Agenda Date: 6/30/26
Agenda Item: 8A

STATE OF NEW JERSEY

Board of Public Utilities
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CLEAN ENERGY

IN THE MATTER OF THE COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCE ANALYSIS FOR FISCAL YEAR 2027 CLEAN ENERGY PROGRAM	))))	ORDER DOCKET NO. QO26040123

Parties of Record:

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Matthew M. Weissman, Esq., Public Service Electric and Gas Company
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BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board" or "BPU") considers and approves the Comprehensive Resource Analysis ("CRA") Straw Proposal's Proposed Fiscal Year ("FY") 2027 ("FY27") Societal Benefits Charge ("SBC") funding level as well as the FY27 Utility Payment schedule. The new FY27 SBC funding level ("FY27 Funding Level") will be used to support the New Jersey Clean Energy Program ("NJCEP") budgets and other State Energy Initiatives.[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. Among other things, EDECA created the Societal Benefits Charge ("SBC") to fund programs for the advancement of energy efficiency ("EE") and Class I renewable energy ("RE") in New Jersey. EDECA also charged the New Jersey Board of Public Utilities with initiating proceedings and undertaking a comprehensive energy efficiency and renewable energy resource analysis ("Comprehensive Resource Analysis" or "CRA") in New

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

Jersey.[2] The CRA would be used to determine the level of funding for Energy Efficiency ("EE") and Class I Renewable Energy ("RE") programs statewide. Collectively, these programs form New Jersey's Clean Energy Program™. Over the past 20 years, the programs have significantly reduced energy usage, reduced greenhouse gas emissions, delivered clean, local sources of renewable energy, and resulted in billions of dollars of energy cost savings to New Jersey ratepayers.

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

The Board initiated its first CRA proceeding in 1999 and issued the first CRA Order in 2001. The 2001 Order set funding levels, the programs to be funded, and the budgets for each of those programs for the years 2001 through 2003. Since then, the Board has issued numerous orders setting the funding levels, related programs, and program budgets for the years 2004 – Fiscal Year 2026.

On May 14, 2026, via the NJCEP website and the NJBPU listserv, the Board provided notice of a June 3, 2026 public hearing. On May 15, 2026, the Board released the draft CRA Straw Proposal and related programs and budgets for FY27. The covering emails and website postings requested comments on these documents by June 8, 2026. In addition, by email dated June 18, 2026, 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 FY27 Funding Level set forth therein, as defined below; and b) the NJDEP agreed with the Proposed FY27 Funding Level.

CRA STRAW PROPOSAL

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

Funding Levels

The CRA Straw Proposal's funding levels include the funding estimated to meet the needs of the NJCEP and the efforts of Board Staff ("Staff") to advance the initiatives required by L. 2018, c. 17, codified at N.J.S.A. 48:3-87.8 et al. ("Clean Energy Act" or "CEA"). For FY27, Staff recommend that the Board set a new funding level of $344,665,000, which is the same funding level approved by the Board since FY 2015. When combined with other sources of funds,[3] it

[2] N.J.S.A. 48:3-60.

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

results in a total FY27 budget ("FY27 Budget") of $796,099,206.[4] Staff estimate that the Proposed FY27 Funding Level will be sufficient to maintain a portfolio of programs. The table below provides more details regarding the FY27 Funding Level.

Proposed FY27 Funding Levels*		
CEP Budget Category	FY27 Funding ($)	Funds for FY27 Allocation (Pending Board Approval + FY27 Funding) ($)
Total NJCEP + State Initiatives	344,665,000	472,393,544
State Energy Initiatives	155,439,000	0
Total NJCEP	189,226,000	316,954,544
Integrated Energy Solutions	58,341,205	85,524,194
Grid Modernization and VPPs	0	5,000,000
Distributed Storage	0	0
Distributed Energy	8,964,635	8,964,635
Distributed Solar	4,247,251	4,508,387
Electric Vehicle and V2G Programs	45,129,319	67,051,173
Grid Scale Resources	0	800,000
Transmission Scale Storage	0	0
Grid Scale Solar	0	300,000
Nuclear Power & Resource Adequacy	0	500,000
Energy Efficiency, Equity, and Bill Assistance	90,597,187	183,475,446
Equity and Low-Income	60,000,000	74,022,018
Residential Universal Bill Credit	0	78,856,241
C&I EE Programs	9,970,985	9,970,985
New Construction EE Programs	20,626,202	20,626,202
State Facilities Initiative	0	0
Planning and Administration	40,287,608	46,154,094
BPU Program Administration	10,400,000	10,400,000
Marketing	7,000,000	7,000,000
CEP Website	0	0
Outreach and Education	4,849,667	4,849,667
Memberships	117,950	120,064
Program Evaluation/Analysis	17,919,991	23,785,173
Workforce Development	0	1,000,000

[4] The FY27 Budget reflects the new SBC funding going to the NJCEP and to other State Energy Initiatives, plus carryforward SBC funds from the previous year. It does not reflect the total NJCEP budgets from all funding sources.

