

- Support for the anticipated launch of the unified New Construction Program through enhanced education for trade allies and new program awareness tactics;
- Within the New Construction Program, support for the launch of the Workforce Development and Garden State Challenge Pilots with program awareness efforts, higher education collaboration, and ongoing applicant engagement;
- Support for the launch of the LEUP Decarbonization Pilot through direct outreach and organizational collaboration;
- Provide additional data regarding trade allies listed on website to assist customers in selection process;
- Provide NJCEP trade allies with a welcome packet, including an overview of program requirements and applicable program materials;
- Provide enhanced NJCEP program awareness at public events; and
- Expand external-facing program awareness through support in the development of collateral and messaging via coordinated efforts with BPU.

After gauging market interest and measuring success, improvements have been made to the existing outreach tactics to focus more deeply on specific NJCEP programs. The Outreach Team will continuously monitor success and adjust tactics as needed.

The Team will continue to focus on LMI customers and underserved communities as they continue to help raise awareness about the programs and how to use them. The New Construction Program will be a specific focus.

Background

As the state continued to recover from the COVID-19 pandemic, the Outreach Team increased its participation via in-person activities. The Outreach Team strategically shifted outreach tactics to allow for both in-person and hybrid customer and contractor engagement activities. These

strategies were embraced by the C&I market during FY23 and had a positive impact on application enrollment, presentations given, energy savings, trade ally recruitment, and audit program participation. This Outreach Plan incorporates lessons learned from past years and prioritizes tactics that increase engagement and energy savings.

Support for State's Clean Energy Goals and Strategies

The Outreach Plan supports many of the State's goals and strategies, as set forth in more detail below under Outreach Goals.

Outreach Goals

The Outreach Team supports the goals of NJCEP, as well as those of BPU and the Administration, including:

- ***Support the Administration's goal of 100% clean energy by 2035*** – The Outreach Team will continue to support the State's clean energy goals and will play a crucial role in meeting the objectives set forth in newly released Executive Orders 315, 316, and 317. Table 3 lists the seven EMP strategies and the associated level of outreach tactical emphasis planned in support of the current NJCEP program suite.

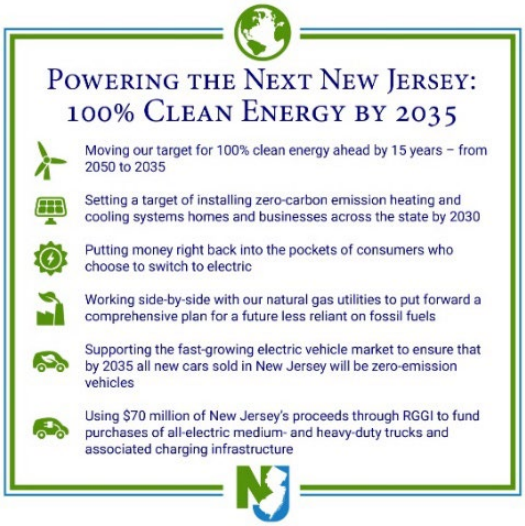


Table 11: EMP Strategies versus Outreach Tactics

EMP Strategy	Outreach Tactics
1. Reduce Energy Consumption and Emissions from the Transportation Sector	▮▯▯
2. Accelerate Deployment of Renewable Energy and Distributed Energy Resources	▮▮▯
3. Maximize Energy Efficiency and Conservation and Reduce Peak Demand	▮▮▮
4. Reduce Energy Consumption and Emissions from the Building Sector	▮▮▮
5. Decarbonize and Modernize New Jersey's Energy System	▮▮▯
6. Support Community Energy Planning and Action with an Emphasis on Encouraging and Supporting Participation by Low and Moderate Income and Environmental Justice Communities	▮▮▮
7. Expand the Clean Energy Innovation Economy	▮▮▯

- ***Promote programs to customers, contractors, and trade allies*** – TRC will actively represent NJCEP in the marketplace for all programs and program enhancements. We will work across all target markets to have the necessary information and training to fully engage in the programs.
- ***Support Environmental Justice to Overburdened Communities and customers*** – To support environmental justice for Overburdened Communities (defined by NJDEP) and customers, the Outreach Team will continue to collaborate with the BPU, other state agencies, and community organizations. Our goal for all customers to have a fair and equal opportunity to learn about and benefit from NJCEP offerings.
- ***Support the Marketing Team's promotional efforts*** – Collaborate with BPU and the Marketing Team to deliver consistent marketing messages and themes. Program information will be shared as requested to highlight successes around program opportunities, successes, and events.
- ***Collaborate with BPU to reach specific sectors and customers*** – Jointly develop outreach strategies for specific sectors to leverage contacts and expertise.

The tactics outlined in this Plan support these goals. The Key Performance Indicators (KPI) and highlights will be included in a monthly report to track progress toward these goals.

Target Markets

NJCEP programs are available to both Investor-Owned Utility (IOU) and Non-IOU New Jersey customers. Outreach efforts address a vast audience across multiple markets including residential, business, local government, and nonprofit entities. The tactics described within this plan address these target markets to increase the reach and success of NJCEP programs.

Table 12: Market Category Definitions

Market Category	Definition
 Customer	Homeowners, Property Owners/Managers, Renters, Businesses, NPOs, State, County & Municipal Government Entities, Schools
 Contractor	HVAC & Insulation Contractors, Plumbers, Remodelers, Electricians, Program Contractors
 Trade Ally	Builders, Developers, Architects, HERS Raters, Consultants, ESCOs, Engineers, Realtors, Manufacturers, Distributers, Retailers, Certification Technicians
 Stakeholder	Community Organizations, Membership Organizations, Green Teams, State Agencies, Chambers of Commerce, Business and Economic Development Associations, Municipal Permitting and Local Code Enforcement Offices
 Partner	Marketsmith, Sustainable Jersey, NJ Institute of Technology, GreenFaith, County Improvement Authorities, Utilities (Atlantic City Electric, Elizabethtown Gas, Jersey Central Power & Light, Public Service Electric & Gas, New Jersey Natural Gas, Rockland Electric, South Jersey Gas), American Public Power Association, Environmental Protection Agency, ENERGY STAR, Department of Energy, United States Department of Agriculture (New Jersey), New Jersey Department of Environmental Protection, New Jersey Business Action Center, United States Green Building Council

Outreach Tactics

Tactics are how we achieve our goals. They are specific steps and actions taken to support the outreach strategy and give structure to day-to-day activities. Most tactics employed address the goals of the State along with the Clean Energy Program portfolio at large. Some tactics are unique to markets and/or sectors as outlined below.

Customized Program-Specific Outreach

Outreach Account Managers focus on outreach designed to bring projects into the programs offered in this filing. Each program has different target markets, membership organizations, and other access points that require unique outreach tactics. A customized outreach approach for each program allows the Account Managers to serve as single points of contact for their designated geographic territories while specializing in specific focus areas needed to assist participants in navigating programs (those offered by NJCEP and their utilities), understanding their opportunities for energy savings, and applying to the programs.

Program awareness to existing and potential trade allies and customers is a primary source of project referrals. The Outreach Team identifies the program path that best fits their projects and offers ongoing support as they re-engage in the program with additional projects.

The Outreach Team will continue our educational training series specific to each sector to educate potential participants about the benefits of participation and help identify the program path most-suited to each potential participant's needs and interests. We will represent the entire NJCEP portfolio at events and triage inquiries about BPU-led initiatives to the BPU. Utility run programs will be referenced as a standard part of the messaging for increased clean energy awareness.

<u>New Construction Program: Engage Contractors, Trade Allies, Technical Institutions, and Construction Permit Offices</u>

In FY25, the residential and C&I new construction programs will merge into a single streamlined New Construction Program as referenced in this filing. This unified program will change the way in which the Outreach Team networks and communicates with customers and trade allies about NJCEP offerings. The Outreach Team will create presentation slides, website content, assist trade allies with the new program design, and spread program information to industry and partner organizations.

New construction contractors and trade allies have direct contact and influence with potential new construction customers. The Outreach Team takes charge of maintaining and cultivating relationships with these trade allies by seeking program feedback and engaging with their associated professional organizations. This approach serves to improve the customer experience and enhance the quality of NJCEP programs. A goal is to minimize lost opportunities by proactively informing trade allies about program benefits during the planning and design phases of new construction projects.

Account Managers will serve as single points of contact for registered NJCEP trade allies and work to recruit new trade allies within their geographic territories. Account Managers will provide program education to these partners through collateral, trade ally newsletters, social media content

development, program overview presentations/webinars, application training presentations/ webinars, educational webinars, in-person lunch and learn staff trainings, project meetings, and events. Account Managers will also function as the educational link between customers and trade allies which includes builders, developers, contractors, stakeholders, facility managers, energy managers, and realtors. Account Managers support their assigned trade allies by providing awareness of other BPU administered programs.

Some contractors and membership organizations span both residential and C&I markets, such as the U.S. Green Buildings Council of NJ and the American Institute of Architects, while other organizations focus on specific building or development types. One such sector that focuses on a development type is indoor agriculture, a sector with which we are actively engaged through our relationships with groups including the NJ Cannabis Insider, Cannabis Regulatory Commission, US Department of Agriculture, and Rutgers Eco Complex. The new, unified New Construction Program allows the Outreach Team to have a more streamlined approach to partnering with these organizations, as well as a simplified process and message to their members.

Additional memberships and partnerships that support new construction offerings include among others:

- Associated Builders & Contractors
- Commerce & Industry Association of New Jersey
- Commercial Real Estate Development Association
- Construction Roundtable of New Jersey
- New Jersey Alliance for Action
- New Jersey Apartment Association
- New Jersey Association of Energy Engineers
- New Jersey Builders Association
- Jersey Shore Builders
- International Facility Management Association of New Jersey
- Metropolitan Builders & Contractors Association of New Jersey
- Society of Mechanical Engineers New Jersey
- Southern New Jersey Development Council

As the new construction industry in New Jersey continues to expand, we are actively updating our list of new construction stakeholders while encouraging NJCEP trade ally network participation. The active stakeholder list will be used to share program launch information and invite key decision-makers to NJCEP-hosted events including webinars, presentations, and NJCEP booths at industry trade shows and conferences. The Outreach Team will maintain up-to-date messaging that reflects program updates and references to other NJCEP programs that may be of interest to stakeholders.

This FY, it is crucial that outreach efforts are complemented by marketing support: to transform the new construction marketplace; to increase consumer awareness; and to increase demand for highly energy efficient buildings. Outreach efforts will encourage builders to incorporate bundles of high efficiency equipment or use one of the higher efficiency pathways by partnering programs with ENERGY STAR, LEED, Passive Home, or Zero Energy Ready Homes. The Outreach Team helps increase public awareness through educational awareness such as co-op advertising,

sponsorship of events, project site construction signage, and post project completion placards. The Outreach Team will work with the BPU to recommend complimentary marketing strategies or campaigns.

This FY the outreach team will engage with universities, technical institutions, and trade schools to support a new workforce development component of NJCEP's New Construction Program with an emphasis on underserved student populations and institutions within New Jersey's overburdened communities. Outreach will provide awareness of the various LEED, AEE, and PHI courses and certifications offered for reimbursements, encouraging students within the various institutions to participate in this initiative.

Municipal permit and planning offices are also viable avenues to educate new construction contractors and building owners about NJCEP incentive programs at the early stage of a new construction project. The Outreach Team will engage with these entities and prioritize outreach engagement campaigns to municipalities within state designated overburdened communities, providing educational collateral for distribution to new construction permittees.

Garden State Challenge Pilot: Promote a Low- to No-Carbon Future

The Outreach Team will support the New Construction Program's Garden State Challenge Pilot by engaging architects, engineers, developers, builders, and trade allies within the targeted new construction building categories. These efforts will raise industry awareness and encourage the new construction market to adopt low- to no-carbon building designs, advancing a carbon-neutral future for New Jersey. The Outreach Team will conduct a concerted program awareness messaging campaign upon pilot launch, relying on its current list of new construction trade allies and contacts. The Outreach Team will work with these trade allies and stakeholders to identify and promote new construction projects at the early stages of planning and design, synchronizing program participation.

New Jersey colleges and universities will also be engaged to encourage forward-thinking graduate and undergraduate students to participate, while providing a valuable linkage to new construction project teams.

A dedicated Account Manager will work with the program lead and the BPU to develop engaging marketing material, website content, and social media messaging. This Account Manager will orchestrate focused outreach campaigns, monitor outreach effectiveness, attend groundbreaking events and ribbon cutting ceremonies, and provide ongoing support to program applicants.

An Account Manager will coordinate LGEA outreach efforts with the organization of informational campaigns, development of newsletter content, and involvement in annual conferences. Organizational involvement will continue with the Association of Counties, Conference of Mayors, School Buildings and Grounds Association, School Boards Association, and League of Municipalities. Equitable outreach for targeted overburdened towns and authorities will be included.

The New Jersey League of Municipalities' 107th annual conference provided meaningful face-to-face networking and a showcase of BPU and NJCEP programs in a post-COVID-19 environment

LEUP Decarbonization Pilot: Higher Education Target Market

The Outreach Team will continue to harness existing relationships with higher education (colleges and universities) customers and conduct focused campaigns to encourage participation in the new LEUP Decarbonization Pilot. An Account Manager will coordinate this effort for awareness to eligible customers and their technical consultants of this program and assist in the design of promotional material. Engagement with this sector includes through calling campaigns, canvassing efforts, focused webinars, and in-person presentations.

Large Energy Users: Targeted Trade Allies

Outreach activities to expand the customers that participate in the Large Energy Users Program will be done in conjunction with the known contractors and trade allies who target these customers. Additionally, we will continue to maintain relationships with past program participants to ensure they remain engaged in the program as many applicants tend to re-apply each fiscal year.

Combined Heat & Power and Fuel Cell: Targeted Trade Allies

The Outreach Team will communicate any updated program information for the Combined Heat & Power and Fuel Cell Program via webinars and send an eblast to trade allies who have worked on past NJCEP CHP/FC projects.

Trade Ally Development

Recruiting, maintaining, and supporting a healthy trade ally network supports the overall success of the programs. Historical NJCEP data has shown that campaigns focused on recruiting new trade allies bring in the largest number of program applications. To streamline operations that support contractors and trade allies, an Account Manager will coordinate a plan for the team to engage the existing trade ally network and actively recruit new contractors, consultants, and other business entities that have an energy efficiency-focused business interest in New Jersey. The list of NJCEP trade allies will be divided amongst Account Managers to allow for a single outreach point of contact for inquires and regular communications. The lead Account Manager is responsible for developing content including collateral, newsletters, and presentations that recruit, train, and

support the trade allies. Individual Account Managers will continue to offer one-on-one, project specific assistance to their assigned trade allies.

Recruit

The Outreach Team hosted monthly Trade Ally Engagement and Recruitment webinars. Using a combination of purchased lists and public-facing data, a strategic recruitment initiative is being implemented place for leaders in New Jersey's sectors such as new construction and local government code officials. Additionally, outreach will focus on contractors and residential raters who have previously participated in the programs. Recruitment efforts will take place through calling campaigns, professional organization involvement, and round-table events. The Outreach Team will create program collateral to support these efforts.

Train

A series of contractor trainings will be developed to address various areas of interest, including program benefits, program requirements, and application assistance. Trainings will offer short and streamlined messaging that will be recorded and saved on the program website and Clean Energy Learning Center in the form of short vignettes for future reference. The outreach lead will create and deliver content for the training presentations. There have been several application training and program overview webinars that were posted to The Clean Energy Learning Center.

A monthly 30-minute webinar with a focus on program awareness and trade ally recruitment will explore the details of the programs and showcase success stories. The target audience will be new contractors being recruited as well as existing contractors and their application processing staff who may need a program refresher.

Support

The Outreach Team offers supports to program contractors through the trade ally network to solicit input on needs, feedback on their experience with the programs, and input on potential program changes or enhancements. Trade ally support includes:

- **Collateral (e.g., brochures, testimonials) is developed** to support contractors and general program awareness, and more focused, sector-specific collateral may be developed as appropriate or needed;
- **New Trade Ally Welcome Toolkit** provided to all newly approved NJCEP trade allies. This toolkit includes an introductory email from their designated outreach contact, digital training material, program collateral, and additional support materials to be coordinated with the BPU;
- **Co-op Advertising** to leverage the NJCEP brand and assist new construction builders and raters in their marketing efforts will expand to C&I in FY25 with the anticipated launch of the New Construction Program;

- **Success Story** collaboration with Account Managers to develop a regular flow of new case studies for each program;
- **Monthly Newsletter** of program updates, collateral links, training invitations, and upcoming networking events;
- **In Person Contractor Coffees** will be hosted by TRC three to four times a year to address questions the trade allies may have about the programs or application process. Program staff will be in attendance for detailed questions and facilitate networking; and
- **Annual/Bi-Annual Survey** to solicit feedback that will further allow the Outreach Team and program design team to support the program participants.

Several enhancements were made to the trade ally list available on the NJCEP website. They include the inclusion of the business certification and past program participation:

An updated FY24 trade ally registration form will include New Jersey's Division of Revenue and Enterprise Services certification categories to encourage equitible participation in NJCEP's trade ally network and assist customers in their selection of an appropriate trade ally for their project. These certifications include:

- Disabled Veteran Owned Business (DVOB)
- LGBTQ+ Owned Business Enterprise (LBE)
- Minority Business Enterprise (MBE)
- Minority Women Business Enterprise (MWBE)
- Small Business Enterprise (SBE)
- Veteran Owned Business (VOB)
- Women Business Enterprise (WBE)

Listing trade ally experience with the programs by inlcuding data related to program use such as applications submitted/projects completed and other information. We may solicit additional input from Trade Allies on other enhancements that may help customers made a contractor selection.

Energy Efficiency Transition Support

As of July 1, 2021, some programs previously run by NJCEP are now run by the investor-owned utility companies. The process of the change is referred to as the Energy Efficiency Transition. The Outreach Team has continued to provide transition-related education and messaging as needed and ensured that the website content is in both English and Spanish. The team will continue to provide ongoing support related to transition.

BPU Support

The Outreach Team will continue to support the BPU through the EE Stakeholder Meetings, public messaging, and website updates of new initiatives including the maintenance of the Transition Landing Page and Frequently Asked Questions in both English and Spanish.

Utility Coordination

TRC will continue to attend the EE Marketing workgroup meetings with utilities and BPU staff to participate in joint efforts around messaging and marketing. This has included the coordination of

"key utility implementor" contacts for sharing information about projects with the potential to participate in the utility-sponsored programs. For example, when LGEA projects are at their final stage, the Outreach Team coordinates with their utility counterparts to provide existing building retrofit program information.

Expanded Outreach Education

A key outreach tactic is the education of trade allies and end-users about the positive environmental and financial impacts of participating in NJCEP programs. Educational efforts start with research and collateral development. The Outreach Team will identify and secure speaking opportunities to reach larger audiences to present the programs. The Outreach Team will continue to leverage and coordinate speaking or event engagements with BPU, utilities, Sustainable Jersey, GreenFaith, and other partners. These efforts lead to one-on-one assistance into the programs.

We will continue to assess community, customer, trade ally, and partner needs to develop delivery timelines in collaboration with them. We will also evaluate the level of education needed for each audience and the need for sector specific collateral.

Customized Collateral Development

Customized, sector-specific collateral has become increasingly well received. This FY, the Outreach Team will identify additional sectors that would benefit from customized collateral such as one-page summary sheets and case studies for design-build contractors, architects, developers, and end-users. The Outreach Team will use BPU's one-page template with the option to include a new design; all collateral will be reviewed by BPU staff.

Known collateral needs are listed below. These materials will provide basic information to generate interest and direct the reader to an Account Manager who can then provide personalized guidance.

- **New Construction:** An overview of the New Construction Program offering. Collateral will need to be developed to educate and increase awareness of the newly designed program. Promotional materials will also be developed to support the Workforce Development component of this initiative and encourage program participation.
- **Garden State Challenge Pilot:** Promotional materials will be developed to support the awareness of the pilot to potential participants.
- **LEUP Decarbonization Pilot:** An overview and recruitment one-page collateral piece highlighting the new LEUP Decarbonization Pilot tailored to the higher education target market.
- **SEP Non-IOU Program:** An overview of the new energy efficiency program for non-IOU customers. Website only text is needed to promote and educate about program rules and requirements.
- **Case Studies:** Success stories and project examples encorpoarted into program information sheets with accompanying slides for all programs showcasing noteworthy projects that utilized NJCEP incentives to attain significant energy savings and reduced project payback periods.

Customized Training Series

The Outreach Team will continue to assess the educational needs of our various audiences. We will respond to those needs and adjust our presentations to reflect the most current suite of program offerings and provide enhanced training opportunities for trade allies. Moreover, we will conduct a series of trainings on the newly anticipated redesigned New Construction Program and its application process. The Outreach Team will continue to grow our current trade ally network and increase the number of contractors who understand and participate in NJCEP programs.

Expanded Program Awareness

The Outreach Team will support the education efforts and promotion of new programs and pilot programs. Efforts such as virtual trainings, NJCEP newsletters, and social media support will be developed to help increase program participation. Additionally, the Outreach Team will identify key projects that have utilized NJCEP program incentives for educational and program promotional activities.

In the form of targeted marketing to potential applicants for FY25, the Outreach Team will leverage the TRC marketing team to expand upon the base of NJBPU's marketing campaigns. The goal will be to spread awareness of energy efficiency programs to the C&I sector where marketing tactics require a more focused approach to reach the project decision makers. The team will especially focus on the new construction industry to prepare for the launch of the new NCP and more generally to support the goals set forth in any programs the Board approves for the second triennium. Tactics include advertisement campaigns in business publications, sponsorships of key trade ally organizations and events, and increased social media.

Call Center Customer Support

An efficient and effective Outreach Team is characterized by its ability to provide informed responses to customer inquiries, creating a seamless pathway to program enrollment. One of the first contacts with a stakeholder may be through the Call Center which supports program outreach and operations by responding to inquiries about the Clean Energy Programs. Two call center phone numbers are managed and answered by TRC: Comfort Partners and NJCEP. The Comfort Partners inquiries are by phone and are directed to their respective utility company. The NJCEP inquiries come from the toll-free telephone number (866-NJSMART), website and email inquiries. Call center support includes the following activities:

- Represent NJCEP in responding to public inquiries and requests;
- Discuss NJCEP programs with potential applicants; directing callers to appropriate NJCEP and/or BPU program website(s); and
- Forward inquiries that need further follow-up to NJCEP or BPU contacts.