*Totals may not add up precisely due to rounding to the nearest dollar

SBC Collection Schedule

The table below sets out the proposed monthly payments to the Clean Energy Fund due from each utility. This fund is used to support clean energy initiatives in the state including the NJCEP and other state energy initiatives and is supported by revenues collected from the SBC on monthly utility bills. Staff utilized the utilities' revenue and sales projections to develop the proposed monthly utility payments, resulting in the table below. Staff recommend that the Board use these assumptions for allocating the funding to utilities in FY27.

FY27 Utility Payments:

FY27	PS-Electric	JCP&L	ACE	RECO	NJN	SJG	PS-Gas	ETG	Total
Jul	$12,116,520.50	$6,560,110.98	$2,685,224.56	$530,057.57	$596,019.76	$583,755.59	$2,086,989.92	$551,793.84	$25,710,472.72
Aug	$12,334,218.62	$6,237,789.33	$2,924,068.71	$536,173.40	$579,721.07	$506,841.28	$1,922,093.97	$568,622.21	$25,609,528.60
Sep	$11,244,210.82	$4,792,988.99	$2,749,716.03	$468,391.72	$583,993.12	$593,455.62	$2,085,990.50	$570,673.20	$23,089,420.00
Oct	$9,092,769.79	$4,132,414.70	$1,890,318.29	$387,048.79	$1,041,690.27	$548,153.03	$2,848,866.94	$631,658.75	$20,572,920.56
Nov	$8,727,206.35	$4,293,760.44	$1,792,173.34	$321,628.12	$2,121,469.20	$717,404.72	$6,325,701.71	$1,139,380.35	$25,438,724.23
Dec	$10,337,831.12	$5,056,015.64	$1,897,920.06	$373,402.77	$3,308,934.71	$1,916,108.86	$11,048,639.78	$1,841,014.34	$35,779,867.28
Jan	$10,703,659.55	$5,271,230.92	$2,252,870.22	$410,577.22	$4,016,559.42	$2,780,315.60	$13,820,788.43	$2,476,033.22	$41,732,034.60
Feb	$9,947,695.17	$4,543,145.47	$2,087,009.54	$374,763.92	$3,431,784.13	$2,673,227.48	$13,719,123.63	$2,364,723.92	$39,141,473.28
Mar	$9,663,815.67	$4,508,437.77	$1,912,977.67	$364,809.04	$2,766,005.24	$2,292,341.34	$11,636,231.03	$2,104,303.74	$35,248,921.51
Apr	$9,039,728.58	$3,862,104.18	$1,780,236.48	$341,006.92	$1,548,206.22	$1,648,122.48	$7,840,969.07	$1,591,022.27	$27,651,396.19
May	$8,957,868.98	$4,252,199.84	$1,629,307.88	$335,753.37	$883,440.60	$914,615.05	$4,266,293.28	$953,156.11	$22,192,635.10
Jun	$10,253,689.06	$5,196,759.89	$2,054,960.55	$413,529.88	$598,520.71	$654,972.70	$2,762,530.12	$562,643.00	$22,497,605.93
Total	$122,419,214.22	$58,706,958.15	$25,656,783.33	$4,857,142.71	$21,476,344.48	$15,829,313.76	$80,364,218.39	$15,355,024.96	$344,665,000.00

Rate Impacts

The Proposed FY27 Funding Level represents a continuation of the level of new funds to be taken from the SBC in the FY. The Proposed FY27 Funding Level's impact on SBC rates is $25.20 for the average annual electric bill and $27.59 for the average annual gas bill. This is further detailed in the FY27 CRA.