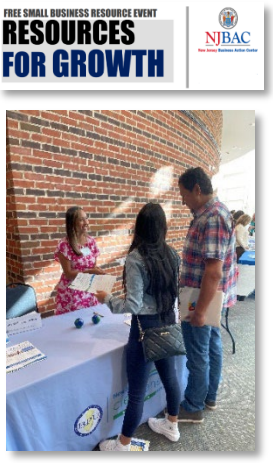
TRC staffs the Call Center from 8:00 a.m. ET to 7:00 p.m. ET, Monday through Friday, excluding State holidays. TRC responds to email inbox inquiries and voicemails within 24-48 business hours of receipt.

Call Center operations as described above will continue to support the Clean Energy Program. As new programs and initiatives are established, call scripts and email templates will be updated for use by Call Center staff.

Multilingual Educational Outreach

Equity

According to the U.S. Census Bureau, New Jersey has a higher percentage of Spanish speaking households than the average in the United States and the highest percentage in the Northeast region of the United States. All applicable new and updated collateral is planned to be make available in Spanish and English. Outreach pass-through funds have been set aside for professional translation services.



NJ Business Action Center Hispanic Business Owners Event

A Hispanic Account Manager oversees Spanish educational outreach, working with the Outreach Team to address the needs of Hispanic customers. This service will continue to align with new programs and will be a key outreach resource when engaging with bi-lingual organizations including the Statewide Hispanic Chamber of Commerce, and regional Chamber of Commerce - Hispanic Business Committees.

While Spanish is the main language spoken after English, the Outreach Team will also work with any community organizations that may request NJCEP collateral in other languages to offer translation services.

Support BPU-Led Initiatives

BPU and TRC each lead the development and delivery of the NJCEP initiatives. BPU-led initiatives include EVs, Community Solar, Comfort Partners, and Community Energy Plan Grants, for example. It is important for the TRC and BPU-led initiatives to work together for consistent and comprehensive messaging to serve the full scope of customer needs.

To do so, the Outreach Team engages with customers to discuss their needs and provide awareness of the entire Clean Energy Program portfolio. The Outreach Team will continue to refine the NJCEP presentation so that the graphics and presentation flow addresses the audience's specific needs. The NJCEP portfolio overview infographic is used in most presentations to give an overview of all programs available before diving into the discussion topic of the core presentation.

The Outreach Team stays up-to-date on BPU-led initiatives through BPU staff presentations. Outreach Team members can answer high level questions about BPU-led initiatives and direct specific inquiries to BPU staff, as needed. Many events that the Outreach Team already attends offer solid opportunities for the sharing information about BPU-led initiatives.

In FY23, the new position of NJCEP Clean Energy Champion was filled to staff events that are outside of the current umbrella of TRC energy efficiency outreach for programs. The Clean Energy Champion provides general awareness of clean energy initiatives and programs that the

BPU administers. Events are identified through BPU requests, collaboration with regional green team hubs, and research based on records of previous events that had a residential focus.

The Outreach Team coordinates and processes the purchases and expenses related to printing program collateral related to TRC-led energy efficiency programs as needed for the BPU. The Outreach Team provides a current stock to the BPU and Outreach Team members, as well as at meetings and events.

BPU Support and Coordination

The Outreach Team will work closely with BPU staff to align program messaging and event representation with the priorities of the BPU. This includes regular status meetings to inform BPU staff of outreach activities, events, and speaking opportunities identified for BPU staff and/or Commissioners.

Support Commissioner Engagement

BPU Commissioners have expressed interest in continuing their involvement in the promotion of the programs, along with experiencing some of the interactions that take place between NJCEP participants and program staff. Commissioner participation supports the NJCEP, demonstrates program enthusiasm, and allows Commissioners to receive direct feedback from participants and stakeholders.

We have continued to identify speaking opportunities for BPU Commissioner and BPU staff participation and looked for opportunities for the Commissioners to engage with customers on a one-on-one basis.

We will continue the "Commissioner Concierge" approach to support Commissioner events from beginning to end. A team member is assigned to supply the Commissioners and their staffs with a seamless speaking engagement experience. The Commissioner Concierge supplies specific background details as defined by BPU speaking engagement templates, such as presentation type and length, event agenda, speaking time window, bulleted program data points, and post-event networking opportunities. The Outreach Team will also provide site support for the Commissioners and their staff. Additional support requirements will be defined as required.

Coordinate with BPU Staff

Coordination with the Division of Clean Energy and Ombudsman's Office is critical to ensure our messages are consistent, that we are not duplicating efforts, and that we are documenting both successes and opportunities for additional communication and outreach. We will coordinate with BPU staff to support and monitor cross-team outreach efforts to community organizations, local governments, and state agencies.

Regular reports, meetings, and calls will continue to address specific events and provide more in-depth knowledge into program information. We will continue to share event calendars and presentation content.

Outreach staff will attend meetings, site visits, or events as requested by the BPU staff. The Outreach Team will provide the relevant program presentation and materials for the meeting, in addition to conducting any follow-up needed to assist the customer in using the programs.

Coordinate with NJCEP Marketing

The Outreach Team will support the Marketing Team's marketing campaigns, both by responding to data information requests and by preparing program-specific plans. Collaboration will be critical as specific marketing plans are developed and implemented so that the Outreach Team can be prepared to support and provide the data needed.

The NJCEP branding and messaging that the Outreach Team uses will be consistent with the messaging of the marketing campaigns. The program benefits most from synchronized Marketing and Outreach coordination to best target NJCEP programs and provide equitable awareness of the programs. The Outreach Team proposes having monthly meetings with the Marketing Team to understand their timelines and to prepare the program staff for the upcoming focuses and workload shifts.

Create, Develop, and Maintain Partnerships

Maintaining partnerships is key to ensuring that the Outreach Team and Partners are aware of the other's initiatives and changes that occur. We will continue to build upon our existing partnerships and pursue new partnerships that include Overburdened Communities, targeted community organizations, and new trade specific membership organizations.

Sustainable Jersey

Coordination with Sustainable Jersey will continue to support its participants who are interested in NJCEP and offer program guidance to their Energy Team. Outreach efforts will include:

- Working with the seven active Regional Hubs that bring together the Green Team representatives from all the participating towns in that region to share information about the Clean Energy Programs and develop coordinated plans to implement actions and measure success;
- Co-presenting webinars about NJCEP;
- Participating in the Sustainable Jersey Energy Task Force Meetings to provide input regarding updates to Sustainable Jersey relating to NJCEP initiatives;
- Coordinating with Sustainable Jersey on monthly conference calls about upcoming events, conferences, and inquiries it receives regarding NJCEP; and
- Training Sustainable Jersey's Environmental Defense Fund interns and Sustainable Jersey staff on the LGEA process, tips around LGEA outreach, and how to refer new construction opportunities to NJCEP staff.

County Improvement Authorities

The roles of County Improvement Authorities vary from county to county depending on their enabling laws. They typically support business retention and attraction for their respective territories. Some may provide financing and tax incentives, and most work closely with their municipalities to support local growth initiatives. Improvement authorities also work closely with local chambers of commerce, rotary clubs, and business associations. They provide a platform to educate local government units and entities to programs that support their objectives. These organizations provide a valuable opportunity to promote the programs and help identify potential projects. Account Managers will continue to connect with improvement authorities to pro-actively seek opportunities to participate in meetings and events to create awareness of NJCEP offerings.

Investor-Owned Utilities

Collaboration with the State's utilities is critical to providing customers with a clear and understandable path while undertaking energy efficiency projects and obtaining financial incentives. The Outreach Team will strengthen these relationships, co-promote program offerings, and provide continued customer assistance. We will communicate program changes directly to utility contacts, so they are aware of the changes and can answer their customers' questions. Account Managers will work with utility representatives to understand their program offerings, enabling them to guide potentially eligible projects to programs that best fit customers' needs. We will continue to offer co-presentation with utilities to relevant audiences, educating them on the transition, utility program offerings, NJCEP offerings, or a combination of these. Such partnerships may include joint presentations with organizations where NJCEP has an active presence or joint presentations at larger conferences.

Organizations, State, and Federal Agencies

The Outreach Team is an active member of several organizations listed below. The Outreach Team will investigate additional membership and partnership opportunities to leverage more speaking engagements and promotional options (e.g., newsletter articles, success stories).

- Association of Women Business Owners
- African American Chamber of Commerce of New Jersey
- American Institute of Architects New Jersey
- Housing and Community Development Network of New Jersey
- New Jersey Association of Counties
- New Jersey Association of School Business Officials
- New Jersey Conference of Mayors
- New Jersey League of Municipalities
- New Jersey School Boards Association
- New Jersey Veterans Chamber of Commerce
- Property Owners Association of New Jersey
- Shore Builders Association of Central New Jersey
- Statewide Hispanic Chamber of Commerce
- U.S. Green Building Council

- Regional Chambers of Commerce (Greater Elizabeth Chamber of Commerce, Newark Regional Business Partnership, North Essex Chamber of Commerce, Somerset County Business Partnership Chamber of Commerce)

State and federal relationships will be maintained as well, such as:

- U.S. Department of Agriculture - Project coordination with NJ staff to incorporate their grant program with NJCEP offerings;
- NJ Business Action Center - Project referrals to NJCEP and joint presentations;
- Design Lights Consortium - Active participation and applicable outreach with program committees;
- ENERGY STAR – Active participation and applicable outreach and marketing shared with BPU; and
- New Jersey Institute of Technology – Provide programmatic and educational content for the Clean Energy Learning Center.

Prepare the Market for Program Enhancements

NJCEP programs are continually updated and enhanced, typically on an annual basis. The Outreach Team supports customers, contractors, trade allies, and other stakeholders through these changes. Current program enhancements include the updates on programs within this filing and high-level updates on other BPU-led programs. The related outreach effort will include:

- Development and delivery of training for contractors and customers;
- Development and delivery of informational webinars;
- Newsletter articles for organizations;
- Presentations at conferences and trade shows;
- One-on-one customer engagement, including either in-person visits or virtual contact with, equipment manufacturers, contractors, builders, and architects;
- Website postings;
- E-mail blasts;
- NJCEP monthly newsletter;
- Communication with program partners;
- Collaboration with the Marketing Team on public facing materials; and
- Updates to presentations and collateral materials.

The Outreach Team will coordinate with BPU staff as it develops these plans and tools.

Delivery

The Team

The Outreach Team is comprised of an Outreach Manager, an Administrative Coordinator, Account Managers (AMs), three staff members who focus on new program launches and

expanding awareness of NJCEP, a Clean Energy Champion, and a Market Analyst. This Team collaborates closely with BPU staff, and the market sectors identified above.

Outreach Manager

The Outreach Manager works with the BPU and the members of the Outreach Team to accomplish the tactics of this plan and the priorities of the Division of Clean Energy. The Outreach Manager oversees open and effective communication between the Outreach Team and the BPU, as well as regular reporting on Key Performance Indicators and Outreach event follow-up.

Administrative Coordinator

The Administrative Coordinator plays a key, office-based role in supporting Account Managers and the Clean Energy Champion. The Administrative Coordinator is a key communicator among professional organizations, event coordinators, the Outreach Team, and the BPU. The coordinator manages event logistics, supplies literature and giveaways, maintains the calendars of events and approvals, and processes purchasing. Their role may require the coordinator to attend some events and presentations in support of Outreach Team activities.

Account Managers & Expanded Program Awareness

Outreach Account Managers are the cornerstone of the Outreach Team. Account Managers tailor engagement to participant knowledge and expertise that are best suited for each unique project. Account Managers help make contractors, trade allies, stakeholders, and partners are aware of NJCEP and submit applications to the NJCEP. They focus on specific programs since each program has a different target applicant type. Most are working on new construction and have a regional presence across the state of New Jersey. Each Account Manager has a lead position on the team. For example, the trade ally lead supervises the NJCEP trade ally network and orchestrates trade ally recruitment and engagement campaigns for the Outreach Account Management Team.

Expanded Program Awareness is to support several new program launches and create a larger NJCEP brand awareness of energy efficiency programs across the state. This will be done with dedicated outreach staff to assist BPU in the development of public facing content and materials. This role will take on new tasks identified with the BPU to support the programs and may include resuming the monthly NJCEP Newsletter and taking a more active role in creative design items such as the development of program collateral, case studies, slides, social media suggestions, and sponsorship advertisements.

The SEP Non-IOU Program and New Construction Program, new in FY25, and will require additional public awareness deliverables that this position will assist with as noted within this

Filing. While all new programs require a series of deliverables at the time of program launch, the New Construction Program requires additional deliverables over the course of the first year. In addition, this team will leverage some of the trade allies and project site locations to expand program awareness to potentially include cobranded trade ally program collateral, trade ally window clings, point of purchase displays, public project signage, and select project completion events. For FY25, additional support is added to address a larger scope to target potential applications for the New Construction Program.

Clean Energy Champion (CEC)

The CEC promotes public awareness of all NJCEP programs including those administered directly by the BPU. The primary objective of the CEC is to enhance brand recognition thereby increasing program participation. The CEC will achieve this objective by identifying, organizing, managing, and attending residential and community clean energy events across New Jersey.

Market Analyst

In preparation for the next triennium, this new position was added in Q4 of FY24 to focus on New Jersey building data and identify gaps that need to be filled to reach higher energy saving targets. The role focuses on evaluating the current construction market in the state, evaluating the market potential for program participation, and using market research to quantify program awareness and any program or outreach changes that would increase program awareness and participation.

Key Performance Indicators and Reporting

Key Performance Indicators

The Outreach Team tracks the impacts of its efforts via key performance indicators (KPIs). The KPIs below are a sample of the metrics tracked and reported monthly. Monthly reports will be provided to BPU staff regarding progress toward goals, monthly planning, and other outreach activity. Additional details are provided in the monthly reports that are sub-metrics of these KPIs, such as the number of people engaged at events and presentations and the number of LGEA applications attributed to Outreach. The Outreach Team will continue to work with BPU staff to refine these reports.

Table 13: Outreach Key Performance Indicators (6 months)

Outreach	6-month Target
Application Enrollments: # of applications received attributed to outreach	106
Activities: One-on-one meetings with customers, contractors, trade allies, or stakeholders	540
Events: Events such as conferences and trade shows attended promoting NJCEP included events attended by the CEC	64
Presentations: Presentations made at events (not included in the above events) or hosted by NJCEP	30
Trade Ally Recruitment: New trade allies registered with NJCEP to focus on the current portfolio of energy efficiency programs	35

The above KPIs for the first 6 months of FY25 are based on the previous FY's performance and assume that the Outreach Team efforts will continue to be a hybrid of virtual and in-person environment. Should work conditions change, KPIs may be adjusted.

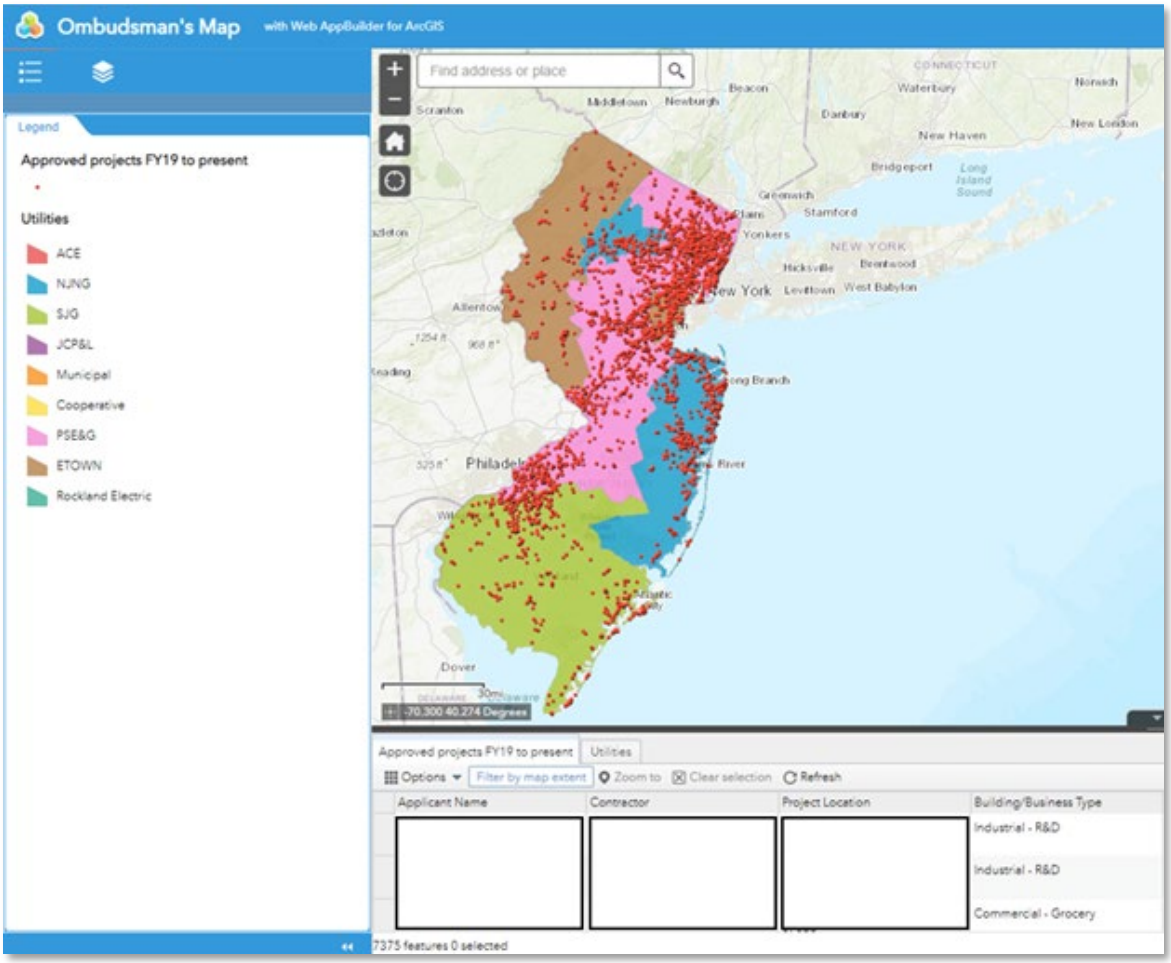
Reporting

A variety of tools help inform the BPU staff and Commissioners about outreach activities. The Outreach Monthly Progress Report is the primary reporting tool. It contains a dashboard overview of KPI metrics and progress towards the goals. It highlights themes, events, and purchases completed throughout the month, as well as joint planning initiatives and partner collaboration. Additional reporting includes invoice back-up, a list of approved program projects, monthly call center summary, and updates made to the Office of the Ombudsman's GIS reporting system, described below.

GIS Reporting

A geographic information system (GIS) reporting platform delivers monthly data regarding incoming projects. This enhanced GIS application tool provides regional visualization that is used for internal planning and included in NJCEP quarterly reporting to the BPU.

The platform is accessible to Account Managers, BPU staff, and the BPU's Office of the Ombudsman via desktop or mobile applications. Additional layers may be added at the request of the Board staff and/or Office of the Ombudsman to coordinate efforts between its office and the Outreach Team. Data is updated monthly to include Outreach campaigns, opportunities, and project submissions. Maps are used as an outreach management tool and can be produced for BPU staff to include in presentations.



The Outreach Team manages the Ombudsman's Office ArcGIS access to "layers" such as these shaded zones showing utility coverage and the red circles indicating NJCEP approved project data that has been filtered by the user using any number of data fields.

Rider A: Website

TRC will continue to host New Jersey's Clean Energy Program website.

A redesign of the website has been identified as a priority by the BPU. The Outreach Team looks forward to supporting those redesigning the site, and it will continue to provide feedback from interactions with trade allies and the public. An updated design will improve the user experience and facilitate customer and partner use the site by making it easier for them to find the most frequently used documents, submit applications, and identify new content. The new website will, through the use of website analytics, provide a better user experience and logical points of engagement along the customer's journey.

Rider B: Outreach Pass-Through Budget

The Outreach Pass-through budget supports activities specifically related to implementing the Outreach tactics described in the Outreach Plan. All expenses are approved in advance by BPU staff. Examples of expenses that support Outreach may include:

- Booth space at trade shows
- Event registration costs
- NJCEP promotional giveaways
- Sponsorship at events and local chamber of commerce meetings
- Advertisements at events attended by outreach staff
- Printing of program collateral
- Translation services for program information/collateral

Appendix A, *C&I and DER Incentive Caps and General Rules*

Extension Policies

Many programs include deadlines for submittal of information. For example, some programs require the submittal of a final application within six months or one year from the date of the letter approving the initial application. NJCEP provides for extensions of deadlines provided certain conditions are met. Program Managers in general are authorized to approve first and, in some cases, second extensions. Additional standards/guidelines for approving extensions and/or reinstatements are set out in the Compliance Filings and in the Guidelines established for each program. The Program Administrator, with the approval of Board staff, may approve up to two extensions, each of a length set by the PA with the approval of Board staff, beyond the extensions the Program Managers are authorized to approve.

C&I / DER Incentive Caps

Incentive caps have been established to ensure that there is equitable access to the C&I and DER programs for all qualifying customers. These caps have been established because of the potential scale of commercial/industrial projects, where a few extremely large projects could otherwise consume a significant share of the available budgets, leaving other customers unable to access project funding.

Program / Project Incentive Caps

Most C&I and DER programs set incentive caps on a program per FY and/or per project basis; those caps are described in the program descriptions and/or incentive descriptions in this Compliance Filing.

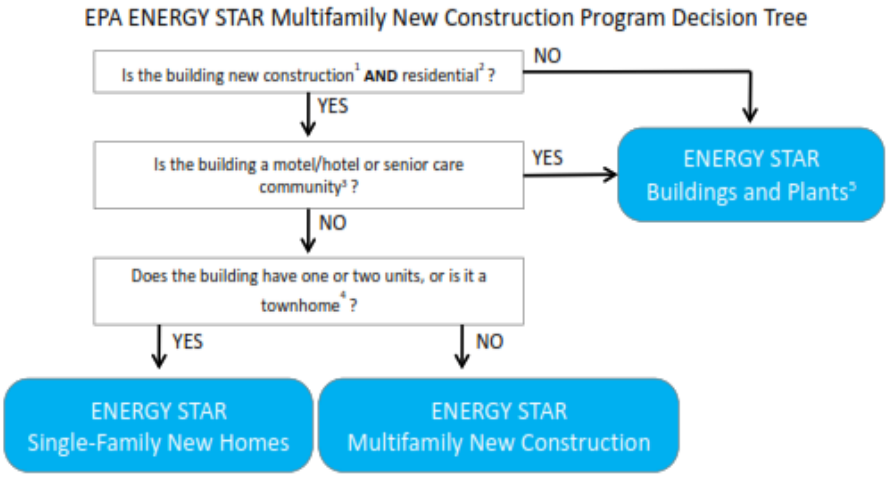
Total Cost Incentive Cap

No project shall receive incentives from one or more NJCEP programs and/or Board-approved utility programs in an amount that exceeds the total cost[35] of measures installed or performed.

[35] Total cost is usually determined by reference to a sales invoice. It is not, for example, impacted by federal tax credits that will become available to the applicant on its next tax return or grants from sources other than NJCEP or Board-approved utility programs.

Appendix B, *Multifamily Decision Tree*

Figure 1 ENERGY STAR Multifamily Decision Tree (May 2021)



NOTES:

1. New construction can include significant gut rehabilitations if the building is able to meet all the program requirements.
2. The primary use of the building must be for a residential purpose. In a mixed-use building, the dwelling units, sleeping units, and common space combined must exceed 50% of the building's square footage. Parking garage square footage is excluded from this calculation. Common space includes any spaces in the building that serve a function in support of the residential part of the building, that is not part of a dwelling or sleeping unit. This includes spaces used by residents, such as corridors, stairs, lobbies, laundry rooms, exercise rooms, residential recreation rooms, and dining halls, as well as offices and other spaces used by building management, administration, or maintenance in support of the residents.
3. Assisted living and skilled nursing facilities that meet the definition of Senior Care Communities are not eligible for the MFNC program. Dormitories, residence halls, buildings with single-room occupancies, supportive housing, cohousing, and other non-senior assisted living facilities are eligible for the MFNC program.
4. Townhomes may choose to use the Multifamily New Construction Checklists as well, but they must use the ERI Path and Single-Family New Homes Reference Design. A townhome is defined as a single-family dwelling unit constructed in a group of three or more attached units in which each unit extends from the foundation to roof and with open space on at least two sides.
5. As of September 16, 2014, multifamily buildings, with at least 1 year of actual, whole building energy use data are eligible to earn the ENERGY STAR using EPA's Portfolio Manager. Portfolio Manager compares a multifamily building's measured performance against a database of similar buildings to generate a 1-100 score. Buildings that score 75 or above earn the ENERGY STAR. For more information on how multifamily buildings can earn the ENERGY STAR with Portfolio Manager please visit the eligibility criteria for the 1-100 ENERGY STAR score page.

   New construction commercial facilities such as motels/hotels, nursing homes, and assisted-living facilities do not qualify under the Multifamily New Construction program, however, they may be eligible to earn the ENERGY STAR through the EPA's commercial and industrial programs. To learn more about how these and other existing commercial buildings can earn ENERGY STAR certification, please visit the Buildings and Plants page. To learn more about the new construction program for commercial buildings visit www.energystar.gov/DesignToEarn.

May 2021

Appendix C, *Program Budgets (for the first 6 months of FY25)*[36]

TRC FY25		*FY25 Cost Category Budgets*					
Program/Budget Line	*Total Budget*	*Administration*	*Sales, Marketing, Website*	*Training*	*Rebates, Grants and Other Direct Incentives*	*Rebate Processing and QA*	*Evaluation*
Total TRC	**$116,442,596**	**$5,852,878**	**$2,451,109**	**$75,000**	**$105,862,946**	**$2,200,663**	**$0**
EE Programs	**$83,289,926**	**$4,530,014**	**$182,730**	**$50,000**	**$77,666,142**	**$861,040**	**$0**
New Construction Program	***$36,974,654***	***$2,680,526***	***$60,910***	***$37,500***	***$33,782,553***	***$413,165***	***$0***
New Construction Program	$36,974,654	$2,680,526	$60,910	$37,500	$33,782,553	$413,165	$0
C&I EE Programs	***$46,315,272***	***$1,849,488***	***$121,820***	***$12,500***	***$43,883,589***	***$447,875***	***$0***
C&I Buildings	$39,952,447	$1,193,513	$60,910	$0	$38,608,559	$89,465	$0
LGEA	$6,362,825	$655,975	$60,910	$12,500	$5,275,030	$358,410	$0
Distributed Energy Resources	**$28,942,937**	**$530,130**	**$60,910**	**$0**	**$28,196,804**	**$155,093**	**$0**
CHP - Fuel Cell	$28,942,937	$530,130	$60,910	$0	$28,196,804	$155,093	$0
RE Programs	**$2,063,174**	**$792,734**	**$60,910**	**$25,000**	**$0**	**$1,184,530**	**$0**
Solar Registration	$2,063,174	$792,734	$60,910	$25,000	$0	$1,184,530	$0
Planning and Administration	**$2,146,559**	**$0**	**$2,146,559**	**$0**	**$0**	**$0**	**$0**
Outreach and Education	***$2,146,559***	***$0***	***$2,146,559***	***$0***	***$0***	***$0***	***$0***
Outreach, Website, Other	$2,146,559	$0	$2,146,559	$0	$0	$0	$0

[36] TRC has submitted a full year FY25 forecast of anticipated budget needs to the Board. This Table represents the budget for only the first six months of FY25. Later in FY25, as part of TRC's proposed programs and budgets for the Second Triennium EE and Peak Demand Reduction Programs, TRC will provide an updated forecast for the remainder of FY25.

Appendix D, *Program Goals and Performance Metrics (for the first 6 months of FY25)*

NJCEP FY25 1st Half Energy Savings Goals: Portfolio Summary					
Program/Budget Line	***Annual MWH Savings***	***Lifetime MWH Savings***	***MW Savings***	***Annual MMBTU Savings***	***Lifetime MMBTU Savings***
Total TRC	56,044	970,352	5.9	73,626	1,463,219
EE Programs	21,036	357,805	2.5	64,337	1,300,676
C&I EE Programs	16,074	268,101	1.8	41,725	858,223
C&I Buildings	16,074	268,101	1.8	41,725	858,223
C&I Retrofit	0	0	0.0	0	0
P4P EB	7,207	113,729	1.1	27,485	601,924
LEUP	8,867	154,373	0.7	14,240	256,299
Customer Tailored EB	0	0	0.0	0	0
Customer Tailored NC	0	0	0.0	0	0
LGEA	0	0	0.0	0	0
DI	0	0	0.0	0	0
New Construction	4,962	89,704	0.8	22,613	442,453
NCP	0	0	0.0	0	0
RNC	2,179	43,584	0.4	19,675	393,488
C&I NC	2,227	37,249	0.2	90	1,603
P4P NC	555	8,871	0.1	2,848	47,361
Distributed Energy Resources	35,008	612,547	3.4	9,288	162,543

Appendix E, *Cost-Benefit Analysis*

Cost-effectiveness analysis compares the costs and benefits of energy efficiency and renewable energy measures, programs, and portfolios of programs. Estimates of both costs and benefits are relative to those that would otherwise have been incurred had "baseline" or "standard" equipment, building systems and/or energy using practices been purchased or remained in place. A measure, program, or portfolio is considered cost-effective if the benefit-cost ratio is 1.0 or greater.

TRC, in collaboration with the Center for Green Building of the Edward J. Bloustein School of Planning and Public Policy at Rutgers University, conducted a cost-benefit analysis ("CBA") for residential, commercial, and industrial NJCEP EE programs.

Cost-Benefit Tests

Benefit cost ratios for each of the five traditional cost-effective tests were developed. The five tests are: Participant Cost Test, Program Administration Cost Test, Ratepayer Impact Measure Test, Total Resource Cost Test and Societal Cost Test.[37] In addition, a benefit cost ratio was also developed using the New Jersey Cost Test.

Participant Cost Test: The measure of the quantifiable benefits and costs to the customer attributed to participation in a program. The participant benefits are equal to the sum of any participant incentives paid, any reductions in bills, and any federal or state tax deductions or credits. Participant costs include any out-of-pocket costs associated with the program.

Program Administrator Cost Test: The costs of a program as a resource option based on the costs incurred by the program administrator including incentive costs and excluding any costs incurred by the participant. The benefits are the avoided supply costs of energy and demand and the reduction in capacity valued at marginal costs for the periods when there is a load reduction. The costs are the program costs incurred by the administrator, the incentives paid to the customers, and the increased supply costs for the periods in which load is increased.

Ratepayer Impact Measure Test: Measure of what happens to customer bills or rates due to changes in revenues and operating costs caused by the program. The benefits equal the savings from avoided supply costs, including the reduction in capacity costs for periods when load has been reduced and the increase in revenues for periods in which load has increased. The costs are the program costs incurred by administration of the program, the incentives paid to the participant, decreased revenues for any periods in which load has been decreased and increased supply costs for any periods when load has increased.

Total Resource Cost Test: The costs of a program as a resource option based on the total costs of the program, including both the participants' and the utility's costs. This test represents the combination of the effects of a program on both the participating and non-participating customers. The benefits are the avoided supply costs, federal tax credits, and the reduction in generation and capacity costs valued at marginal cost for the periods when there is a load reduction. The costs

[37] California Standard Practice Manual. Economic Analysis of Demand-Side Programs and Projects. (October 2001).

are the program costs paid by the utility and participants plus the increase in supply costs for the periods in which load is increased.

Societal Cost Test: Attempts to quantify the change in the total resource costs to society as a whole rather than only to the utility and its ratepayers. Costs include all consumer, utility and program expenses. Benefits associated with the societal perspective include avoided power supply costs, capacity benefits, avoided transmission and distribution costs, and emissions savings. It has been assumed that wholesale electricity prices account for the national sulfur dioxide and nitrogen oxide allowance. Therefore, the societal cost test includes only emissions savings accrued from carbon dioxide. Federal tax credits are not included.

New Jersey Cost Test: In accordance with the Board's Order Directing the Utilities to Establish Energy Efficiency and Peak Demand Reduction Programs, In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, Docket Nos. QO19010040, QO19060748 & QO17091004 (June 10, 2020) ("Framework Order"), this test uses the California Standard Practice Manual's ("CSPM's") Total Resource Cost Test, which includes consideration of certain non-energy impacts. Its avoided cost values are based upon the Rutgers University Center for Green Building Technical Memo, Energy Efficiency Benefit-Cost Analysis Avoided Cost Assumptions for 2019 BCA, March 2021, Updated May 6, 2021. In the future, and after considering any stakeholder input, this test may be revised to include additional non-energy impacts.

The table below includes the results of the benefit cost modeling.

NJCEP FY25 1st Half Prospective Benefit Cost Analysis						
Program/Budget Line	*PCT*	*PACT*	*RIM*	*TRC*	*SCT*	*Modified NJCT*
Total TRC	3.3	1.8	0.3	0.8	1.3	2.1
EE Programs	3.4	1.1	0.3	0.8	1.2	2.0
C&I EE Programs	*3.0*	*1.1*	*0.2*	*0.7*	*1.1*	*1.8*
C&I Buildings	2.9	1.5	0.3	0.7	1.2	1.9
P4P EB	2.8	1.6	0.3	0.8	1.2	2.0
LEUP	2.9	1.2	0.2	0.6	1.1	1.7
LGEA	0.0	0.0	0.0	0.0	0.0	0.0
New Construction	*3.9*	*1.2*	*0.3*	*0.8*	*1.3*	*2.1*
NCP	4.3	1.5	0.3	1.1	1.5	2.6
RNC	2.7	0.6	0.2	0.5	0.7	1.2
C&I NC	6.4	2.1	0.3	1.3	2.2	3.5
P4P NC	4.2	0.7	0.3	0.8	1.3	1.9
Distributed Energy Resources	3.1	5.4	0.3	0.8	1.4	2.2

PART 2 (Legacy Programs being transitioned to NCP)

Residential Energy Efficiency Program

Residential New Construction Program

As noted in the Introduction to this Compliance Filing, this program will, on a reasonable and orderly schedule provided to stakeholders and the public through means other than this Compliance Filing, eventually be replaced and superseded by the NCP.

Program Purpose and Strategy Overview

The Residential New Construction ("RNC") Program is designed to increase the energy efficiency and environmental performance of residential new construction buildings (single and multifamily) in New Jersey. The RNC Program has the long-term objective of transforming the market to one in which a majority of residential new construction in the state is "net zero-energy" (i.e., extremely efficient buildings where low energy needs can be met by renewable energy generation).

The RNC Program strategy is to establish technical standards for energy efficient new construction in New Jersey utilizing nationally recognized platforms, including the EPA ENERGY STAR® Single Family New Homes Program ("SFNH"), EPA ENERGY STAR Multifamily New Construction ("MFNC") Program, and U.S. Department of Energy (DOE) Zero Energy Ready Home ("ZERH") Program. The RNC Program then provides technical support and incentives to home energy raters, architects, trade allies, builders, and homebuyers to enable them to design, build, and purchase homes that comply with these standards.

Using an account management approach, the RNC Program recruits new and supports existing energy professionals who oversee the energy efficiency work completed by participating builders. There are two paths for energy professionals to participate: 1) as a Home Energy Rating System ("HERS") Provider approved by an EPA-Approved Verification Oversight Organization ("VOO"); and 2) as a Modeler approved by an EPA-Approved Multifamily Review Organization ("MRO"). Those approved through either path are generally, and in this Compliance Filing, referred to as "Raters" or "Rating Companies."

The RNC Program is focusing on the use of account managers to provide more direct support to the builders and the use of the Outreach Team to recruit new builder participants with an emphasis toward ZERH Program projects. The RNC Program also provides the necessary training to Raters, trade allies, and builders to ensure they understand the program rules/requirements, and have the skill set to meet the higher-than-code program standards to build homes that contribute to New Jersey's energy reduction efforts. Incentives are offered to partially offset the incremental construction costs associated with building higher efficiency homes and to generate interest and enthusiasm for the RNC Program among builders and homeowners.

Support for Energy Master Plan Goals

The RNC Program will support many of the 2019 EMP's strategies and goals, including, among others, the following:

- Primary Goal 3.1 (Increase New Jersey's overall energy efficiency).

- Primary Goal 4.1 (Start the transition for new construction to be net zero carbon), especially through the NC Program's support for Zero Energy Ready Homes and Passive Houses.

Program Description

The RNC Program is market-based and relies on builders and Raters to build to nationally recognized platform standards, which are defined by core efficiency measures, energy modeling, rater and builder oversight, and checklists to ensure quality installation.

To participate in this RNC Program, HERS Raters must use modeling software approved by the Program to model savings, calculate the Energy Rating Index ("ERI") and MMBtu incremental savings compared to the User Defined Reference Home ("UDRH").[38] To be approved, the software must be accredited by an EPA-Approved VOO and be capable of providing batch reporting, including building components for QA review of rating files and savings utilizing the UDRH.

There are a number of market barriers to efficiency investments in new construction in New Jersey. Key among these are:

1. Builders do not always see the value of the additional administrative procedures and associated costs of ENERGY STAR;
2. The higher incremental cost associated with the additional Rater administrative and field inspection requirements of a ZERH;
3. Builders and designers are not proficient with the energy code requirements that the RNC Program requires them to meet or exceed;
4. Conflicting motivations guiding design criteria and choices (i.e., builders who make design, procurement, and construction decisions do not pay the homeowners' operating costs associated with those decisions);
5. Lack of local market awareness regarding the benefits of efficiency and environmental performance on the part of consumers, builders, lenders, appraisers, realtors and others;
6. Limited technical skills on the part of some builders and their trade allies to address key elements of efficiency;
7. Lack of local consumer marketing on the benefits of owning an RNC Program-participating home to drive demand;
8. Limited awareness of the ZERH requirements, benefits, and incentives that are available to support that market segment; and
9. Inability of consumers, lenders, appraisers, and others to differentiate between efficient and standard new construction homes.

The RNC Program employs several key strategies to overcome these barriers including:

- Direct financial incentives to builders of homes that meet program standards;
- An incentive to offset the incremental Rater cost associated with certifying ZERH single-family, multi-single (i.e., townhome), and low-rise multifamily homes;

[38] I.e., a baseline home which, among other things, is defined and used in the NJCEP Protocols to Measure Resource Savings.

- Multiple pathways that allow participation across efficiency levels, entice new builders to the RNC Program, support the NJ construction market for energy code, and promote increased efficiency and quality-assurance with higher incentives;
- Utilization of nationally recognized EPA ENERGY STAR and DOE ZERH brand and website to help promote residential energy programs;
- Technical assistance to inform builders and their trade allies on details of the program pathways and how to comply with the rigorous performance requirements; and
- ENERGY STAR and ZERH certification, inspections, and testing through third-party rating companies that compete in an open market for services.

Program Participation Pathways

The following participation pathways provide New Jersey's builders and homeowners with a range of participation options to suit builders at different levels of experience with energy efficient construction techniques and homebuyers with varying interest and budgets. All are based on the presumption that the applicable IECC 2018/2021 or ASHRAE 90.1-2016/2019 energy code sets the minimum energy performance requirement for newly constructed homes and the basic requirement is that eligible buildings using the ERI pathway exceed the applicable energy code by 10% and that eligible buildings using ASHRAE modeling exceed the applicable energy code by 15%.[39] Therefore, they all result in energy performance that is better than that required by IECC 2018/2021 or ASHRAE 90.1-2016/2019, as applicable, depending on the home's permit date.

ENERGY STAR

Builders that enroll in either the SFNH or MFNC pathway will satisfy the requirements for ENERGY STAR certification utilizing the Performance Path by way of the ERI or ASHRAE pathway, including full inspection checklist requirements. This pathway includes the applicable version of ENERGY STAR SFNH and ENERGY STAR MFNC, depending on the date and eligibility determination per the EPA Multifamily Decision Tree (see Appendix B, *Multifamily Decision Tree*, of this Compliance Filing), as well as the date of the applicable building permit. The incentive structure within this segment will include a base incentive plus a performance incentive using MMBtu saved as compared to the applicable code UDRH as the indicator.

Zero Energy Ready Home (ZERH)

This pathway recognizes a higher energy efficiency achievement in new home construction. Applicants must satisfy the requirements for the DOE ZERH certification following the applicable version of that program. The incentive structure within this pathway will include a base incentive plus a performance-based incentive using MMBtu saved as compared to the applicable UDRH as the indicator.

[39] The details of the implementation of these requirements, including which version of which energy code and/or version of ENERGY STAR and/or US DOE ZERH applies to which projects, and of a 90-day transition period regarding implementation of the new energy codes (i.e., IECC 2021 / ASHRAE 90.1-2019), will be provided to stakeholders and the public through means other than the present Compliance Filing.

Zero Energy Home +RE (ZERH+RE)

This pathway has the same requirements as the ZERH pathway with the additional requirement that 100% of the building's modeled energy usage is met by renewable energy ("RE") systems installed prior to completion of the home. The incentive structure within this pathway will include a base incentive plus a performance-based incentive using MMBtu saved as compared to the applicable UDRH as the indicator. Incentives will be paid based upon the ERI before the addition of renewables. An additional fixed incentive for the renewable energy system will be awarded for a project meeting the ZERH+RE eligibility requirements.

Target Market and Eligibility

Newly constructed or substantially renovated (also known as gut rehabilitated) single-family (i.e., one- and two-family homes), multi-single (i.e., townhomes), multifamily buildings are eligible for RNC Program benefits if the home/building will use natural gas and/or electricity as the heating fuel supplied by a New Jersey public utility. The target market for this RNC Program is homebuilders and Raters.

Applicants who pursue their multifamily projects through the ENERGY STAR Multifamily New Construction ("MFNC") program may apply for NJCEP incentives through the RNC Program. Applicants who do not pursue their multifamily projects through the ENERGY STAR MFNC program may apply for NJCEP incentives through the P4P NC Program. Regardless of which program the applicant pursues, all applicable NJCEP program requirements must be satisfied to receive incentives.

For buildings and projects registered in this RNC Program, the Decision Tree used in the new ENERGY STAR MFNC Program, which is set forth in this Compliance Filing as Appendix B, *Multifamily Decision Tree*, will be used to determine which ENERGY STAR Program will apply to the building or project.

Projects participating under this RNC Program are not eligible for participation or incentives under any other NJCEP program for any building envelope components, equipment, or appliances that were included as part of application to this RNC Program. However, a given substantial renovation project may be eligible for a utility-sponsored EE program, as well as for this RNC Program. In that case, the applicant would be able to choose which program it would utilize. However, the applicant could not have both programs cover the project. NJCEP and the relevant utility-sponsored EE programs have, or will have, program rules and procedures to implement the foregoing.

Program Requirements

To qualify for the RNC Program, a home must meet ENERGY STAR SFNC or MFNC, DOE ZERH or ZERH+RE, requirements.

The technical details presented below address most program requirements. The full technical specifications for RNC Program compliance are available upon request. The ENERGY STAR and ZERH Program requirements (e.g., checklists, standards and modeling inputs) are periodically updated by the EPA and/or the DOE and supersede requirements of this program.

ENERGY STAR SFNH

Meet or exceed all the applicable version of the EPA ENERGY STAR SFNH Performance Path standards[40] including:

- Meet or exceed the applicable version of the ENERGY STAR SFNH Energy Rating Index Target; and
- Complete the applicable version of all ENERGY STAR SFNH mandated checklists.

Zero Energy Ready Home (ZERH)

Meet or exceed all DOE ZERH Performance Path technical standards[41] including:

- Complete the applicable version of all ENERGY STAR SFNH Program and all ZERH checklists.

Zero Energy Ready Home + RE (ZERH + RE)

Meet or exceed all ENERGY STAR and ZERH requirements as described above.

Additional RNC Program Requirements:

- 100% of the building's modeled energy usage must be met by RE systems installed onsite prior to completion of the home.