SUMMARY OF COMMENTS FROM PUBLIC STAKEHOLDERS

Written and oral comments regarding the Proposed FY27 Compliance Filings and Proposed FY27 Budget were submitted by American Council for an Energy-Efficient Economy ("ACEEE"), Bloom Energy Corporation ("Bloom"), ChargEVC-NJ, Energy Efficiency Alliance of New Jersey ("EEA-NJ"), Environment New Jersey ("Environment NJ"), Isles, Michael Winka, National Fuel Cell Research Center ("NFCRC"), New Jersey Coalition of Automotive Retailers ("NJ CAR"), New Jersey Natural Gas ("NJNG"), New Jersey Division of Rate Counsel ("Rate Counsel"), New Jersey League of Conservation Voters ("NJLCV"), New Jersey Utilities Association ("NJUA"), Northeast Chapter of the Combined Heat and Power Alliance ("CHP Alliance"), South Jersey Industries ("SJI"), Vote Solar, Waterspirit, and a coalition ("Coalition") comprised of the following 18 members: Environment NJ, Action Together NJ, Coalition for Environmentally Responsible Economies (CERES), Clinicians for Climate Action NJ, EEANJ, Health Professionals and Allied Employees, Isles, Jersey Renews, National Resources Defense Council (NRDC), Newark Science and Sustainability, NJ Citizen Action, NJLCV, NJ Policy Perspective, NJ Progressive Equitable Energy Coalition (NJPEEC), NJ Sierra Club, NJ Sustainable Business Network, NJ Work Environment Council, Vote Solar, and Waterspirit.

Below is a summary of the testimony and comments, as well as Staff's responses. Staff reiterate that they are 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 pursuant to Governor Sherrill's EO1 and EO2. 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 note that the process and schedule for commenting on the CRA Straw Proposal and on the associated draft FY27 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 encourage readers interested in either proceeding to read the comments and responses regarding both proposals.

General

Comment: EEA-NJ commended the modest budget increase for the Comfort Partners Program but questioned the Board's cost-effectiveness analysis. EEA-NJ expressed concern that the Board claimed the program returned only $0.04 per dollar invested, which EEA-NJ described as specious compared to higher returns for similar services. EEA-NJ requested more transparency regarding the specific program aspects that adversely swayed that cost-effectiveness ratio.

Response: Staff appreciates EEA-NJ's support for the Comfort Partners Program and the opportunity to clarify the figure referenced.

First, Staff acknowledges an error in the figure cited. The $0.04 return per dollar represents the **annual** energy benefit, not the lifetime benefit. The correct **lifetime** energy benefit is approximately **$0.43** per dollar invested. Staff has issued a correction to ensure stakeholders are working with accurate information.

Second, it is important to clarify that this figure represents only the direct energy savings to participating households over the lifetime of installed measures—it is not a comprehensive cost-effectiveness test result. Traditional cost-effectiveness screening (such as the New Jersey Cost Test) would incorporate additional factors including, but not limited to:

- Non-energy benefits (health, safety, comfort improvements)
- Demand reduction and capacity benefits
- Environmental and societal benefits

The Comfort Partners Program serves income-qualified households and delivers significant value beyond energy bill savings alone. Staff recognizes these broader benefits, which is why the program continues to receive funding support despite a lower energy-only metric.

Comment: Michael Winka advocated for the BPU address customer needs in a more holistic manner by not directing customers to separate silos for different services, but to integrate processes and procedures to create a one stop shop. The commenter emphasized that the one stop shop should include integrated building shell improvements, high-efficiency HVAC, distributed solar, battery storage, EV and EV charging, and interactive efficient building for

demand response and demand flexibility This approach demonstrates what the mission of the CEP should be which is to deliver all programs in an integrated approach. The commenter explained that this integration transforms residential and commercial buildings into virtual power plants ("VPPs") that help manage distribution system demand more flexibly.

Response: Staff thanks Michael Winka for his comment and wants to point the commenter toward the VPP proceedings for engagement on the more holistic approach.

Comment: Waterspirit urged the Board to consider alternatives to PJM participation and to pursue energy solutions that protect water quality.

Response: Staff thanks Waterspirit for their comment and notes that the Clean Energy budget does not typically include contemplation of participation in an Regional Transmission Organization (RTO). Staff is interested in energy solutions that protect water quality and encourages the commenter to engage in dockets that have the potential to help there.

Budget

Comment: NJLCV noted that the approximately $796 million budget for FY27 represents a significant decrease from previous years. NJLCV recommended that the Board fully utilize available funding and ensure programs are resourced to meet demand. NJLCV encouraged the evaluation of whether additional staff and administrative resources are needed to overcome implementation barriers and accelerate project approvals.