ENERGY STAR Multifamily New Construction (MFNC)

Meet or exceed the applicable version of the EPA ENERGY STAR MFNC performance path standards[42] including:

- Meet or exceed the applicable version of the ENERGY STAR MFNC following either the Energy Rating Index or ASHRAE pathways; and
- Complete the applicable version of all ENERGY STAR MFNC mandated checklists.

Incentives

The RNC Program incentive tables can be found in Appendix F, *Residential Incentives (including Enhancements)*.

The incentives include a base incentive determined by building type, plus a performance-based incentive calculated using the incremental annual MMBtu saved as compared to the calculated annual usage of the baseline, reference home defined by the applicable energy code. For all but MFNC utilizing the ASHRAE pathway, the applicable code is IECC. For MFNC utilizing the ASHRAE pathway, the applicable code is ASHRAE 90.1. The IECC code reference home is a UDRH utilized in the rating software to compare the rated home to a home of the same dimensions,

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[40] ENERGY STAR SFNH: https://www.energystar.gov/newhomes/homes_prog_reqs/national_page

[41] Zero Energy Home Standards https://www.energy.gov/eere/buildings/zero-energy-ready-home

[42] Multifamily New Construction Standards: https://www.energystar.gov/newhomes/homes_prog_reqs/multifamily_national_page#site-built

but with components meeting the applicable IECC code as determined by the date of the project's building permit. The ASHRAE reference building is incorporated in the EPA-approved rating software. The building component values used in the UDRH are included in the NJ Protocols to Measure Resource Savings.

Urban Enterprise Zone ("UEZ") / Affordable Housing / Low- and Moderate Income Enhanced Incentive

The RNC Program will offer bonus incentives for eligible homes located in UEZs that are, or will be, Affordable Housing, and/or that are, or will be, occupied by those of LMI.

ZERH Rater Incentive

The RNC Program will offer Rater incentives to Raters for each single-family or multi-single (i.e., townhome) homes that the Rater is successful in obtaining ZERH or ZERH+RE incentives.

Cooperative Marketing

The Cooperative Marketing Incentive offers cost-sharing for pre-approved advertising placed by contractors participating in the RNC Program. The cost sharing is for 25% of the cost of event booth spaces and 50% of the cost of other types of advertising. Those other types of advertising include print (newspaper, magazine, newsletter), yellow pages, direct mail, television, radio, web banner (digital), signage, billboard, and social media. In addition, other types of advertising may be approved on a case-by-case basis if the applicant can demonstrate its relative cost-effectiveness and benefits to NJCEP. The fiscal year cap per contractor is $50,000. Contractors seeking to utilize the Program should contact coop@NJCleanEnergy.com.

Planned Program Implementation Activities

The following program implementation activities will be undertaken. The RNC Program will:

- Implement the changes and updates described above;
- Continue to review applications and, on a first-in-time basis, issue Commitment Letters that indicate, among other things, the amount of program funds committed to projects whose applications demonstrate their eligibility for the program as long as funding is available;
- Continue to process incentives for completed projects meeting program requirements;
- Utilize the Outreach Team to recruit new builder participants with an emphasis on ZERH projects;
- Actively engage with DOE, Raters, and builders to identify challenges of participating in the ZERH pathway; and
- Work with Board Staff and/or the Board's other contractors to identify a more consumer-friendly term for ZERH.

Quality Control Provisions

Market-based delivery of rating services and certifications requires an effective set of standards for quality assurance. The responsibility for builder quality and ENERGY STAR and/or ZERH Certification rests with Raters, ratings providers, DOE, and EPA-approved VOOs, and MROs. It

is incumbent upon the program to ensure that a robust system for identifying and communicating quality issues exists to manage the credibility of the savings and associated incentives offered.

To maintain a robust rating marketplace, TRC will perform inspections and conduct oversight processes on Raters and projects. Quality Assurance activities will continue to be performed by TRC based on the track record of Raters and builders measured through program inspections.

In addition to reviews for data completeness on all checklists, forms and applications, on-site inspections, and technical review of building and Rater files will be required based upon the demonstrated proficiency of the builders and Raters. Inspection requirements will be adjusted based upon the track record of the program participants. Initial inspection rates for new builders and rating companies will be above average and will decrease as they demonstrate proficiency in proper building techniques and in understanding the qualifying requirements of the program.

TRC will utilize the Contractor Remediation Procedures as necessary or appropriate to address significant performance or other problems.

Commercial and Industrial Energy Efficiency Programs

General Overview

The NJCEP C&I EE Programs are designed to help New Jersey's businesses use electricity and natural gas more efficiently. Efficiency in electricity and gas usage will promote competition and increase industry success ensuring job retention and creation. There is also an environmental benefit to electricity and gas usage efficiency. Each individual C&I Program is described in more detail in the relevant subsections below.

The C&I Programs are designed to:

- Provide information on how to meet and exceed current energy code requirements so buildings operate more efficiently thereby minimizing operating costs;
- Encourage customers to choose high efficiency options when undertaking construction or equipment upgrades (i.e., when customers normally construct buildings or purchase building systems equipment);
- Support market transformation by providing information and incentives to help customers and designers make energy efficient equipment specification, building/system design, lighting design, and commissioning part of standard business practices; and
- Stimulate commercial and industrial customer investments in energy efficiency that will support the growth of the industries that provide these products and services.

The C&I Programs address the key market barriers that make it challenging for developers, designers, engineers, and contractors to routinely incorporate energy efficiency in their projects, including:

- Lack of familiarity or uncertainty with energy efficient building technologies and designs;
- Bias toward lower initial cost and lack of procedures for considering lifetime building operating costs during decision-making;
- Compressed time schedules for design and construction;
- Aversion to risk involved with specifying technologies less familiar to the local design community despite the proven reliability of efficient technologies and designs; and
- Priorities for engineers, designers, and contractors that often do not align with incentive structures and energy efficiency considerations.

The C&I Programs employ a set of offerings and strategies to address the market barriers noted above and to achieve market transformation in equipment specification, building/system design, and lighting design. These include:

- Program emphasis on intervention during customer-initiated construction and equipment replacement events that are a normal part of their business practice;
- Coordinated and consistent outreach to C&I customers, especially large and centralized players, such as national/regional accounts, major developers, etc.;

- Consistent incentive levels for efficient electric and gas equipment and design practices to permanently raise efficiency levels;
- Information and technical support provided to customers and designers to make energy efficient equipment specification, building/system design, lighting design, and commissioning part of standard business practices;
- Information and technical support provided to customers and designers to facilitate compliance with New Jersey's new commercial energy code, as well as future upgrades to that code; and
- Programs designed to meet the needs of a diverse set of customers, including non-profit entities, local governments, and businesses of all sizes.

Unless specifically stated otherwise in the following program descriptions, customers eligible for incentives under New Jersey's C&I EE Program are defined as non-residential electric and/or gas customers of one of New Jersey's regulated electric or gas utilities who contribute to the SBC. With the exception of the new construction segment, applicants to any of the NJCEP C&I EE Programs must be contributors to the SBC within the previous twelve months.

Construction projects are subject to prevailing wage requirements pursuant to L. 2009, c. 203, which amends L. 2009, c. 89, as well as the prevailing wage regulations promulgated by the New Jersey Department of Labor and Workforce Development pursuant to L. 1963, c. 150 as amended, and N.J.A.C. 17:27-1.1 et seq. and Affirmative Action rules. The prevailing wage rate shall be paid to workers employed in the performance of any construction undertaken in connection with BPU financial assistance programs. This law applies to contracts greater than the amount set forth by the New Jersey Department of Labor and Workforce Development. Unless otherwise stated in a program description, customers self-certify that they are complying with prevailing wage requirements by submitting an application to the program and receiving program incentives.

C&I Buildings: C&I New Construction

"SmartStart"

As noted in the Introduction to this Compliance Filing, this program will, on a reasonable and orderly schedule provided to stakeholders and the public through means other than this Compliance Filing, eventually be replaced and superseded by the NCP.

Program Purpose and Strategy Overview

The C&I New Construction ("SmartStart NC") Program was part of the original suite of C&I programs available through the NJCEP.

The SmartStart NC Program's primary goals are to induce C&I customers to choose high efficiency equipment rather than standard efficiency equipment when they are making purchasing decisions. This is accomplished by providing incentives and information on a wide range of high efficiency alternatives. Prescriptive Incentives— where dollar amounts are fixed for specific categories of equipment— are offered where one-for-one, business as usual replacements are typical. The Prescriptive Incentive applications are labeled by technology, such as lighting and HVAC, and defined as equipment most commonly recommended for energy efficient projects with well-established energy savings. Custom incentives are offered for non-standard equipment, complex systems, and specialized technologies that are not easily addressed through prescriptive offerings. Customers are provided a discrete yet flexible application process with the ability to submit one or multiple applications for any size project. The transparency of incentives aids customers in making informed decisions, while assisting energy efficiency professionals to better solicit a prospective energy efficiency project.

Support for EMP Goals

This program will support many of the EMP's strategies and goals, including, among others, the following:

- Primary Goal 3.1 (Increase New Jersey's overall energy efficiency).
- Primary Goal 4.1 (Start the transition for new construction to be net zero carbon).

Program Description

The SmartStart NC Program offers both prescriptive and custom incentives for the broad range of C&I customers who are in the market to purchase energy efficiency measures. On September 6, 2022, the State of NJ adopted the ASHRAE 90.1-2019 energy code for all commercial and industrial buildings. NJCEP utilizes this code in determining performance requirements and incentive eligibility.

The SmartStart NC Programs will include the following offerings:

- ***Prescriptive Efficiency Measure Incentives*** that provide fixed incentives for energy efficiency measures. Incentives are based on incremental costs (i.e., the additional cost above baseline equipment) taking into consideration market barriers, changes in baselines over time, and market transformation objectives. Eligible measures are listed in Appendix G, *C&I and DER Incentives and General Rules* below.

- ***Custom Measure Incentives*** for more complex and aggressive efficiency measures. The process for calculating custom measure incentives is performance-based, which may include a commissioning component. Incentives are evaluated and determined via an incremental cost and energy savings analysis to be provided by the customer or customer's authorized representative (vendor/contractor). Determination of the appropriate baseline (existing conditions and/or industry standard) will be reviewed on a case-by-case basis subject to program review and approval. For measures that appear to have no clear baseline per energy code or recognized industry standard, the Program Manager will work with the applicant to define an appropriate baseline. The Program Manager has the discretion to determine the reasonableness of project costs for proposed technologies based on industry standards and other market research. Eligible electric and gas measures include lighting systems, HVAC systems, motor systems, large boiler systems, gas-engine driven chillers, and other non-prescriptive measures proposed by the customer. Technologies not explicitly listed as custom (per the filing and/or Program Guide) will be reviewed for eligibility and are subject to approval at the discretion of the Program Manager. More details regarding this process can be found below in this Compliance Filing under the *Custom Measure Incentive Guidelines* section and in this Compliance Filing's Appendix G, *C&I and DER Incentives and General Rules Custom Measures* section.

Customers or their contractors must submit an application for the type of equipment they have chosen to install. The application should be accompanied by a related worksheet (where applicable), a manufacturer's specification sheet for the selected equipment, and one month of the most recent electric/natural gas utility bill. The Program Manager may also require additional utility bills if such bills are relevant to its review of any given application. To qualify for incentives, customers must be contributors to the SBC that corresponds to their incentive (e.g., must contribute to the SBC electric fund if applying for an electric incentive). For example, customers applying for lighting incentives must provide an investor-owned utility ("IOU") electric bill identifying SBC contribution. Similarly, an IOU gas bill identifying SBC contribution is required for natural gas saving measures such as gas heating. Program representatives will then review the application package and approve it, reject it, and/or advise of additional upgrades to equipment that will save energy costs.

Target Markets and Eligibility

The C&I New Construction Program targets commercial, educational, governmental/institutional, industrial, and agricultural customers engaged in customer-initiated construction events including public school construction, other new building construction, and substantial renovations (also known as gut rehabilitations).[43] The program may be used to address economic development opportunities and transmission and distribution system constraints. It is primarily geared towards the mainstream C&I market, as opposed to programs that target specialized markets such as the

[43] A given substantial renovation project may be eligible for a utility-sponsored EE program as well as for this NJCEP Program. If it is, the applicant would be able to choose which program it would utilize. I.e., the applicant could have one or the other program, but not both, cover the project. NJCEP and the relevant utility-sponsored EE programs have, or will have, program rules and procedures to implement the foregoing.

Large Energy Users Program and, the Local Government Energy Audit Program. Applicants to the program must be contributors to the SBC.

Incentives

The tables in Appendix G, *C&I and DER Incentives and General Rules* list the incentives for the C&I New Construction Program. The incentives vary by size, technology, and efficiency level and will be paid based on specific eligibility requirements. The program offers both prescriptive incentives and custom measure incentives.

Custom Measure Incentive Guidelines

The program utilizes a performance-based approach to determine incentives for custom equipment. Established incentive caps for the program are the lesser of:

- $0.16/kWh and/or $1.60/therm based on estimated annual savings;
- 50% of total installed project cost; or
- buy down to a one-year payback.

The program will allow a single facility with multiple utility accounts to submit a proposed custom project under one application. A customized set of Microsoft Excel-based forms is required for all projects. These forms summarize the critical components of the custom measure, including a detailed description of the technology, installed project cost, and projected savings. Upon project completion, additional documentation is required to confirm that the measures were installed as proposed and that any changes during construction are reflected in the final savings values. As is clearly described in the program forms, certain measures may require post-installation metering, trending analysis, and/or the installing contractor's Statement of Substantial Completion. Projects will use ASHRAE 90.1-2019 as the baseline for estimating energy savings and the proposed measure(s) must exceed ASHRAE 90.1-2019 standards, where applicable. In cases where ASHRAE guidelines do not apply, the program will require that custom measures meet or exceed industry standards per the Consortium for Energy Efficiency ("CEE"), EPA ENERGY STAR, or using such resources as the current New Jersey baseline studies and other market research; the program experience of the Commercial/Industrial Program Manager; and experience of the New Jersey utilities or utility/public program experience from other comparable jurisdictions. The Program Manager will provide contractors with program spreadsheets that include standard formats for reporting program savings, as well as standard incentive calculations.

As a general matter, the preference is to avoid repeated custom measure applications. Accordingly, the Program Manager will generally consider the possibility of developing and proposing a prescriptive standard and incentive once it has received three or more custom applications for the same measure.

Account/FY Cap:

In addition to any other caps described elsewhere in this Compliance Filing, SmartStart incentives will also be capped at a maximum of $500,000 per electric account and $500,000 per natural gas account, in each case, per FY.

C&I New Construction Application Deadlines

To be eligible for related incentives, an application for custom measures must be submitted to the Program Manager prior to the installation of any equipment and applications for all other measures must be submitted within 12 months of equipment purchase. Documentation confirming the date the equipment was purchased, such as a material invoice or purchase order, must be provided to the Program Manager.

Notwithstanding the above, all applicants are strongly encouraged to obtain the Program Manager's approval and an incentive commitment prior to commencing installation or construction. Customers implementing projects without the Program Manager's approval risk having their project deemed ineligible for incentives.

Delivery Methods

As new technologies are introduced and prices for measures change, sometimes in response to program offerings, Program Managers will continuously monitor technologies and costs and adjust program incentives accordingly. The Program Manager will propose adjustments to program offerings based on program experience, the results of any evaluations, program and market studies, as well as other state/regional market research, and current pilot/demonstration projects.

Quality Control Provisions

Documented policies and procedures provide proper guidelines to ensure consistency in the processing and quality control for all C&I program participants. All applications received are reviewed to confirm compliance with eligibility requirements. Additionally, all technical information submitted in support of the application is reviewed to confirm measure qualification and to verify the incentive calculation. Applicant-supplied information and Program Manager-performed incentive calculations are entered into the database, and files are created for all documents and ongoing project correspondence.

A sample percentage of applications will be randomly selected for inspections and Quality Control file reviews. The specific percentages by program are outlined in the individual program guideline documents. Inspections include a site visit to verify customer eligibility and energy efficient measure technical specifications that result in a verification of the incentive calculation. A field inspection report is prepared and maintained in the project file for future verification.

TRC will utilize the Contractor Remediation Procedures as necessary or appropriate to address significant performance or other problems.

C&I Buildings: Pay for Performance - New Construction

As noted in the Introduction to this Compliance Filing, this program will, on a reasonable and orderly schedule provided to stakeholders and the public through means other than this Compliance Filing, eventually be replaced and superseded by the NCP.

Program Purpose and Strategy Overview

The Pay for Performance – New Construction Program ("P4P NC") is intended to encourage developers and design professionals to look for ways to optimize design, operation, and maintenance of new construction and substantial renovation projects in order maximize energy and energy cost savings. The P4P NC Program does this by requiring the use of standardized energy simulation software to estimate energy use and costs of the proposed design compared to a code compliant baseline. A portion of project incentives is tied to actual building performance to emphasize to building owners the critical value of addressing operational practices. The P4P NC Program aligns with other rating authorities such as LEED and ENERGY STAR.

Support for EMP Goals

This program will support many of the EMP's strategies and goals, including, among others, the following:

- Primary Goal 3.1 (Increase New Jersey's overall energy efficiency).
- Primary Goal 4.1 (Start the transition for new construction to be net zero carbon).

Program Description

The P4P NC Program takes a comprehensive, whole building approach to energy efficiency in the design and operation of new commercial and industrial buildings, as well as in substantial renovations.[44] The program provides tiered incentive levels correlated to the modeled energy and energy cost savings as demonstrated in the proposed design and includes a performance component to reflect the value that effective building operation has in determining energy use. This market-based program relies on a network of partners selected through a Request for Qualifications process. Once approved, partners may provide technical services to program participants.

[44] A given substantial renovation project may be eligible for a utility-sponsored EE program as well as for this NJCEP Program. If it is, the applicant would be able to choose which program it would utilize. I.e., the applicant could have one or the other program, but not both, cover the project. NJCEP and the relevant utility-sponsored EE programs have, or will have, program rules and procedures to implement the foregoing.

Although partners work under contract with building owners, acting as their "energy expert", they are required to strictly follow program requirements. Partners will be required to develop a Proposed Energy Reduction Plan ("ERP") for each project. The Proposed ERP details a set of recommended measures that will achieve the minimum performance target. Partners will then provide an As-Built ERP, along with a Commissioning Report to demonstrate that recommended measures are installed and functioning. Lastly, the partner will benchmark the building following one year of operation to document how well the building is operating relative to the As-Built ERP.

Participants will be required to work with an approved partner to develop the Proposed ERP and facilitate the incorporation of the recommended energy efficiency measures. The submitted Proposed ERP must include a package of energy efficiency measures that achieve the minimum performance target of 5% savings for commercial and industrial buildings and 15% for multifamily buildings compared to ASHRAE 90.1-2019.[45] The minimum performance target will be measured in terms of energy cost and source energy savings, which is consistent with Appendix G of ASHRAE 90.1-2019, EPAct Federal Tax Deductions and LEED NC.

Partners are required to develop whole building energy simulations using approved simulation tools. The list of approved tools will be based on the software requirements outlined in ASHRAE 90.1, Section 11 or Appendix G of ASHRAE 90.1 or as approved by the Program Manager. The program follows Appendix G of ASHRAE 90.1-2019 to demonstrate that the proposed design meets or exceeds the minimum performance target.

Appendix G of ASHRAE 90.1-2019

Under this path, the partner will model a baseline and proposed building using Appendix G of ASHRAE 90.1-2019. Appendix G of ASHRAE 90.1-2019 uses a common baseline building approach that will remain the same for all future iterations of ASHRAE 90.1 and is roughly equivalent to ASHRAE 90.1-2004, Appendix G. Program Guidelines and tools will outline/calculate equivalent savings values relative to Appendix G of 90.1-2019. Measures must be modeled as interactive improvements to Appendix G of ASHRAE 90.1-2019.[46]

Each project must have at least one measure addressing *each* of the following building systems: envelope, heating, cooling, and lighting (e.g., increased insulation, improved HVAC efficiency, lighting power density below code requirements, etc.). Buildings that are not heated (e.g., refrigerated warehouse) or not cooled (e.g., warehouse) will not be required to have a measure addressing the missing building system. Measures are defined as components that exceed ASHRAE 90.1-2019 requirements.

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[45] Energy Target is rounded down to two significant figures e.g., 0.0487 is rounded to 0.04 or 4%.

Note also that applications for projects that submit documentation they received their construction/building permits under ASHRAE 90.1-2016 will have their P4P NC applications processed using ASHRAE 90.1-2016 as their baseline.

[46] For the avoidance of doubt, as so outlined, modeled or calculated, they must meet the minimum performance target set out above in this Program Description.

Core and Shell vs. Tenant Fit-Out Considerations

Generally, P4P NC projects are required to evaluate the whole building design. Further, if a P4P NC application is submitted to the Program, that same building(s) cannot also submit applications to other programs. An exception to this rule may apply to eligible projects pursuing Core & Shell separate from tenant fit-out improvements, which may fall into one of two scenarios below.

Scenario 1: Core & Shell and Tenant Fit-out are combined - In this scenario, all aspects of the design (whole building) must be included under a single P4P NC application and treated as a single project following all Program Guidelines, as typical. This may apply where:

- Developer is funding and constructing both Core & Shell and Tenant Fit-out; or
- High performance systems are specified and funded for the tenant space separate from Core & Shell, but the building owner and tenant have come to an agreement to include both scopes of work under a single project.

Scenario 2: Core & Shell Separate from Tenant Fit-out - This scenario applies when the Core & Shell work is known, but the tenant space development is unknown and/or is funded separately. In this case, the Core & Shell is treated as a separate project from the Tenant Fit-out and a building may apply for P4P NC for either Core & Shell or Tenant Fit-out(s), but not both. The determining factor depends on which scope will include design and construction of the central HVAC system, in which case:

- P4P NC incentives will apply to all conditioned square footage of the building serviced by the central HVAC in the project's scope of work;
- The project scope applying for P4P NC (e.g., Core & Shell or Tenant Fit-out) must be able to meet all requirements for P4P NC on its own;
- Any Tenant Fit-out or Core & Shell work not included in P4P NC (and connected to a non-residential electric/gas account paying into the SBC) may seek incentives through the C&I Prescriptive or Custom Measure programs for eligible equipment.

A project may apply to the program at any point during the design phase. Projects that have begun construction may still apply so long as measures have not been purchased prior to receipt of the program application. Any measures installed prior to approval of Proposed ERP are done so at the project's risk. In the event the equipment selected does not qualify for an incentive, it will be removed from the Proposed ERP. Projects that cannot identify efficiency improvements that meet the above requirements will be referred to the appropriate C&I Buildings Program(s).

See Program Guidelines at www.njcleanenergy.com for additional modeling considerations.

Target Market and Eligibility

The P4P NC Program is open to new C&I construction projects with 50,000 square feet or more of conditioned space. The Program Manager has the discretion to approve projects that are within 10% of the minimum 50,000 square foot threshold. Projects may include a single building meeting square footage requirements or multiple buildings provided those buildings are owned by the same entity, are located on adjacent properties, and are designed and constructed within the same time

period.[47] Multiple buildings that are grouped into one program application are viewed as a single project that is eligible for one set of program incentives and all incentive caps apply to the group of buildings.

Due to the comprehensive design of this program, projects may not apply for incentives in other NJCEP programs while enrolled in P4P NC for the same facility(ies). All eligible measures must be considered in P4P NC, with the exception of on-site generation (e.g. CHP program). Exceptions also apply to Core & Shell and/or Tenant Fit-out projects as set out in the foregoing paragraphs. Additional exceptions may be considered by the Program Manager on a case-by-case basis.

Multifamily Buildings

The P4P NC Program accommodates certain types of multifamily buildings. Applicants who pursue their multifamily projects through the ENERGY STAR Multifamily New Construction (MFNC) program may apply for NJCEP incentives through the RNC Program; applicants who do not pursue their multifamily projects through the ENERGY STAR MFNC program may apply for NJCEP incentives through the P4P NC Program. Regardless of which program the applicant pursues, all applicable NJCEP program requirements must be *satisfied* in order to receive incentives. Please see Appendix B, *Multifamily Decision Tree*, for further guidance on multifamily program eligibility.

Low-rise (and mid-rise where appropriate), garden-style complexes will be treated as one project under the P4P program. In other words, if there are 10 garden-style buildings that are part of one multifamily community, all 10 will be aggregated into one P4P NC application. The 50,000-square-foot participation threshold will be met through this aggregation (including common area and in-unit). The minimum performance target (as well as all other program requirements) will also be determined on an aggregated basis. Only one set of incentives will be paid per project and all incentive caps apply.

Partner Network

Existing approved P4P NC Partners will need to complete online re-training on a regular basis as determined by the Program Manager in order to remain an approved partner in the program. The Program Manager may offer select partners one-on-one training on projects to ensure success in the program, as well as kick-off meetings upon project enrollment. Depending on program demand, the Program Manager may provide subsidized Energy Modeling Training Sessions for Program Partners related to ASHRAE 90.1-2019.

[47] For the purpose of tracking technical reviews and site inspections, each building addressed within a multi-building ERP may be considered a separate project. This is necessary because although a single ERP will include all of the necessary project information, the review of each of the building simulation models will require individual attention. Similarly, site inspections will take considerably longer for multi-building projects as each building will require an inspection. Where applicable, administrative tracking will be associated with any approved sampling of building simulation models (i.e., if a single model is developed to represent several similar buildings).

Program Offerings and Incentives

The P4P NC Program's incentive structure was conceived to encourage the design and achievement of comprehensive energy savings and are, therefore, released in phases upon satisfactory completion of each of these three program milestones:

1. Submittal and approval of a Proposed ERP with proposed design meeting all program requirements;
2. Submittal and approval of an As-Built ERP and Commissioning Report confirming installation and operation of recommended measures per the Proposed ERP. Changes between proposed and as-built design must be accounted for at this point, although as-built project must still meet all program requirements; and
3. Submittal of ENERGY STAR Portfolio Manager benchmark based on first year of operation with score of 75 or higher. Building types not eligible for ENERGY STAR Certification can qualify for this incentive by obtaining *ASHRAE Building Energy Quotient (bEQ) In-Operation* Certification with equivalent score as set by Program Guidelines. Additional certification for compliance may be considered by Program Manager.

Incentives are paid based on the rate schedule in the table below. At the customer's written request, incentive payments may be assigned or directed (including re-assignment or re-direction) to either the customer, the partner, or other designated representative.

Table 14: P4P NC Incentive Schedule

	Cost or Source Energy Reduction from 90.1-2019 Baseline	Incentive by Building Type Per Square Foot	
Minimum Performance Requirement	15% Multifamily 5% All other	Industrial/High Energy Use Intensity	Commercial and Multifamily
Incentive #1 Proposed Energy Reduction Plan	+ 0 - <2% (Tier 1)	$0.10	$0.08
	+ 2 - <5% (Tier 2)	$0.12	$0.10
	+ 5% or greater (Tier 3)	$0.14	$0.12
	Max	$50,000.00	
	Pre-Design Bonus	$0.04	
	Max	$20,000.00	
Incentive #2 As-Built Energy Reduction Plan and Cx Report	+ 0 - <2% (Tier 1)	$1.00	$0.80
	+ 2 - <5% (Tier 2)	$1.20	$1.00
	+ 5% or greater (Tier 3)	$1.40	$1.20
Incentive #3 Building Performance		$0.40	$0.35

- Incentive #1 is contingent on moving forward with construction and must be supported by required program documentation (e.g., signed Installation Agreement). The Program Manager, in coordination with the Division of Clean Energy, may waive this contingency in extreme situations where construction is halted due to economic or other external factors.

If a project is cancelled after the receipt of Incentive #1, the incentive amount shall be returned to NJCEP. If the Incentive #1 payment is not returned to NJCEP, the customer/partner will not be eligible in the future for another Incentive #1 payment for the same facility.

- The total of Incentives #1, #2, and #3 combined shall not exceed $2,000,000 per project, assuming both electric and natural gas measures are recommended and implemented. Should only electric measures or only gas measures be recommended and implemented, then the total of Incentive #1, #2, and #3 combined shall not exceed $1,000,000 per project. The foregoing would place a $1,000,000 per project cap on electric-only facilities.
- Certain circumstances may impact an incentive amount after a commitment has been made:
    - Increase or decrease in project square feet may increase (budget permitting) or decrease the incentive;
    - Significant modifications to the approved scope of work, including addition and removal of a measure, may impact the overall project savings causing a project to move between incentive tiers. Incentives will be adjusted up (budget permitting) or down, accordingly; and
    - Generally, any required adjustments will also include under or overpayment of incentives already paid.

Incentive #1 Pre-Design Bonus (Integrative Process): Projects that are in pre-design or schematic design may be eligible for a higher Incentive #1. The goal is to incentivize applicants to think critically about their building design from an energy efficiency standpoint early in the process when changes are easier to make, thereby supporting high-performance, cost-effective project outcomes. To qualify, the partner will need to work with the applicant beginning in pre-design and continuing throughout the design phases. They will perform a preliminary "simple box" energy modeling analysis before the completion of schematic design that explores how to reduce energy loads in the building and accomplish related sustainability goals by questioning default assumptions. They will then document how this analysis informed building design decisions relative to owner's project requirements, basis of design, and eventual design of the project. This submittal shall be submitted after application approval, but prior to the Proposed ERP. Although pre-construction inspections are not routinely performed in this program, TRC may inspect projects applying for this bonus.

Quality Control Provisions

Documented policies and procedures provide proper guidelines to ensure consistency in the processing and quality control for all P4P NC Program projects. All applications received are reviewed to confirm compliance with eligibility requirements. Applicant eligibility information is verified, along with all technical information in support of measure qualification and incentive calculation. Applicant supplied information and project technical data are entered into the database. Electronic files are created for all documents and for ongoing project correspondence. The Program Manager reviews submitted ERPs.

The Program Administrator quality control staff will perform pre- and post-construction inspections, will regularly conduct pre-approval technical reviews of ERPs, and will perform file reviews on a sampling of applications prior to incentive payments. The selection of inspections and reviews will be based on a pre-determined, random sampling percentage.

TRC will utilize the Contractor Remediation Procedures as necessary or appropriate to address significant performance or other problems.

C&I Buildings: Customer Tailored Energy Efficiency – New Construction

As noted in the Introduction to this Compliance Filing, this program will, on a reasonable and orderly schedule provided to stakeholders and the public through means other than this Compliance Filing, eventually be replaced and superseded by the NCP.

Program Purpose and Strategy Overview

This program supplements the current New Jersey C&I incentive programs by offering a streamlined approach to developing and implementing energy efficiency projects for mid-to-large customers. The key features of the program:

- Allows customers to bundle multiple prescriptive and custom measures into one application with one project delivery approach;
- Customers can receive incentives for qualified advanced and emerging energy efficiency technologies that are not currently addressed under SmartStart;
- Technical assistance incentives offered to help minimize the soft costs associated with developing an energy efficiency project;
- Leverages existing energy efficiency professional networks;
- Larger customers with multiple measures can access incentives for their targeted energy efficiency projects without enrolling in a whole-building program; and
- Performance verification to engage customers after their project is complete to ensure persistence of savings.

The goals of the program are to:

- increase participation among mid to large customers;
- increase the amount of energy saved per project for participating customers;
- understand from participating customers whether assistance beyond measure incentives will facilitate the installation of energy efficiency projects;
- promote the installation of advanced lighting controls in conjunction with high efficiency LED luminaires; and
- collect information and data that can inform program changes or new program designs in the future.

Support for EMP Goals

This program will support many of the EMP's strategies and goals, including, among others, the following:

- Primary Goal 3.1 (Increase New Jersey's overall energy efficiency).
- Primary Goal 4.1 (Start the transition for new construction to be net zero carbon).

Program Implementation Description

The program was developed and launched in FY18 in response to customer concerns regarding the application process for projects involving completion and submission of multiple SmartStart applications. It will be promoted through traditional methods, the C&I Outreach Account Managers, and energy efficiency professionals.

The program process is as follows:

1. **Outreach and Recruitment** – The CTEEP NC will be included in any C&I customer outreach conducted by the Account Managers. Information about it will be placed on the web site and shared with the Ombudsman's office and trade allies who can assist in promoting the pilot to their customers.

2. **Enrollment** - The enrollment application will allow the Program Management team to assess the opportunities, the status of the potential project, and to schedule a Scoping Session meeting where the Case Manager performs a needs assessment to determine whether the customer requires additional assistance such as referral to technical expertise, financial assistance, internal sales, or benchmarking.

3. **Energy Efficiency Plan Development** - Upon application acceptance, the customer works with its technical experts to develop the EEP.

4. **Incentive Commitment** - Upon acceptance of a complete EEP, the Program Manager will commit incentives as defined by the EEP and program requirements. The incentive commitment will be valid for twelve (12) months. The Program Manager may extend the initial expiration period in two, six (6) month intervals.

5. **ECM Installation** – The customer will submit final documents necessary to process the incentive payment consistent with the schedule defined below.

6. **Performance Verification** – The performance verification submission applies to custom measures only. A customer will receive the final 10% of custom measure incentives consistent with the schedule defined below.

Target Markets and Eligibility

The target customer size is 50,000 square feet.

Additional criteria that will be considered for inclusion:

- Customers with complex operations and/or unique energy usage profiles who would most benefit from custom assessments of efficiency opportunities;
- Customers whose efficiency opportunities, barriers to investment, and/or business needs suggest they may benefit from support beyond just financial incentives (e.g. technical analysis, financial analysis, etc.);
- Customers with projects requiring multiple applications under existing program offerings; and
- Customers who are good candidates for installation of new, innovative, or advanced efficiency technologies.

Program Offering and Incentives

Financial incentives offered to customers of the CTEEP NC will be the same as those available through the existing prescriptive and custom program offerings. However, for ease of customer participation, the financial incentives will be bundled into a single "package" application. The

total incentive available for any project will be equal to the sum of the incentives available through the existing prescriptive and custom program offerings for the measures installed. For ECMs possessing both prescriptive and custom features, the Program Manager will have discretion to determine if some or all of the energy efficiency benefits will be eligible under the custom incentive structure.

Prescriptive Measures:

- Measures meeting the requirements of the current SmartStart Building Program will receive the established incentive (including any applicable enhancements) under that program.

Custom Incentives:

- $0.16 per kWh
- $1.60 per therm
- 50% of project cost
- Buy-down to 1-year payback
- Same enhanced incentives as for the current SmartStart Building Program

Technical Assistance:

In addition to measure incentives, where initial design costs are a barrier to the pursuit of projects that appear to be promising, the Pilot may offer customers an additional incentive towards design assistance or technical support provided by an independent[48] third party design professional. Incentives will be available for up to 50% of the cost of the design/technical assistance up to a maximum of $10,000 upon approval of the NJCEP Program Manager, with half of the incentive payable upon proof of construction kick-off and the remainder upon installation of the recommended measures.

Incentive cap:

The same caps in SmartStart Program apply here, including the $500,000 per utility account cap; however, the Technical Assistance incentive does not count towards this incentive cap.

[48] Independent in this case means the design professional does not sell or represent products that are being considered for installation.

Payment Schedule

Incentive payments are made along the life of a project as outlined below.

Project material/labor invoices will signify projected completion followed by a post-inspection as deemed appropriate.

Table 15: CTEEP NC Schedule of Payments

Schedule of Payments			
Type of Incentive	**Milestone 1 Construction Kick-Off**	**Milestone 2 Substantial Completion**	**Milestone 3 Performance Verification**
Technical Assistance Incentive	50%	50%	-
Base Incentives – Prescriptive	-	100%	-
Base Incentives – Custom	-	90%	10%

Milestone 1: The EEP is approved and construction contracts are in place.
Milestone 2: All work is installed and new equipment and systems are generating energy savings. Multiple payments may be provided.
Milestone 3: Performance Verification is complete. Multiple payments may be provided. This milestone may occur between 3-6 months after substantial completion.

Program Standards

- **Prescriptive measures** must meet the minimum requirements of the SmartStart Buildings program.
- **Custom measures** must meet or exceed current SmartStart Custom requirements (with the exception of minimum energy savings requirements) or the Minimum Performance Standards for the LEUP.
- **Advanced Lighting Control Systems** must be listed on the Design Lights Consortium's Qualified Products List.
- **Emerging Technologies** must meet current building codes or industry standards, as applicable.

Limitations/Restrictions

- Renewable and power storage technologies including, but not limited to, photovoltaics, fuel cells, battery storage, and microturbines are not eligible.
- Combined heat and power systems are incentivized under New Jersey's Combined Heat and Power program and are not eligible for CTEEP NC incentives.
- Previously installed measures (i.e., any measures installed prior to enrollment) are not eligible.

- Measures that do not save energy (kWh or therms) are not eligible. Customers may install measures that exclusively reduce operating costs and/or energy/demand costs, but they may not be included in the CTEEP NC EEP.
- Operations & Maintenance and behavioral measures are not eligible. Behavioral measures include those where equipment is adjusted to improve performance or change energy use. Behavioral measures may include boiler clean & tunes, commissioning of existing equipment, thermostat adjustment, or seasonal equipment removal.

Quality Control Provisions

All applications are reviewed upon receipt to verify adherence to eligibility requirements. Applicant eligibility information is verified, along with all technical information in support of energy efficient measure qualification and incentive calculation. Applicant supplied information and program administrator performed incentive calculations are entered into the database, and files are created for all documents and ongoing project correspondence. Inspection protocols for custom measure projects will require a pre-determined percentage of pre- and post-inspections. Pre-inspections may be waived after successful completion of a Scoping Session.

TRC will utilize the Contractor Remediation Procedures as necessary or appropriate to address significant performance or other problems.

Appendix F, *Residential Incentives (including Enhancements)*

Residential New Construction

As noted elsewhere in this Compliance Filing, this program and these incentives will, on a reasonable and orderly schedule provided to stakeholders and the public through means other than this Compliance Filing, eventually be replaced and superseded by the NCP and its incentives.

Table 16: RNC Financial Incentives per Unit for ENERGY STAR New Construction Programs, Zero Energy Ready Home, and Zero Energy Home + RE

Program	Single Family (1 & 2 Family Homes)	Townhome (as defined by EPA)	Multifamily (as defined by EPA)
Energy Star	$1,000 per home + $30 per MMBtu saved	$500 per home + $30 per MMBtu saved	$500 per unit + $30 per MMBtu saved
ZERH (Zero Energy Ready Home)	$4,000 per home + $30 per MMBtu saved Rater Incentive: $1,200 per home	$2,500 per home + $30 MMBtu saved Rater Incentive: $1,200 per home	$1,500 per unit + $30 per MMBtu saved
ZERH + Renewables	$6,000 per home + $30 per MMBtu saved Rater Incentive: $1,200 per home	$4,000 per home + $30 per MMBtu saved Rater Incentive: $1,200 per home	$2,250 per unit + $30 per MMBtu saved
UEZ/Affordable Housing Bonus	+$500 per home	+$500 per home	N/A

Notes:

1. The above $30/MMBTU is based on savings before any savings from Renewable Energy. MMBtu is the incremental annual MMBtu saved as compared to the calculated annual usage of the baseline reference home, defined by the applicable energy code as described in more detail in the New Jersey Clean Energy Program Protocols to Measure Resource Savings

2. Building types are determined using the EPA MFNC Program Decision Tree, located at this Compliance Filing's Appendix B, *Multifamily Decision Tree*.

Appendix G, *C&I and DER Incentives and General Rules*

Extension Policies

Many programs include deadlines for submittal of information. For example, some programs require the submittal of a final application within six months or one year from the date of the letter approving the initial application. NJCEP provides for extensions of deadlines provided certain conditions are met. Program Managers in general are authorized to approve first and, in some cases, second extensions. Additional standards/guidelines for approving extensions and/or reinstatements are set out in the Compliance Filings and in the Guidelines established for each program. The Program Administrator, with the approval of Board staff, may approve up to two extensions, each of a length set by the PA with the approval of Board staff, beyond the extensions the Program Managers are authorized to approve.

C&I / DER Incentive Caps

Incentive caps have been established to ensure that there is equitable access to the C&I and DER programs for all qualifying customers. These caps have been established because of the potential scale of commercial/industrial projects, where a few extremely large projects could otherwise consume a significant share of the available budgets, leaving other customers unable to access project funding.

Program / Project Incentive Caps

Most C&I and DER programs set incentive caps on a program per FY and/or per project basis; those caps are described in the program descriptions and/or incentive descriptions in this Compliance Filing.

Total Cost Incentive Cap

No project shall receive incentives from one or more NJCEP programs and/or Board-approved utility programs in an amount that exceeds the total cost[49] of measures installed or performed.

[49] Total cost is usually determined by reference to a sales invoice. It is not, for example, impacted by federal tax credits that will become available to the applicant on its next tax return or grants from sources other than NJCEP or Board-approved utility programs.

C&I New Construction Incentives

As noted elsewhere in this Compliance Filing, this program and these incentives will, on a reasonable and orderly schedule provided to stakeholders and the public through means other than this Compliance Filing, eventually be replaced and superseded by the NCP and its incentives.

Custom Measures

- Performance incentives of $0.16/kWh and $1.60/therm of first year savings, 50% of total installed project cost, or buy down to 1-year payback, subject to enhancement, where applicable, pursuant to the table immediately below. Based on estimated savings as approved by the Program Manager.
- Projects will use ASHRAE 90.1-2019 as the baseline for estimating energy savings and the proposed measure(s) must exceed ASHRAE 90.1-2019 standards, where applicable. In cases where ASHRAE guidelines do not apply, the program will require that custom measures meet or exceed industry standards per the Consortium for Energy Efficiency ("CEE"), EPA ENERGY STAR, or using such resources as the current New Jersey baseline studies and other market research; the program experience of the Commercial/Industrial Program Manager; and experience of the New Jersey utilities or utility/public program experience from other comparable jurisdictions.

Table 17: C&I Custom Measure Incentives

Equipment Type	Incentive Cap	Incentive Amount
Custom Measures	First-Year Savings Cap	Electric Savings: $0.16/kWh
		Gas Savings: $1.60/therm
	Project Cost Cap	50% of Total Installed Project Cost
	Buy-Down Cap	Amount to buy-down to 1-year payback

Electric Chillers

- **Note:** - The manufacturer's published chiller efficiency must be determined using the Air-Conditioning, Heating and Refrigeration Institute ("AHRI") 550/590 test procedures and at the AHRI standard evaporator and condenser temperatures. If an applicant has a water-cooled centrifugal chiller that is designed to operate at other than the AHRI standard conditions the procedure in Standard 90.1-2019, Section 6.4.1.2.1 may be used by the applicant to adjust the manufacturer's published efficiency at non-AHRI conditions to the efficiency at AHRI standard conditions. The applicant will need to provide the

manufacturer's non-AHRI ratings, as well as the calculations for the chiller efficiency at AHRI conditions.

- Electrically operated comfort cooling air-cooled and water-cooled chillers are eligible for incentives under the prescriptive path. Chillers for process cooling (e.g., manufacturing, data center, food storage or processing, etc.) loads may apply for an incentive under the custom path.
- Performance Incentives apply for each 0.1 EER above the Incentive Minimum EER or for each 0.01 kW/ton below the Incentive Minimum kW/ton.
- Proposed equipment must exceed minimum program efficiency requirements for Path A (constant speed) IPLV and Path B (variable speed) Full Load.