Response: Staff acknowledges the $796 million NJCEP Budget for FY27 and notes that the Board is constantly evaluating where resources are needed to improve and accelerate projects. The reduced budget in FY27 is due to the amount of funds carrying forward, signaling that the NJCEP has spent down carryforward, making the budget appear smaller. NJCEP is collecting the same amount of new SBC funding that was collected in FY26 and prior years. As the DCE's workload has increased over the years, staffing has increased to address needs.

Comment: NJLCV expressed concern regarding the proposed $155 million diversion for State Energy Initiatives and stated that it is one of the highest levels in the program's history. NJLCV argued that using these funds for unrelated budget priorities undermines the program's mission to lower utility bills and improve grid reliability. NJLCV urged the Administration and Legislature to identify alternative funding sources for these initiatives to preserve the Clean Energy Fund for its intended purposes.

EEA-NJ maintained a firm position that the Clean Energy Fund should only support energy efficiency and clean energy deployment programs. EEA-NJ opposed the practice of re-directing $155 million to unrelated programs. EEA-NJ argued that the Clean Energy fund should not be used as a "grab bag" for excess state funding.

The Coalition asserted that the Board's ability to meet clean energy goals is hindered by a history of ongoing fund raids, which currently stands at $155 million, representing nearly half of the proposed $344 million in new funding for the FY27 Clean Energy Program. The Coalition warned that these raids are unsustainable, particularly as the expiration of Orsted settlement funds threaten the future of energy storage programs. The Coalition concluded that the Clean Energy Fund must receive its full $344 million annual allocation and be spent strictly for its intended

purposes.

Response: Staff appreciates the comments submitted by NJLCV, EEA-NJ, the Coalition, and Rate Counsel regarding the State Energy Initiatives budget line. However, this amount is set through the State Budget, outside of the Board's control. In FY27, in accordance with the FY27 Appropriations Bill, the State Energy Initiatives budget is $155.439 million.

Comment: NJLCV commended the additional program analysis provided this year but noted that the lack of side-by-side comparisons with prior years makes evaluation difficult. NJLCV found the timeframe between the public hearing and the comment deadline to be extremely limited. NJLCV recommended that future budget documents include comprehensive year-over-year comparisons and longer public comment periods to strengthen transparency and inclusion.

EEA-NJ expressed concern that the presentation of budget tables and supporting documentation was overly cumbersome and lacked transparency. EEA-NJ noted that the format made it difficult for stakeholders to evaluate proposed funding changes by comparing FY27 proposals with FY26 approved amounts. EEA-NJ requested that the Board provide clean, concise, top-down summaries showing total approved FY26 funding alongside proposed FY27 funding for each program.

Response: Staff acknowledges these concerns and notes that they prioritized creating a more in-depth CRA in FY27 to assess and share performance data on programs, and highlight the environmental benefits programs have achieved, pursuant to EDECA. Staff will consider the request for year-over-year comparisons and other modifications for future years. Staff take seriously stakeholders' need for sufficient time to review filings, but more time was not possible in FY27 given the scale of the new CRA. Staff will work to provide as much time as possible in future years.

Comment: EEA-NJ expressed concern regarding the proposed $40.8 million reduction in energy efficiency funding. EEA-NJ highlighted that the largest cuts affected Commercial & Industrial and New Construction programs. EEA-NJ urged the Board to identify barriers to participation and provide adequate staffing to achieve broader implementation instead of cutting budgets. EEA-NJ warned that those reductions would have negatively impacted the state's energy efficiency workforce. EEA-NJ also highlighted that there is a significant rebound in commercial real estate and the commercial energy efficiency programs will be more essential now than ever. EEA-NJ noted that energy efficiency typically returned $3 to $5 for every dollar invested, meaning those cuts could have led to over $204 million in lost benefits.

Response: Staff understands the concern around reductions to the EE budgets, given the financial and grid benefits those programs achieve. To provide context on the cuts cited by EEA-NJ, part of that is driven by the Large Energy Users Program Decarbonization Pilot, which had to be paused given funding availability. BPU plans to provide funding to pilot program customers to develop decarbonization plans, and NJCEP will assist them to identify alternate funding resources - including utility, DEP, and EDA programs – for the implementation of EE, EV, and storage in those plans.

However, part of the reduction cited is a year over year decrease, rather than a cut. That is because new funding was not provided for legacy programs that are being phased out (P4P, C&I NC, P4P NC, and P4P EB). These programs are only spending down existing awards. New funding for New Construction reflects current and anticipated demand for the program and the intention to support this newly launched and important program.