Table 18: C&I Electric Chiller Incentives

Equipment Type	Capacity	New Construction			
		Constant Speed		Variable Speed	
		Base $/ton	**Performance $/ton**	**Base $/ton**	**Performance $/ton**
Air Cooled Chiller	tons < 150	$10.00	$3.50	$45.00	$4.00
	tons ≥ 150	$10.00	$2.75	$46.00	$4.00
Water Cooled Chiller, Positive Displacement	tons < 75	$6.50	$2.25	$20.00	$2.50
	75 ≤ tons < 150	$10.00	$2.00	$21.50	$2.00
	150 ≤ tons < 300	$8.50	$2.00	$21.50	$2.00
	300 ≤ tons < 600	$7.50	$2.25	$18.50	$2.00
	tons ≥ 600	$15.00	$2.00	$22.00	$2.00
Water Cooled Chiller, Centrifugal	tons < 150	$12.00	$2.25	$12.00	$2.75
	150 ≤ tons < 300	$5.00	$2.00	$15.00	$2.50
	300 ≤ tons < 400	$4.00	$2.00	$10.00	$2.00
	400 ≤ tons < 600	$4.00	$2.00	$12.50	$2.00
	tons ≥ 600	$4.00	$2.00	$12.50	$2.00

Table 19: C&I Electric Chiller Minimum Efficiency Requirements

Equipment Type	Capacity	Constant Speed		Variable Speed		Constant Speed		Variable Speed	
		Incentive Minimum Full Load kW/ton	Qualifying IPLV kW/ton	Qualifying Full Load kW/ton	Incentive Minimum IPLV kW/ton	Incentive Minimum Full Load EER	Qualifying IPLV EER	Qualifying Full Load EER	Incentive Minimum IPLV EER
Air Cooled Chiller	tons < 150					10.3	13.7	9.7	16.12
	tons ≥ 150					10.3	14.0	9.7	16.42
Water Cooled Chiller, Positive Displacement	tons < 75	0.735	0.60	0.78	0.49				
	75 ≤ tons < 150	0.706	0.56	0.75	0.48				
	150 ≤ tons < 300	0.647	0.54	0.68	0.431				
	300 ≤ tons < 600	0.598	0.52	0.625	0.402				
	tons ≥ 600	0.549	0.50	0.585	0.372				
Water Cooled Chiller, Centrifugal	tons < 150	0.598	0.55	0.695	0.431				
	150 ≤ tons < 300	0.598	0.55	0.635	0.392				
	300 ≤ tons < 400	0.549	0.52	0.595	0.382				
	400 ≤ tons < 600	0.549	0.50	0.585	0.372				
	tons ≥ 600	0.549	0.50	0.585	0.372				

Gas Cooling

- For gas chillers, full load efficiencies are determined in accordance with A.H.R.I. 560; however, part load efficiencies are not rated.

Table 20: C&I Gas Absorption Chiller Incentives

Equipment Type	Size Range	Min Efficiency	Incentive
Gas Absorption Chiller	< 100 tons	> 1.1 Full Load COP	$450/ton
	100 to 400 tons		$230/ton
	> 400 tons		$185/ton

Table 21: C&I Regenerative Desiccant Unit Incentives

Equipment Type	Requirement	Incentive
Regenerative Desiccant Unit	Must be matched with core gas or electric cooling equipment.	$1.00/CFM of process air flow

Electric HVAC

- To be eligible for an incentive, the equipment must exceed the requirements in the tables below.
- For systems < 65,000 Btu/h, if the equipment is rated using SEER2 efficiency units, SEER2 shall be used to determine eligibility. Otherwise, the SEER rating may be used.
- For systems < 65,000 Btu/h, if equipment is rated using HSPF2 efficiency units, HSPF2 shall be used to determine eligibility. Otherwise, the HSPF rating may be used.

Table 22: C&I Unitary Electric HVAC Incentives

Equipment Type	Cooling Capacity (Btu/h)	Tier	Minimum Efficiency			Incentive $/Ton
			SEER/ SEER2	EER	IEER	
Unitary HVAC Split System	< 65,000	1	15.2 / 14.4			$92
		2	17.4 / 16.5			$105
Unitary HVAC Single Package	<65,000	1	15.2 / 14.4			$92
		2	17.4 / 16.5			$103
Unitary HVAC Single Package or Split System	≥ 65,000 and < 135,000	1		11.5	15.0	$73
		2		12.5	16.1	$79
	≥ 135,000 and < 240,000	1		11.5	14.2	$79
		2		12.0	16.1	$89
Central DX AC	≥ 240,000 and < 760,000	1		10.5	13.2	$79
		2		11.0	14.2	$85
	≥ 760,000	1		9.7	12.5	$72
		2		10.0	13.4	$77

Table 23: C&I Air Source Heat Pump Incentives

Equipment Type	Cooling Capacity (Btu/h)	Tier	Minimum Efficiency					Incentive $/ton
			SEER/ SEER2	HSPF/ HSPF2	EER	IEER	COP	
Air Source Heat Pump Split System	< 65,000	1	15.4 / 14.6	9.1 / 7.7				$92
		2	16.6 / 15.8	9.2 / 7.8				$100
Air Source Heat Pump Single Package	< 65,000	1	14.4 / 13.7	8.2 / 6.9				$92
		2	15.6 / 14.8	8.5 / 7.1				$100
Air Source Heat Pump Split System and Single Package	≥ 65,000 and < 135,000	1			11.5	14.1	3.5	$73
		2			12.1	14.8	3.6	$77
	≥ 135,000 and < 240,000	1			11.5	13.5	3.4	$79
		2			11.7	15.0	3.4	$82
	≥ 240,000	1			9.5	12.5	3.3	$79
		2			9.7	14.2	3.3	$82

Table 24: C&I Water Source Heat Pump Incentives

Equipment Type	Cooling Capacity (Btu/h)	Tier	Minimum Efficiency		Incentive $/Ton
			EER	COP	
Water to Air, Water Loop Heat Pump	< 17,000	1	12.4	4.3	$20
		2	14.0	4.8	$23
	≥ 17,000 and < 65,000	1	13.3	4.3	$30
		2	15.0	4.5	$34
	≥ 65,000 and < 135,000	1	13.3	4.3	$40
		2	15.0	4.5	$45

Table 25: C&I Single Packaged Vertical AC and Heat Pump Incentives

Equipment Type	Cooling Capacity (Btu/h)	Tier	Minimum Efficiency		Incentive $/Ton
			EER	COP	
Single Packaged Vertical AC - SPVAC	< 65,000	1	11.2		$10
		2	11.8		$12
	≥ 65,000 and < 135,000	1	10.2		$10
		2	10.7		$12
	≥ 135,000 and < 240,000	1	10.2		$10
		2	10.7		$12
Single Packaged Vertical Heat Pump - SPVHP	< 65,000	1	11.2	3.4	$10
		2	11.8	3.5	$12
	≥ 65,000 and < 135,000	1	10.2	3.1	$10
		2	10.7	3.2	$12
	≥ 135,000 and < 240,000	1	10.2	3.1	$10
		2	10.7	3.2	$12

Table 26: C&I Ground Source Heat Pump Incentives

Equipment Type	Cooling Capacity (Btu/h)	Tier	Minimum Efficiency		Incentive $/Ton
			EER	COP	
Ground Source Heat Pump	< 135,000	1	14.4	3.2	$40
		2	18.0	3.6	$50
Groundwater Source Heat Pump	< 135,000	1	18.4	3.7	$40
		2	22.0	3.9	$48

Table 27: C&I Packaged Terminal AC and Heat Pump Incentives

Equipment Type	Cooling Capacity (Btu/hr)	Minimum Efficiency		Incentive $/Ton
		EER	COP	
Packaged Terminal AC	< 7,000	12.0		$20/ton (all cooling capacities)
	≥ 7,000	12.0		
	≥ 8,000	11.7		
	≥ 9,000	11.4		
	≥ 10,000	11.1		
	≥ 11,000	10.8		
	≥ 12,000	10.5		
	≥ 13,000	10.2		
	≥ 14,000	9.9		
	≥ 15,000	9.6		
Packaged Terminal Heat Pump	< 7,000	12.0	3.4	
	≥ 7,000	12.0	3.4	
	≥ 8,000	11.7	3.3	
	≥ 9,000	11.4	3.3	
	≥ 10,000	11.1	3.2	
	≥ 11,000	10.8	3.2	
	≥ 12,000	10.5	3.1	
	≥ 13,000	10.2	3.1	
	≥ 14,000	9.9	3.0	
	≥ 15,000	9.6	3.0	

Table 28: C&I Electric HVAC Controls Incentives

- Hospitality/institutional buildings with more than 50 units are not eligible for Occupancy Controlled Thermostats for Hospitality/Institutional Facilities incentive.

Equipment Type	Controlled Unit Size	Incentive
Occupancy Controlled Thermostats for Hospitality/Institutional Facilities	Any capacity	$75 per occupancy-controlled thermostat
A/C Economizing Control	< 4.5 tons	$85/control

Gas Heating

Table 29: C&I Non-Condensing Boiler HVAC Incentives

Equipment Type	Boiler Type	Size (Input Rate)	Minimum Efficiency	Incentive
Gas Boiler, Non-Condensing	Hot Water	< 300 MBtu/h	85% AFUE	$0.95/MBH; Min $400
		≥ 300 and < 1,000 MBtu/h	85% Et	$1.75/MBH
	Steam, all except natural draft	< 300 MBtu/h	82% AFUE	$1.40/MBH; Min $400
		≥ 300 and ≤ 1,500 MBtu/h	81% Et	$1.20/MBH
		> 1,500 and ≤ 2,500 MBtu/h	81% Et	$1.20/MBH
		> 2,500 and ≤ 4,000 MBtu/h	81% Et	$1.00/MBH
	Steam, natural draft	< 300 MBtu/h	82% AFUE	$1.40/MBH; Min $300
		≥ 300 and ≤ 1,500 MBtu/h	81% Et	$1.00/MBH
		> 1500 and ≤ 2,500 MBtu/h	81% Et	$0.90/MBH
		> 2,500 and ≤ 4,000 MBtu/h	81% Et	$0.70/MBH
	All types	> 4,000 MBtu/h		Treated under Custom Measure Path

Table 30: C&I Condensing Boiler HVAC Incentives

Equipment Type	Boiler Type	Size (Input Rate)	Minimum Efficiency	Incentive
Gas Boiler, Condensing	Hot Water	< 300 MBtu/h	88% AFUE	$1.35/MBH; Min $1,000
			93% AFUE	$2.00/MBH; Min $1,000
		≥ 300 and < 1,000 MBtu/h	92% Et	$2.00/MBH; Min $1,000
			95% Et	$2.20/MBH; Min $1,000
		≥ 1,000 and ≤ 2,500 MBtu/h	92% Et	$1.85/MBH
			95% Et	$2.20/MBH
		> 2,500 and ≤ 4,000 MBtu/h	92% Ec	$1.55/MBH
			95% Ec	$2.00/MBH
		> 4,000 MBtu/h		Treated under Custom Measure Path

Table 31: C&I Gas Furnace and Infrared Heater Incentives

Equipment Type	Capacity	Requirement	Minimum Efficiency	Incentive
Gas Furnace	All Sizes	ENERGY STAR® Qualified, 2.0% Fan Efficiency	≥ 95% AFUE	$400
			≥ 97% AFUE	$500
Gas Infrared Heater	≤ 100 MBtu/h	Low intensity infrared heater with reflectors. For indoor use only.	n/a	$500
	> 100 MBtu/h			$300

Table 32: C&I Domestic Hot Water Pipe Wrap Insulation Incentives

- Pipe insulation thickness must exceed required thickness listed in ASHRAE 90.1-2019 Table 6.8.3-1.

Equipment Type	Pipe Diameter	Incentive
Domestic Hot Water Pipe Wrap Insulation	≤ 0.5 inch diameter piping	$1/linear foot
	> 0.5 inch diameter piping	$2/linear foot

Gas Water Heating

Table 33: C&I Gas Water Heating Incentives

Equipment Type	Water Heater Type	Size (Input Rate)	Min Efficiency	Incentive
Gas Water Heaters	Gas-fired, Storage	≤ 75 MBtu/h *(consumer)*	≥ 0.64 UEF	$1.75/ MBtu/h
			≥ 0.85 UEF	$3.50/ MBtu/h
		>75 MBtu/h and ≤ 105 MBtu/h *(residential duty commercial)*	≥ 82% Et or ≥ 0.64 UEF	$1.75/ MBtu/h
			≥ 90% Et or ≥ 0.85 UEF	$3.50/ MBtu/h
		> 105 MBtu/h *(commercial)*	≥ 82% Et	$1.75/ MBtu/h
			≥ 92% Et	$3.50/ MBtu/h
	Gas-fired, instant (tankless)	< 200 MBtu/h *(consumer)*	≥ 90% Et or ≥ 0.90 UEF	$300/unit
		≥ 200 MBtu/h *(commercial)*	≥ 90% Et	$300/unit
	Gas-fired, Water Booster Heater	≤ 100 MBtu/h	n/a	$35/ MBtu/h
		> 100 MBtu/h	n/a	$17/ MBtu/h

Table 34: C&I Low-Flow Fixture Incentives

- Public lavatory faucet aerators are not eligible for incentives.

Equipment Type	Pipe Diameter	Incentive
Low Flow Showerhead	1.5 GPM or Less	$10/showerhead
Low Flow Faucet Aerator	1 GPM or Less	$2/aerator

Variable Frequency Drives

- Motor Size (HP) Controlled per VFD is the cumulative motor HP controlled by each VFD.
- Controlled Motor HP less than the listed range of eligible values are ineligible for incentives.
- Controlled Motor HP more than the listed eligible values should use the C&I Custom program.
    - For all VFD measure except air compressors, the maximum controlled threshold is 50HP. VFDs controlling more than 50HP, except related to air compressors, will be reviewed through the custom measure path.
    - For new air compressors with VFDs, prescriptive incentives will be provided for units up to 200HP. VFDs controlling air compressor motors exceeding 200HP will be reviewed through the custom measure path.
- If the controlled HP falls in between the HP listed on the VFD incentive table, the incentive is based on the lower controlled HP listed.

Table 35: C&I VFD Incentives

Equipment Type	Motor Size (HP) Controlled per VFD	Incentive
Variable Frequency Drives	0.5	$50
	1	$75
	2	$100
	3	$200
	4	$300
	5	$900
	7.5	$1000
	10	$1,100
	15	$1,200
	20	$1,300
	25	$1,400
	30	$1,500
	40	$2,500
	50	$3,000
	60	$3,500
	75	$4,000
	100	$5,000
	200	$7,000

Table 36: VFD Eligible Size Range of Controlled Motor

Equipment Type	Eligible Size Range of Controlled Motor	Eligibility Requirements
VFD on Air Compressor	25 HP ≤ 200 HP	Must be installing VFD on new air or water cooled, single or double stage, oil lubricated or oil free twin rotor screw air compressors outfitted with VFDs (providing compressed air for typical plant air use). Only one VFD controlled air compressor will be eligible for an incentive for each compressed air system.

Performance Lighting

- Performance Lighting incentives are available for eligible indoor light fixtures and outdoor fixtures where electricity usage is billed through the applicant's meter in new construction and substantial renovations of existing buildings. Substantial renovations of areas within existing buildings are also eligible only if existing lighting is completely removed.[50]
- Proposed lighting design must demonstrate lighting power density ("LPD") lower than specified by ASHRAE 90.1-2019 for all relevant eligible spaces, except as specifically excepted in Section 9.1.1 and Table 9.2.3.1 of ASHRAE 90.1-2019.
    - Note: Horticultural lighting incentives, which are covered by the exception immediately above, are available in accordance with Table 38: C&I DLC® Certified Indoor Horticultural LED Fixtures.
- Proposed lighting design must predominantly consist of LED fixtures and lamps qualified by DesignLights Consortium® or ENERGY STAR®.

Table 37: C&I Performance-Based Lighting Incentives

Equipment Type	Incentive Cap	Incentive Caps
Performance-Based Lighting	Design Wattage Cap	$1/Watt over the LPD baseline per qualified area

Table 38: C&I DLC® Certified Indoor Horticultural LED Fixtures

Equipment Type	Facility Type	New LED Fixture Wattage	Incentive
DesignLights Consortium® Qualified Horticultural LED Fixtures Qualified Products List[51]	Indoor Horticultural Facilities Operating ≥ 3000 hours/year	≥ 500 Watts	$250/fixture
		< 500 watts	$150/fixture
	Indoor Horticultural Facilities Operating < 3000 hours/year	≥ 500 Watts	$200/fixture
		< 500 watts	$50/fixture

[50] A given substantial renovation project may be eligible for a utility-sponsored EE program as well as for this Program. If it is, the applicant would be able to choose which program it would utilize. I.e., the applicant could have one or the other program, but not both, cover the project. NJCEP and the relevant utility-sponsored EE programs have, or will have, program rules and procedures to implement the foregoing.

[51] https://www.designlights.org/.

Food Service Equipment

Table 39: C&I Dishwasher Incentives

- Equipment must be qualified by the current version of ENERGY STAR® or CEE.

Equipment Type	Description	Incentive
Commercial Dishwasher	Under Counter	$400 per unit
	Door Type	$700 per unit
	Single Tank Conveyor	$1,000 per unit
	Multiple Tank Conveyor	$1,500 per unit

Table 40: C&I Cooking Equipment Incentives

- Equipment must be qualified by the current version of ENERGY STAR, CEE or ASTM criteria defined in the table at the end of this section.
- Commercial Fryers: Multiple vat configurations are paid per qualifying vat.

Equipment Type	Description	Incentive
Commercial Combination Oven/Steamer	Electric	$1,000 per oven
	Gas	$750 per oven
Commercial Convection Oven	Electric	$350 per oven
	Gas	$500 per oven
Commercial Rack Oven	Single oven (Gas)	$1,000 per single oven
	Double oven (Gas)	$2,000 per double oven
Commercial Griddle	Electric	$300 per griddle
	Gas	$125 per griddle

Table 41: C&I ENERGY STAR® Refrigerator and Freezer Incentives

- The refrigeration system must be built-in (packaged).
- Cases with remote refrigeration systems do not qualify.
- Must meet ENERGY STAR Version 4.0 specification.

Equipment Type	Refrigerator/Freezer Internal Volume	Incentive
ENERGY STAR® Commercial Glass Door Refrigerator	< 15 ft^3	$75 per unit
	≥ 15 to < 30 ft^3	$100 per unit
	≥ 30 to < 50 ft^3	$125 per unit
	≥ 50 ft^3	$150 per unit
ENERGY STAR® Commercial Solid Door Refrigerator	< 15 ft^3	$50 per unit
	≥ 15 to < 30 ft^3	$75 per unit
	≥ 30 to < 50 ft^3	$125 per unit
	≥ 50 ft^3	$200 per unit
ENERGY STAR® Commercial Glass Door Freezer	< 15 ft^3	$200 per unit
	≥ 15 to < 30 ft^3	$250 per unit
	≥ 30 to < 50 ft^3	$500 per unit
	≥ 50 ft^3	$1,000 per unit
ENERGY STAR® Commercial Solid Door Freezer	< 15 ft^3	$100 per unit
	≥ 15 to < 30 ft^3	$150 per unit
	≥ 30 to < 50 ft^3	$300 per unit
	≥ 50 ft^3	$600 per unit

Table 42: C&I ENERGY STAR® Ice Machine Incentives

- Ice machines must be tested in accordance with the Air Conditioning and Refrigeration Institute (ARI) Standard 810.
- Includes machines generating ice cubes that are 60 grams (2 oz.) or lighter. It also includes flaked, crushed and fragmented ice makers.
- Only air-cooled machines (self-contained, ice making heads, or remote condensing) qualify.
- The entire ARI tested ice making system must be purchased.
- Remote machines must be purchased with qualifying remote condenser or remote condenser/compressor unit.
- The efficiency specifications for the two qualifying tiers are equivalent to ENERGY STAR® or Super-Efficient. ENERGY STAR® ice machines must meet ENERGY STAR® Version 3.0 specification.

Equipment Type	Ice Harvest Rate	Incentive
ENERGY STAR® Commercial Ice Machine	101–200 lbs/day	$50 per unit
	201–300 lbs/day	$50 per unit
	301–400 lbs/day	$75 per unit
	401–500 lbs/day	$75 per unit
	501–1000 lbs/day	$125 per unit
	1001–1500 lbs/day	$200 per unit
	Greater than 1500 lbs/day	$250 per unit
Super-Efficient Ice Machine	101–200 lbs/day	$100 per unit
	201–300 lbs/day	$100 per unit
	301–400 lbs/day	$150 per unit
	401–500 lbs/day	$150 per unit
	501–1000 lbs/day	$250 per unit
	1001–1500 lbs/day	$400 per unit
	Greater than 1500 lbs/day	$500 per unit

Table 43: C&I ASTM Cooking Equipment Criteria

Equipment Type	Fuel	ASTM Cooking Equipment Criteria
Commercial Combination Oven/Steamer	Electric	• Must meet the idle energy rate requirements in the Electric Combination Oven/Steamer Table, utilizing American Society for Testing and Materials (ASTM) F2861. • Must have a cooking energy efficiency of 55 percent or greater in steam mode and 76 percent cooking energy efficiency or greater in convection mode, utilizing (ASTM) F2861. • Combination oven/steamer pan capacity based on the maximum capacity of full-size 2 1/2-inch deep hotel pans. This must be consistent with the number of pans used to meet the energy-efficiency qualifications per ASTM F2861.
	Gas	• Must have a cooking energy efficiency of 41 percent or greater in steam mode and 56 percent or greater in convection mode, utilizing ASTM F2861. • Must meet the idle energy rate requirements in the Gas Commercial Combination Oven/Steamer Table, utilizing ASTM F2861. • Combination oven/steamer pan capacity on based on the maximum capacity of full-size 2 1/2-inch deep hotel pans. This must be consistent with the number of pans used to meet the energy-efficiency qualifications per ASTM F2861.
Commercial Convection Oven	Electric	• Must have a tested heavy load (potato) cooking energy efficiency of 71 percent or more, utilizing ASTM F1496. • Full-size electric ovens must have a tested idle energy rate of 1.6 kW or less, utilizing ASTM F1496. • Half-size electric ovens must have a tested idle energy rate of 1.0 kW or less, utilizing ASTM F1496.
	Gas	Must have a tested heavy load (potato) cooking energy efficiency of 46 percent or greater and an idle energy rate of 12,000 Btu/h or less, utilizing ASTM F1496.
Commercial Rack Oven	Gas	• Single rack ovens must have a tested baking energy efficiency of 48 percent or greater and a total energy idle rate of 25,000 Btu/h or less, utilizing ASTM F2093. • Double rack ovens must have a tested baking energy efficiency of 52 percent or greater and a total energy idle rate of 30,000 Btu/h or less, utilizing ASTM F2093.
Commercial Griddle	Electric	Must have a tested heavy load cooking energy efficiency of 70 percent or greater and an idle energy rate of 355 watts per square foot of cooking surface or less, utilizing ASTM F1275.
	Gas	Must have a tested heavy load cooking energy efficiency of 38 percent or greater and an idle energy rate of 2,650 Btu/h per square foot of cooking surface or less, utilizing ASTM F1275.

Note: The incentives identified above in this Appendix G, *C&I and DER Incentives and General Rules* may be reduced with the approval of the Division of Clean Energy.

Charge Up New Jersey

Fiscal Year 2025 Compliance Filing

June 27, 2024

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Table of Contents

I. Introduction

This Fiscal Year 2025 ("FY25") Compliance Filing provides the program description for the Charge Up New Jersey Program (the "Program"), administered by the New Jersey Board of Public Utilities ("BPU" or the "Board") and its Division of Clean Energy ("DCE"). The Charge Up New Jersey Program was developed in accordance with S-2252, L. 2019, c. 362, codified at N.J.S.A. 48:25-1 to -11 ("EV Act"), and amending, in relevant part, N.J.S.A. 48:3-60(a)(3), which directed the Board to establish and implement a program to incentivize the purchase or lease of new light-duty plug-in electric vehicles ("EV") in the State of New Jersey, as well develop an incentive for residential, at-home EV charging equipment.

II. Program Purpose and Strategy Overview

The Program was mandated by the signing of S-2252 into law on January 17, 2020, by Governor Murphy. The Program has been developed in three phases. Phase One of the Program enabled New Jersey residents who purchased or leased an eligible EV between January 17, 2020, and December 15, 2020, to apply for an incentive post-purchase. Phase Two provided an incentive at the point of sale. The vehicle incentive is supported by the 10-year, non-lapsing Plug-in Electric Vehicle Incentive Fund in the amount of $30 million annually, funded by the societal benefits charge ("SBC"). Phase Three, launched in July 2022, provides the Electric Vehicle Charger Incentive. This FY25 Compliance Filing covers Phases Two and Three of the Program.

Following Board approval, and contingent upon Legislative appropriation of funding, the FY25 Program will take effect in the summer of 2024. The program will launch first with a flat rate incentive. Then, at a later date to be determined, an additional incentive for low-and-moderate income applicants will be introduced. Additional incentives will not be available retroactively if an applicant purchases or leases an eligible vehicle prior to the introduction of the additional incentive.

Phase One – The Post-Purchase Vehicle Incentive: Phase One of the Charge Up New Jersey Program covered individuals who purchased or leased an EV from January 17, 2020, through December 15, 2020. The post-purchase portal closed on March 15, 2021. During Phase One, applicants applied directly to the Center for Sustainable Energy ("CSE" or "Program Administrator") for the incentive at the official Program website, following the purchase or lease. Incentives were processed on a first-come, first-served basis by the Program Administrator and issued to eligible applicants in a single payment via check. All incentives were subject to availability of funds. Applications were to be filed by March 15, 2021, and approved applicants were paid an incentive based on the Terms and Conditions of Year One of the Program. Some applicants, due to the availability of funding, were paid at the start of FY22.

Phase Two – The Point-of-Sale Vehicle Incentive: In the summer of 2021 Phase Two launched, following Board approval. Phase Two was designed to further simplify the process for applicants, so that the applicant benefits from the incentive at the time of the vehicle transaction in a New Jersey dealership or showroom. The incentive is applied in full directly at the time of the point-of-sale ("POS") or transaction, and all documentation is facilitated by the salesperson or representative at the dealership or showroom. The incentives are paid by the Program Administrator to the dealership or showroom to reimburse them in full for the incentives paid to consumers. The total amount of this portion of the FY25 Charge up New Jersey Program is approximately $33 million, which includes $3 million in estimated carryforward funding from FY24. 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.

Phase Three – The Electric Vehicle Charger Incentive: P.L. 2019, c. 362 authorized the BPU to develop and launch an incentive of up to $500 for at-home, residential EV charging equipment, funded through the SBC. As a result

of feedback received during the stakeholder process for the Charge Up New Jersey Program, the Phase Three incentive amount was established at $250 when Phase Three launched in July 2022 during FY23. The FY25 budget is estimated at $4.5 million, which includes an estimated $3.5 million in carryforward funding from FY24 for this program.

III. Program Description

The intent of the Charge Up New Jersey Program is to encourage the purchase or lease of new light-duty plug-in electric vehicles in the State and assist New Jersey residents with making the switch to driving electric, consistent with N.J.S.A. 48:25-4(a). The FY25 Charge Up New Jersey Program ("FY25 Program") addresses the key market barrier of vehicle cost by offering a financial incentive at the point-of-sale – the time at which the applicant takes possession of the vehicle. Eligible applicants that have purchased or leased an eligible vehicle on or after the launch of the FY25 Program can receive the incentive at the time of the transaction at participating New Jersey dealerships or showrooms ("Dealerships or Showrooms"). Eligible FY25 Program applicants that have ordered an eligible vehicle on or after the launch of the FY25 Program can receive the incentive at the time they take possession of the vehicle and complete the sales or lease transaction. Specifically, they will receive their incentives as a line-item deduction on their purchase or lease contract that directly reduces the price they pay for the vehicle. The Dealership or Showroom will then apply for reimbursement from the Program Administrator who will process such applications on a first-come, first-served basis and reimburse Dealerships and Showrooms for the cost of the incentives they provided to eligible recipients.

The FY25 Program will follow the guidelines set by the EV Act and utilize best practices from similar incentive programs in other states.

The EV Act set goals for the State related to transportation electrification. It established the Plug-in Electric Vehicle Incentive Fund and mandated the Board to establish and implement an incentive program for new light-duty plug-in EVs. It also granted the Board the authority to establish and implement an incentive program for at-home, residential EV charging equipment. N.J.S.A. 48:25-4 and N.J.S.A. 48:25-6. The following State goals are related to transportation electrification for light-duty vehicles, as described in N.J.S.A. 48:25-3:

1. There must be at least 330,000 registered light-duty, plug-in EVs in New Jersey by December 31, 2025, and at least 2 million EVs registered in New Jersey by December 31, 2035.
2. At least 85% of all new light-duty vehicles sold or leased in New Jersey shall be plug-in EVs by December 31, 2040.

The BPU advances this Program with an aim of fulfilling these State goals and propelling the State toward transportation electrification, while also decreasing greenhouse gas emissions.

IV. Eligibility for the Vehicle Incentive

Applicant Eligibility

The Program seeks to support New Jersey residents who purchase or lease an eligible EV by providing an incentive at the POS. Applicants must meet the following requirements in order to be eligible to receive the vehicle incentive. The eligibility requirements will be checked by the dealer or showroom representative prior to completing the transaction to ensure the applicant meets the criteria to receive a POS incentive.

The applicant must:

1. Be a resident of the State of New Jersey at the time of vehicle purchase or lease, which will be verified via a current New Jersey Driver's License. Only a New Jersey Driver's License is eligible for residency verification. Utility bills, tax documentation, and other items with the applicant's address will **not** be accepted.
    a. Active-duty military members stationed in New Jersey, with permanent residency in another state, **will** qualify. Current military orders will be accepted as proof of residency documentation.

   b. The Charge Up New Jersey Program is limited to individuals only. Businesses and other commercial entities, non-profits, governments, and public entities are **not** eligible for this incentive.
2. Remain a resident of the State of New Jersey for at least two (2) years after the purchase or lease of the eligible EV that receives an incentive under the Program. This requirement does not apply to customers with permanent residency in another state who qualified for the incentive because they were active-duty military members stationed in New Jersey at the time they ordered, purchased, or leased their vehicle.
3. Acknowledge that the entirety of the purchase or lease for an eligible vehicle must occur on or after the official launch of the FY25 Point-of-Sale Program, and in the State of New Jersey at a participating Dealership or Showroom.
   a. Vehicles ordered in advance of the launch of the FY25 Point-of-Sale Program will not be eligible for an incentive.
   b. A vehicle ordered, purchased, leased, and/or delivered out-of-state is not eligible for the incentive, including vehicles ordered online and delivered outside of the State; any vehicle ordered online must be delivered in New Jersey to qualify for the incentive.
   c. New Jersey residents, or active-duty military members stationed in New Jersey, who place an order with a participating New Jersey Dealership or Showroom to deliver a vehicle in New Jersey will be deemed to have placed that order in New Jersey regardless of whether they were physically in the State at the time.
4. Agree that the Program Administrator will deem a purchase or lease completed when the purchaser or lessee of the vehicle has executed and signed a purchase contract, lease, or security agreement. The applicant must commit to not modifying the vehicle's emissions control systems, hardware, software calibrations, or hybrid system.
5. Retain ownership, or an active lease agreement, and registration of the vehicle with the New Jersey Motor Vehicle Commission for a minimum of thirty-six (36) consecutive months immediately after the vehicle purchase or lease date. Customers who lease their vehicle must ensure that their original lease agreement explicitly lists a term of 36 months or longer.
6. Acknowledge that applicants may receive only up to three (3) vehicle incentives from the Program throughout the 10-year period that the Program is active.
7. To be eligible for the increased incentive for low- and moderate-income applicants, applicants must submit tax documentation to the Program Administrator verifying that in their most recent tax filing Modified Adjusted Gross income ("MAGI") met the following requirements:
   - Maximum MAGI of $75,000 for single tax filers;
   - Maximum MAGI of $112,500 for head of household tax filers; and
   - Maximum MAGI of $150,000 for joint tax filers.

Vehicle Eligibility

Eligible vehicle models are listed on the website. Pursuant to the EV Act, an eligible vehicle for the Program is defined as:

- A new light-duty plug-in electric vehicle with a Manufacturer Suggested Retail Price* ("MSRP") below $55,000;
- The entirety of the purchase or lease for an eligible vehicle must occur on or after the official launch of the FY25 Point-of-Sale Program;
- The order date shall be defined as the date which the customer places a down payment of any sort on the vehicle;

- Purchased or leased in the State of New Jersey at a participating Dealership or Showroom; and
- Registered in New Jersey to a New Jersey resident (or active-duty military stationed in New Jersey).

*In order to maintain a consistent and standardized approach to the MSRP cap under the Program:

- The MSRP and its impact on incentive eligibility will be taken into account only up to the point-of-sale. Any additions made to the vehicle thereafter that would otherwise alter the value of the vehicle will not alter the vehicle's eligibility for an incentive under the Program.
- The MSRP cap **will include** all line items on the purchase or lease agreement which relate to the value of the vehicle itself (including but not limited to battery upgrades, autonomous upgrades, wheel and tire packages, audio, and infotainment system).
- The MSRP cap **will not include** maintenance or vehicle care packages, additional vehicle accessories (i.e. first aid kits, floor mats, cargo nets, etc.), destination and delivery charges, tax, registration fees, title fees, and documentation fees since these line items do not relate to the value of the vehicle itself, but rather to the logistics, care, and maintenance of the vehicle.

Incentives for Eligible Vehicles

Staff of the BPU ("Staff") is primarily focused on structuring the Program's incentive amount to encourage buyers or lessors who might otherwise not have considered an EV due to cost concerns. Staff recognizes that the Program should prioritize "incentive-essential" customers; therefore, the FY25 structure provides additional incentives to low-and –moderate income qualified applicants. This structure is a result of reviewing best practices in other states, as well as feedback gained through the stakeholder process. The resulting incentive tiers comply with and retain the spirit of the EV Act.

As such, eligible electric vehicles, up to an MSRP of $55,000, will have a fixed incentive of $2,000. Those income qualified applicants, as identified in the Applicant Eligibility requirements, will be eligible for an additional incentive in the amount of $2,000. Applicants who wish to claim the additional income-based incentive will be required to pre-qualify with the Program Administrator by providing tax documentation verifying their MAGI. Orders, purchases and leases made before the official introduction of the low-income adder will not be eligible for the additional incentive.

Incentives that are reserved at the time of order must have the same MSRP at the time of order and the time of the purchase or lease transaction.

Dealerships and Showrooms are expected to calculate the correct incentive, including validating that a low-or-moderate income participant has received pre-qualification for an additional incentive by the Program Administrator. Neither the BPU nor Program Administrator are responsible for miscalculated incentive amounts. Dealerships and Showrooms shall be responsible for verifying eligible vehicle models on the program website. Vehicle models not listed on the website are not eligible for an incentive. Dealerships and Showrooms shall acknowledge that the vehicle's Original Equipment Manufacturer ("OEM") must submit a request form to the BPU to add new vehicle years, makes, and models to the program website. Dealerships and Showrooms may reach out to the Program Administrator for clarification regarding the MSRP and incentive amount prior to finalizing the vehicle transaction.

Ineligible vehicles under the Program include:

- Aftermarket plug-in hybrid EVs ("PHEV");
- Pre-owned plug-in EVs;
- EV conversions;
- Electric scooters;
- Electric all-terrain vehicles;
- Neighborhood or low speed EVs;
- Electric motorcycles, as well as other two or three wheeled EVs;
- Any vehicles purchased or leased outside the State of New Jersey;
- Any vehicles purchased, ordered, or leased prior to the launch of FY25;
- Any PHEV purchased, ordered or leased on or after January 1, 2023; and
- Any vehicle not on the approved eligibility list on the program website, including year, make, and model

V. Program Requirements

Application Process

Phase One – The Post-Purchase Program: Eligible applicants for the Post-Purchase Program purchased their vehicles between January 17, 2020, and December 15, 2020. The application period for the Post-Purchase Program closed on March 15, 2021. FY25's Charge Up Program does not include a post-purchase incentive.

Phase Two – The Point-of-Sale ("POS") Program: Dealerships and Showrooms must enroll to participate in the Program by providing dealership and showroom contact and Automated Clearing House ("ACH") information via the dedicated Program website in advance of the Program's launch. Upon verification of information submitted through the enrollment application, representatives will gain access to a log-in portal to submit applications and check the status of existing applications on behalf of their customers. CSE provides dealerships with training on the incentive reimbursement application process and Program requirements.

For an individual to receive the incentive, they must purchase or lease an eligible EV from a participating Dealership or Showroom in the State of New Jersey. Dealership representatives will verify vehicle and applicant eligibility at the POS. After verifying eligibility, the representative will be required to reduce the contracted purchase or lease price by the full incentive amount. The incentive must be reflected as a clearly identifiable line item deduction in the contract. The representative will upload the required documentation to the Program application portal. Required documentation for each incentive application includes:

- New Jersey vehicle registration;
- Signed and executed vehicle contract;
- Proof of New Jersey Driver's License or Military Orders; and a
- Signed copy of the Program Terms and Conditions.*

Applicants who wish to claim the additional income-based incentive will be required to pre-qualify with the Program Administrator by providing tax documentation verifying their most recent tax filing MAGI. Required documentation can include, but is not limited to:

- Tax Transcript from current or previous years
- Alternate Proof of Income including W2's, Wage and Income Transcript, or other IRS documents
- Bank statements or other documents for proof of income

These document requirements may also apply to the applicant's household members to ensure a complete financial picture has been presented.*

*At the time a representative applies for an incentive through the Program portal, the most current version of the Terms and Conditions will apply. In addition, an electronic signature will be accepted and considered valid for the acknowledgement and signing of the Program Terms and Conditions.

Funding will be reserved upon application submission. Dealers shall submit incentive applications through the Dealer Web Portal at https://chargeup.njcleanenergy.com. Dealerships and Showrooms may reserve funds at time of order and have fourteen (14) days from time of order to submit their application to reserve funding. If a dealership or showroom elects not to reserve funding at the time of vehicle order, they must notify the customer in writing that while eligible for the Charge Up Incentive, no funds shall be reserved until the purchase or lease transaction, at which point funding may not be available. Dealerships and Showrooms will have fourteen (14) calendar days from the purchase or lease transaction date to apply for a reimbursement of the incentive from the Program. Applications started more than fourteen (14) calendar days after the vehicle transaction is completed will be blocked from submitting an application. Once an application is started, representatives will have fourteen (14) calendar days to complete the application and submit for review by the Program Administrator. The BPU will reserve the incentive funds once the application is submitted. If the application is cancelled due to inactivity or improper documentation, the representative will need to reapply. The representative will work directly with the CSE to submit or resubmit required documents, as necessary, to meet Program requirements. Approved applications will be batched at least monthly for ACH payment issued directly to the Dealerships or Showrooms.

If the Program Administrator announces that the Program will close due to expending all available funds, there will not be an opportunity to reserve funds for orders made outside of the normal fourteen (14)-day window.

Applicant Responsibilities

Point-of-Sale applicants must obtain the incentive directly from the participating Dealership or Showroom via a deduction of the full incentive amount on their purchase or lease contract before the Program closes. Incentives will not be issued post-purchase or post-lease or after the Program has closed. Applicants must adhere to the Vehicle Eligibility and Applicant Eligibility requirements defined in Section IV above and agree to the Program Terms and Conditions in place at the time of application submission.

Applicants who wish to claim the additional income-based incentive will be required to pre-qualify with the Program Administrator by providing tax documentation verifying their MAGI. This documentation may include tax transcripts, IRS Wage & Income Forms, proof of participation in another eligible income-verified program, or other IRS documents to ensure a complete financial picture has been reviewed for the applicant. The additional incentive will not be applied post-purchase, which means that pre-qualification must occur prior to the vehicle's sale or lease.

Dealership Participation Requirements

Participating Dealerships and Showrooms shall only apply incentives to eligible applicants and vehicles in accordance with Terms and Conditions. Participating Dealerships and Showrooms must notify eligible customers of the existence of the incentive and the enhanced incentive at the point-of-sale. Participating Dealerships and Showrooms must communicate to customers that the line-item deduction on the purchase or lease contract is a function of the Charge Up New Jersey Program. Participating dealerships and Showrooms must deliver vehicles to customers prior to completing applications for purchased and leased vehicles. No further actions, such as additional charges, vehicle mark-ups, payment contingencies or holds, shall be taken against the customer for the incentive. The full incentive is to be applied at the point-of-sale. The enhanced incentive requires applicants to pre-qualify prior to purchase or lease. Incentives may not be held until the application is approved, nor issued as a check after the transaction is completed. Participating dealerships and Showrooms may not recover the value of the incentive from a customer in the event that an application is cancelled due to Dealership or Showroom error or penalty.

(Example: The Program Administrator denies an incentive reimbursement application because the Dealership or Showroom submitted/completed the application past the fourteen (14) calendar day deadline, or any other deadline established by the Program Administrator in accordance with the Terms and Conditions. In this scenario, the Dealership or Showroom is prohibited from clawing back or attempting to claw back the value of the incentive from the customer.)

In order to ensure consumer confidence in the Program and prevent price gouging, dealers must provide fair, transparent pricing details. Price markups that diminish the value of the State's incentive for the consumer are not permitted. Dealers may not include mark-ups or market price adjustments for which there is no specific line item or additional underlying value. The Program Administrator may therefore deny any incentive reimbursement application when the total pre-incentive price paid by the customer exceeds the MSRP without justification. For example, the Program Administrator may deny an incentive reimbursement application for a vehicle sold above MSRP when there are no line items demonstrating that the customer received additional product or service options in exchange for paying a pre-incentive price that exceeds MSRP. The Program Administrator may likewise

deny an application when line-item charges for additional product or service options appear to significantly exceed their typical market value.

Dealerships and Showrooms shall be required to provide weekly order data and estimated delivery dates to the Program Administrator. Dealers are encouraged to collect all supporting documentation required for an incentive at the time of order.

Dealerships and Showrooms that violate the Terms and Conditions risk denial of incentive reimbursements to which they would otherwise be entitled. CSE may bar such Dealerships and Showrooms from continuing to participate in the FY25 Program and/or future program years.

Reservation of Incentive Funds at time of Order

In order to boost consumer confidence in the Program, the Program Administrator provides an opportunity for Dealerships and Showrooms to reserve funding at the time of order. Applications must be started within fourteen (14) calendar days of order.

If Dealerships or Showrooms do not intend to reserve funding at the time of order, they must provide written notice to the applicant that eligible vehicles will remain eligible for the incentive at the time of purchase or lease, pending availability of Program funds.

Dealerships and Showrooms that do not enter orders must provide updates to the Program Administrator regarding the number of pending orders as outlined in the Terms and Conditions.

For vehicles that reserve funding at the time of order, the MSRP at the time of order must match the MSRP at time of purchase or lease.

If the Program Administrator announces that the Program will close due to expending all available funds, there will not be an opportunity to reserve funds for orders made outside the normal fourteen (14)-day window.

Failure to Adhere to Program Requirements

If a vehicle for which an incentive payment was issued is sold, returned, or traded in, a lease is transferred or assumed by another party, or the applicant leaves the state prior to the expiration of the minimum ownership period or lease agreement in or the minimum post-purchase or lease residential period, the purchaser or lessee may be required to reimburse the Program. Exemption from the thirty-six (36)-month period in Section IV(5) or the two (2)-year residential requirement in Section IV(2) may be allowed if necessitated by unforeseen or unavoidable circumstances, such as military relocation outside the State of New Jersey, death of an applicant, or determination by the Program Administrator that the vehicle has been totaled.

To qualify for an exemption, applicants will be required to submit a written request to the Program Administrator (CSE) and include official documentation demonstrating proof of one of the above-noted circumstances. CSE will review all submitted exemption requests and respond back with either an approval, denial, or request for additional documentation within fourteen (14) days of submission. All exemption requests will be stored with the original application in the incentive processing platform. To request an exemption for a special circumstance other than those listed above, an applicant can submit a written request explaining the circumstances along with any official corresponding documentation. The Program Administrator will review the appeal request with BPU to determine if the requirements for an exemption have been met.

Changes to the Program

In the event the federal government establishes a new incentive or tax credit for EVs effective during the FY25 Program, Board Staff may reduce the amount of the Program incentive by up to fifty (50) percent to ensure the efficacy and solvency of the Program without reducing the sum of all available incentives to eligible applicants.

Appeal Process

Dealerships, Showrooms, or applicants must email their appeals to BPU Staff at EV.Programs@bpu.nj.gov within forty-five (45) calendar days of the date the Program Administrator notified them that it was denying their application or reimbursement application. The written appeal must set forth the basis for the appeal by describing the relevant issue(s) in detail and explaining why the applicant or Dealership or Showroom believes BPU Staff should grant the appeal. Dealerships' and Showrooms' and applicants' written appeal must include their contact information, a copy of the FY25 Program application or reimbursement application they submitted, and a copy of the required documents submitted with the application.

Appeals will not be granted in cases where an applicant fails to establish strict adherence to the FY25 Terms and Conditions unless an applicant establishes to the satisfaction of BPU that an exemption to the FY25 Terms and Conditions is warranted. Applicants filing an appeal on the grounds of exceptional circumstances must state the same in their appeal, must fully describe the basis of any claims, and provide any necessary documentation to support the claims. For appeals that allege exceptional circumstances, BPU in its sole discretion shall determine: (1) whether the stated reason for the exemption rises to the level of exceptional circumstances; and (2) whether the exceptional circumstances raised and successfully supported by an applicant justify granting the appeal.

BPU Staff will review the submitted documentation and respond as soon as possible. BPU Staff will acknowledge receipt of appeals within five (5) business days of submission. If, after five (5) business days, an applicant or a Dealership or Showroom has not received an acknowledgment, they should contact the BPU at EV.Programs@bpu.nj.gov. After acknowledging receipt of an appeal, BPU Staff will review the submitted documentation and provide a substantive response as soon as possible.

False Statements

An applicant, Dealership, Showroom, or vehicle manufacturer providing a false statement in any of the information submitted to the FY25 Program may be criminally liable in accordance with applicable state or federal statutes. Any such false statement could result in incentive denial or incentive reimbursement denial and/or removal from the Charge Up New Jersey Program for a Dealership, Showroom, or vehicle manufacturer and a finding of ineligibility beyond FY25 for an applicant.

Incentive Application Submission

The Program Administrator will process all eligible incentive reimbursement applications. The Program Administrator will directly reimburse the Dealership or Showroom for the cost of providing the incentive once the Program Administrator determines that the applicant was eligible to receive it.

Ineligible Vehicles

Vehicles ordered, purchased, or leased prior to the FY25 Program's launch date are not eligible for an incentive. Vehicles ordered, purchased or leased after the FY25 Program has closed are not eligible for an incentive if a

reservation was not submitted in accordance with terms and conditions of the Program. Dealerships and Showrooms shall be responsible for making this point clear at the time the vehicle is ordered or purchased, and shall require the vehicle buyer or lessee to provide written acknowledgement that this information was disclosed to them.

Dealership or Showroom Location, FY25 Program Registration, Vehicles Offered, and Timing of Application Submissions

To participate in the point-of-sale program, a Dealership or Showroom must be located in the State of New Jersey and offer new, incentive-eligible vehicles for purchase or lease. In addition, dealerships and showrooms must register with the Program Administrator and enroll in the FY25 Program to be recognized as an eligible New Jersey Dealership or Showroom capable of offering the incentive at the point-of-sale ("Dealers," or "Dealership or Showroom").

Dealers or showrooms shall submit incentive reimbursement applications through the Dealer Web Portal at https://chargeup.njcleanenergy.com. Dealers or showrooms shall have fourteen (14) calendar days from the Vehicle Transaction Date to submit the application, including the required documents outlined in the Terms and Conditions. The BPU will reserve the incentive funds once the Dealer submits the application. The Program Administrator will cancel any applications not submitted and/or updated within fourteen (14) calendar days of the Vehicle Transaction Date, and the BPU will release any funds reserved for the canceled application. The Program Administrator will notify the Dealer of the cancellation via email. Dealers or showrooms are responsible for ensuring that they receive and review these email communications.

VI. Electric Vehicle Charger Incentive

Phase Three of the Program, the Electric Vehicle Charger Incentive, launched in July 2022.

Applicant Eligibility

Applicants must meet the following requirements in order to be eligible to receive the Electric Vehicle Charger Incentive ("Charger Incentive") offered by the Program. The eligibility requirements will be checked by the Program Administrator.

Equipment Eligibility

Under the Charger Incentive of the Charge Up New Jersey Program, only a new Level-Two EV charger capable of capturing data (also known as a "smart" or "networked" charger) intended for residential use that has been pre-approved by the State of New Jersey and is ENERGY STAR certified is eligible for an incentive. The pre-approved eligibility list shall be provided on the Charge Up website and shall be updated regularly. Applicants agree to comply with all data sharing requirements as directed by the Program.

Incentives for Eligible Equipment

The Charger Incentive will utilize the same platform as Phase One of the Charge Up New Jersey vehicle incentive and operate as a post-purchase incentive. The incentive amount will be $250. The incentive will not cover the associated installation costs, permitting fees, etc., though utilities may offer incentives to install the "make ready" infrastructure for residential chargers. The incentive amount may not exceed the purchase price of the charger. To be eligible for the incentive, applicants would need to upload scanned copies of all required documents.

Required Documentation

- Proof of purchase and installation of an eligible Level-Two smart charger, either a digital or scanned hard copy, with the date of purchase clearly visible;
- Scanned photo of the serial number on the charging equipment itself; and
- New Jersey Driver's License as proof of residence and a unique identifier and a valid New Jersey EV registration showing a residential address in New Jersey;
    - One charger incentive per NJ address (including one per apartment in a Multi-Unit Dwelling); and
    - Each applicant (tracked by their New Jersey Driver's License) may receive up to two (2) charger incentives throughout the duration of the 10-year Charge Up New Jersey Program, but no more than one per address. Applicants may only receive one (1) charger incentive per EV registration (tracked by VIN number).

VII. Call Center Coordination

The Program Administrator, CSE, maintains a call center for the Program, which employs thirty (30) individuals trained in processing light-duty EV incentives. The call center has a dedicated toll-free phone number and program specific email for applicant inquiries. The CSE has been working closely with the New Jersey Clean Energy Program main call center in order to create a seamless pathway for customer inquiries and Program information.

VIII. Quality Control Provisions

Documented policies and procedures will provide proper guidelines to ensure consistency in the processing and quality control for all Program participants. Staff at the CSE will verify and ensure all applications for adherence to eligibility requirements and technical information contained within this FY25 Compliance Filing. Applicant and representative information, supplied via the secure program platform, will be housed in the program database, and electronic files will be maintained containing all application documents. The State Contract Managers for the Program will perform internal quality assurance reviews on monthly program reports.

The CSE has guiding program documentation, including Standard Operating Procedures, Implementation Manuals, and quality control procedures to ensure that a rigorous standardized process is adhered to by all incentive processing specialists. The State Contract Managers for the Program will evaluate the CSE's quality control activities based on the processes documented in an approved Program Management Plan.

New Jersey's Clean Energy Program
FY 2025 Program Descriptions and Budgets

Utility Residential Low Income

Comfort Partners Program

Proposed Program Description and Budget

June 27, 2024

Residential Low-Income Program
"New Jersey Comfort Partners"

The Residential Low-Income Program known as Comfort Partners ("Comfort Partners" or "Program"), managed by Atlantic City Electric Company ("ACE"), Jersey Central Power & Light Company ("JCP&L"), New Jersey Natural Gas Company ("NJNG"), Elizabethtown Gas Company ("Elizabethtown"), Rockland Electric Company ("RECO"), Public Service Electric & Gas Company ("PSE&G"), and South Jersey Gas Company ("SJG") (collectively referred to as "Utilities"), is primarily designed to reduce the high cost of energy and lower energy bills by maximizing lifetime energy savings (kWh and therms) per dollar spent. This Program is also designed to improve energy affordability for low-income households through energy education, efficiency, and conservation. In addition to these goals, Executive Order 316 ("EO 316") has a broad directive to provide "maximum support for building electrification, with a primary focus on the needs of low- and moderate-income customers" which this Program is intended to support.[1] To achieve these objectives, several market barriers must be overcome. Key among these are: (1) lack of information on either how to improve efficiency or the benefits of efficiency; (2) low-income customers do not have the capital necessary to upgrade efficiency or even, in many cases, keep up with regular bills; (3) low-income customers are the least likely target of market-based residential service providers due to perceptions of less capital, credit risk, and/or high transaction costs; (4) split incentives between renters and landlords; and (5) the presence of health and safety barriers that prevent energy efficiency work from being completed. The Program addresses these barriers through:

- Direct installation of cost-effective energy efficiency measures;
- Comprehensive, personalized customer energy education and counseling; and
- Installation of health and safety measures, as appropriate.

Target Market and Eligibility

The Program targets low-income households in New Jersey. The target population is characterized by high-energy burdens, which is the percent of a household's median annual income that is used to pay for electricity and gas bills. Program participation is prioritized by energy use, with the goal of serving highest energy users first.

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 overburdened community ("OBC") census block may also qualify via the income self-certification process detailed in the Location Based Eligibility section of this document. 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

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

categorically eligible. Customers who could take advantage of Comfort Partners or engage with another State-sponsored energy saving implementation program will directly benefit from the weatherization and health and safety measures offered as part of the program.

To be eligible, a participant must be a customer of record with a separately metered electric or natural gas account and live in a single-family or multi-family residential building with 1-14 units, and the residence must be their primary home. Fuel oil and propane customers that are not good candidates for the Program will be referred to the Department of Community Affairs' Weatherization Assistance Program ("WAP") for services in conjunction with a memorandum of agreement between Comfort Partners and WAP. Customers who heat with fuel oil where WAP cannot reasonably provide critical services, such as repairing or replacing oil fired heating systems, may be considered for conversion to natural gas by Comfort Partners. In addition, customers who receive natural gas service from an investor- owned New Jersey natural gas utility and electric service from a municipal electric company will be eligible for all Comfort Partners electric and natural gas saving services. Ineligible customers are referred to either WAP, a Utility-led Moderate Income Home Weatherization Program, or a Utility-led Home Performance with Energy Star ("HPwES") Program for services. Referrals are made between Comfort Partners and WAP for measures not performed by either entity (e.g., WAP may refer customers to Comfort Partners for evaluation of central air conditioning and freezer replacements).

Location Based Eligibility

In an effort to reduce barriers to enrollment in the Program, the Comfort Partners Working Group ("Working Group") utilizes location-based eligibility ("LBE"). LBE removes the burden of income verification and creates more trust with interested, yet hesitant, potential customers. This approach can create marketing/outreach efficiencies, achieve savings in less time, reduce administrative costs, and improve cost effectiveness.

Customers residing within the geographical boundaries of low- income census tract or low-income Overburdened Communities ("OBCs") are eligible to participate in Comfort Partners without providing income verification documentation. Customers self-certify their income by signing a program income verification statement. All other program eligibility rules remain in effect and must be verified by the vendor. If fraud is suspected, implementation vendors follow the current Comfort Partners Procedures Manual suspected fraud guidelines.

Offerings and Customer Incentives

The measures considered for each home include: efficient lighting products; hot water conservation measures (water heater replacement and tank temperature turn-down); replacement of inefficient refrigerators and freezers; installation of energy efficient thermostats; insulation upgrades (attic, wall, basement, etc.); blower-door guided air sealing; duct sealing and repair; heating/cooling equipment maintenance, repair, and/or replacement; and other measures as needed. Removing barriers to installing energy efficiency measures – such as repair or replacement of a broken window, repair of a hole

in a wall and/or roof, mold remediation or the installation of rain gutters, and other health and safety related measures – may be considered on a case-by-case basis.

Failed or failing heating and/or cooling systems can be replaced for efficiency and/or health and safety reasons on a case-by-case basis. In the event of insufficient funding, or if Comfort Partners customers' homes require more treatment than the Program is designed to deliver, the Working Group will attempt to maximize and leverage available resources by entering into discussions with WAP. The goal of such discussions will be to determine DCA's interest in accepting Program referrals to install heating systems and perform other needed work for energy efficiency and/or health and safety reasons.

Measure Selection

Energy efficiency measures and other reasonable repairs required to install those measures may be installed in each home. In addition, under the "2009 Pilot", the Program evaluates homes in order to consider repairing and installing items that may not directly save energy but are necessary for installing energy-saving measures. Examples of the type of work that is conducted under the 2009 Pilot include, but are not limited to, the remediation of mold/moisture, lead and asbestos, rodent/bug infestations, structural damage, collapsing ceilings, roof repairs, electrical repairs, major plaster repair, sewer leaks/backup, and major chimney problems including incorrect flue design. For instance, repairing a roof before installing attic insulation, as provided for in the 2009 Pilot, would fall under this category. This is only available to homes owned by the occupants and does not include renters. To account for inflation and price escalation since the inception of the 2009 Pilot, the Program is seeking to increase the spending cap for these barriers from $5000 to $7500 per project. By doing this, the Program would be able to extend its reach to more customers who are in greatest need of the assistance provided by this program.

Cost-effectiveness is assessed on a site-specific basis, excluding health and safety. All installed measures and energy education services are provided free of charge. The selection of measures designed to reduce heating and cooling is guided by a spending calculation based on past energy consumption, which is a guide for contractors, not an absolute or prescriptive target or cap. If the site needs are greater than the calculated spending guideline, the contractor confers with the appropriate utility after documenting reasons for requesting to exceed the spending guideline. In cases where there is more than one utility manager that must be contacted for approval, the gas utility manager should be contacted first and they will send the request to the electric utility manager. Each utility will decide to what extent additional work can be performed.

Refrigerator or freezer replacement is based upon on-site monitoring of the energy use of the existing unit. Consumption thresholds for cost-effective replacement vary according to size. Any refrigerator or freezer with measured consumption above the threshold values, based on ENERGY STAR or similar efficiency standards, is eligible for free replacement with a new energy-efficient model. These values and procedures are updated to reflect changes in refrigerator efficiency.

The cost-effective installation of energy-efficient lighting products is based upon the wattage and the estimated average daily run time for the existing lamp. Domestic hot water and other custom measures are installed according to Program guidelines.

The costs associated with health and safety and home repairs, such as the repair of a roof, are excluded from the cost effectiveness test used to determine measure eligibility.

Delivery Methods

Electric and natural gas utilities with overlapping service territories jointly deliver efficiency, health and safety, and education services so that customers receive both natural gas and electric efficiency measures simultaneously. Selection of Program delivery contractors and Program delivery costs are shared between the participating natural gas and electric utilities. Currently, the Utilities contract with five (5) installation contractors and one (1) quality assurance contractor to perform the work in customers' homes.

The Program will continue its efforts to address mold/moisture remediation, roof repairs, electrical repairs, and asbestos. Remediation is considered on a case-by-case basis with the implementation contractors who contract directly with the appropriate organizations, or approved subcontractors, following Utility approval.

As of fiscal year 2024, the Utilities are fully transitioned to the new web-based system, eTrack+. PSEG Services Company serves as the Contract Administrator for the agreement with that vendor. The projected costs of that vendor and for administrative services offered by PSEG Services Company will be paid for by PSE&G and are included in PSE&G's administrative budget in Appendix A.

Quality Assurance Provisions

A minimum of 15% of randomly selected, treated homes are subject to verification and inspection by an independent contractor(s) hired by the Utilities. Quality assurance processes are continually reviewed and updated as necessary.

Program Procedures

The Program procedures, specifications, and guidelines are outlined in the Comfort Partners Procedures Manual. Those involved in the Program, including Utility representatives, contractors, and BPU Staff, must utilize this manual to guide their work within the Program.

Specifications within the manual tell installers how to install a given measure, but are not intended to provide all the information needed to do a job properly or to determine whether a given measure should be installed. The measure selection procedures provide guidance

to installers regarding the decision-making process for installing a measure and the rationale behind it.

The manual can be amended at any time as proposed by the Working Group, Comfort Partners approved contractors, or BPU Staff; however, **any changes to the manual must be approved by BPU Staff before being implemented.**

Budgets

Appendix A provides a detailed budget for the Program. Allocation of costs in different cost categories may appear to be inconsistent among Utilities. As an example, PSE&G covers the cost of statewide printing of Comfort Partners materials as well as the development, maintenance, and support of eTrack+. The Program spending allowance guidelines continue to be evaluated for Comfort Partners to be consistent with other low-income State weatherization programs.

The Utilities will request BPU Staff to review budget modifications as outlined in Docket No. EO13050376V ("February Order").[2] No budget modification shall be deemed approved until BPU Staff notifies the Utilities of approval. Budget modifications will be subject to all pertinent language reflected in the February Order, which includes the following:

1. Funds may be reallocated between Utilities and line items within the Program budget provided the overall Board-approved Program budget remains unchanged, and the overall statewide administrative costs for the Program are not increased;

2. Up to 10% of the Program budget may be reallocated within the Program during any 60-day period; and

3. The Program budget may be reduced if it appears unlikely that the Program budget will be exhausted. The Program budget may be determined to be underperforming, after a review of commitments, Program goals, participation levels, performance trends and other relevant factors. The Program budget reductions shall be limited to 10% within any 60-day period. The Program budget shall not be reduced by more than 25% within any 180-day period.

Goals and Energy Savings

Goals

[2] In re the Clean Energy Programs and Budget for Fiscal Year 2014; Revised Fiscal Year 2014 Budget and Delegation of Limited Budget Authority, BPU Docket No. EO13050376V, Order dated February 4, 2014.

In the Fiscal Year 2025 Comfort Partners Program Compliance filing, the target for the number of electric service customers to be served and committed is 4,303 on a twelve-month basis from July 1, 2024 through June 30, 2025. The target for the number of natural gas service customers to be served and committed is 3,978 on a twelve-month basis from July 1, 2024 through June 30, 2025. Although the unit goals for Fiscal Year 2025 have decreased from the FY 2024 totals, the Working Group is seeking identical budget allocations for the upcoming year. This decision is supported by several factors. Vendors were granted a 4.7% Consumer Price Index (CPI) adjustment, which was incorporated into their contracts and is set to be applied at the beginning of Contract Year 3 (Fiscal Year 2024). Furthermore, inflationary pressures and rising prices of goods and materials, particularly those subject to cost-plus markup invoicing, have led to an increase in average job values. Lastly, the proposed expansion of spending on the "2009 Pilot" program necessitates additional expenditure per project.

Energy Savings

Energy saving estimates for the purpose of this filing were calculated using the latest protocols approved by the BPU on December 2, 2020, in Docket No. QO20090584.[3] Based on that standard and the projected number of customers served, it is estimated that the Program will now save approximately 3,353 MWH of electric and 25,429 MMBTU of natural gas during Fiscal Year 2025, with a lifetime savings of approximately 37,623 MWH of electric and 452,893 MMBTU of natural gas.

Appendix A

Fiscal Year 2025 Comfort Partners Budget

July 1st 2024 - June 30th 2025 CP Budget								
		Admin and Program Development	Sales, Marketing, Call Centers, Web Site	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other QC	Evaluation & Research	Contractor Perf. Incentives
ACE	**$3,166,694.00**	$270,897.00	$56,175.00	$54,225.00	$2,674,979.00	$110,418.00	$0.00	$0.00
JCP&L	**$6,021,172.00**	$541,099.00	$127,249.00	$100,749.00	$5,032,455.00	$219,620.00	$0.00	$0.00
PSE&G- Elec	**$9,801,263.00**	$1,068,249.00	$220,809.00	$169,809.00	$8,040,473.00	$301,923.00	$0.00	$0.00
RECO	**$408,400.00**	$70,600.00	$15,600.00	$15,600.00	$280,000.00	$26,600.00	$0.00	$0.00
NJNG	**$6,630,359.00**	$267,732.00	$133,732.00	$127,065.00	$5,886,598.00	$215,232.00	$0.00	$0.00
Elizabethtown	**$3,790,634.00**	$246,197.00	$66,297.00	$68,682.00	$3,241,776.00	$167,682.00	$0.00	$0.00
PSE&G-Gas	**$22,869,617.00**	$2,492,582.00	$515,222.00	$396,222.00	$18,761,104.00	$704,487.00	$0.00	$0.00
SJG	**$4,289,861.00**	$347,047.00	$80,434.00	$77,697.00	$3,635,786.00	$148,897.00	$0.00	$0.00
TOTAL	**$56,978,000.00**	$5,304,403.00	$1,215,518.00	$1,010,049.00	$47,553,171.00	$1,894,859.00	$0.00	$0.00
PSE&G - Combined	$32,670,880.00	$3,560,831.00	$736,031.00	$566,031.00	$26,801,577.00	$1,006,410.00	$0.00	$0.00

[3] In re New Jersey's Clean Energy Program – Fiscal Year 2021 Protocols to Measure Resource Savings, BPU Docket No. QO20090584, Order dated December 2, 2020.

BPU and DPMC Designated Project List
State Facilities Initiative Funds FY25[i]

Agency	Contract	FY25 Total BPU Funds	Detail
Ag	Pabil Bug Lab	$5,200,000.00	HVAC
DCA	Ashby Bldg.	$4,250,000.00	HVAC
DHS	Ancora Psychiatric Hospital	$3,010,000.00	ECMs
DHS	Greenbrook Regional	$1,845,000.00	ECMs
DHS	Greystone Psychiatric Hospital	$2,500,000.00	ECMs
DHS	Trenton Psychiatric Hospital	$2,620,000.00	ECMs, Switch Gear Upgrades
DHS	Woodbine Developmental	$1,350,000.00	ECMs
DHS	Kohn Training Center	$687,000.00	Lighting, Chillers
DHS/Treasury	Hagedorn	$60,000.00	Lighting/Utility Tunnels
DOH	Northern Medical Examiner	$150,000.00	Lighting/Controls
DMAVA	Vet Haven South	$279,000.00	HVAC
DMAVA	NG Armory	$3,000,000.00	Go Green Retrofit Pilot
DOC	NJ State	$3,000,000.00	Feeder Upgrades
DOC	Southwoods	$2,565,000.00	ECMS
DOE	Jackson Regional School	$3,700,000.00	HVAC

DOE	Katzenbach School	$3,000,000.00	HVAC, VAV
DOL	Labor Bldg.	$1,300,000.00	HVAC
JJC Law & Public Safety	JJC Johnstone Campus	$1,350,000.00	HVAC
LPS	Weights and Measures	$1,000,000.00	ECMs
NJSP	Troop C/Techplex	$1,800,000.00	HVAC/Chiller
NJ Transit	Hilton Garage	$10,000,000.00	EV Infrastructure
NJDEP	DEP HQ	$4,467,000.00	Controls Upgrade
NJDEP	Parks Upgrades	$300,000.00	ECMs
OIT	OIT Hub	$700,000.00	Data Center
Treasury	State Museum	$390,000.00	Lighting and Controls
Treasury	225 West State Street	$900,000.00	BMS
Treasury	State Facility Under 250 kw	$500,000.00	Lighting Upgrades
BPU	Energy Tracking System	$500,000.00	Energy Management
	Total Project Funding	**$60,423,000.00**	

[i] Table may not sum to line item due to timing differences, such as carryforward of project funds and payments. Funds for previously committed projects have been reallocated based on updated schedules and priorities.