Comment: Rate Counsel stated that it does not support the use of SBC funds for workforce development, noting that existing government and private workforce development programs can be leveraged to support the clean energy industry. Further, Rate Counsel noted that millions of dollars in workforce development funding are already available through the utilities' Triennium 2 energy efficiency programs, and that the clean energy industry has inherent economic incentive to train new recruits without additional ratepayer subsidies. Rate Counsel supported not allocating new funding in FY27 to workforce development.

NJLCV expressed appreciation for the $1 million allocation for clean energy workforce initiatives. NJLCV pointed out that the clean energy transition is expected to support 14,000 new green jobs by 2035. NJLCV encouraged increased future investments in training and apprenticeship programs to maintain New Jersey's position as a regional clean energy leader.

Response: Staff appreciates Rate Counsel's comments and NJLCV's support for workforce development initiatives. Staff acknowledges the projected growth in green jobs and the importance of ensuring New Jersey has the trained workforce necessary to meet future demand. Staff is committed to supporting workforce training and development as the clean energy sector continues to expand, including through apprenticeship programs.

Staff also agrees that existing government and private sector workforce development programs can and should be leveraged. Staff emphasizes that the goal is to leverage utility energy efficiency workforce development funds and recommends not allocating new funding in FY27 to workforce development while Staff works closely with the utilities to make this happen.

Staff remains committed to evaluating how workforce development investments can most effectively support both the industry and job seekers and welcomes continued stakeholder input on these programs.

Comment: Rate Counsel stated that the Board's budget process has produced the exact same annual SBC collection amount of $344,665,000 for a decade. Rate Counsel contended there was not a meaningful analysis of which programs are needed, whether any program is cost-effective, or whether New Jersey can meet its clean energy goals at lower cost. Rate Counsel stated that this is not only bad public policy but violates EDECA, which has required a meaningful multi-year review at least once every four years since 1999. Rate Counsel stated that the FY27 budget ignores the law, sound public policy, and the affordability concerns of the current moment, and should be rejected.

Response: Staff disagrees that there was no meaningful analysis of which programs are needed, given that in section II of the CRA, programs were tied either to legal requirements or larger Board priorities. Staff determined necessary funding levels for programs and had to revise some of those funding levels given the State Energy Initiatives that are set by the State Budget. Accordingly, the annual SBC collection amount will remain at $344,665,000. Additionally, Staff disagrees that there was not analysis of cost-effectiveness of programs. In fact, section III of the CRA, includes an analysis specifically evaluating and presenting information on the cost-effectiveness of programs, both from a financial and environmental perspective.

While Staff are reviewing the potential of returning to a multi-year CRA, the current annual approach to developing the CRA and Budget allows for greater stakeholder input and enables Staff to better assess changes that impact program needs. In 2012, the Board determined that the CRA should be completed annually to better align with the State's annual Budget process. Further, Staff considers a range of issues when crafting the Budget, including future obligations

and revenue. Staff understands Rate Counsel's concerns and are exploring ways to make next year's CRA more comprehensive.

Comment: Rate Counsel stated that the Board's carryforward of increasingly large sums of SBC funds — from $165 million in FY21 to $451 million in FY27 — while continuing to collect $344.7 million in new SBC funds annually raises significant substantive due process concerns. Rate Counsel stated that the increasing surplus implies that funds are not being used for their defined purposes, calling into question whether continued SBC collection serves a legitimate government function and whether the SBC rate remains just and reasonable as required under N.J.S.A. 48:2-21(b).

Response: Staff disagrees that the amount of carryforward shows that the SBC funds are not being used for their defined purposes. Staff regularly works to improve the allocation of funding and minimize the amount of carryforward commitments, but commitments are a precursor to spending. $323.7 million is committed, meaning these funds are locked up and cannot be redistributed because they have been awarded or otherwise obligated in a purchase order, grant order, or waiver. The $344.7 million being collected in FY27 will fund new projects coming through the pipeline, new contracts to support programs, and existing obligations in multi-year contracts.

Comment: Rate Counsel stated that, in FY25, the NJCEP earned $38,199,729 in interest on an average retained balance of approximately $800 million — an amount not being used for program funding or returned to ratepayers. Rate Counsel stated that this interest should be returned to ratepayers, that the Board should report the amount of interest earned each year since the start of the Clean Energy Program, and that interest income should be clearly identified in the FY27 budget and deducted from the new funding request.

Rate Counsel also stated that interest may have accrued on the RUBC amount since it was identified in the FY26 True-Up budget and argued that the increased amount should also be refunded to ratepayers.

Response: Interest is accounted for by Treasury after the close of each fiscal year. Given comments on this topic in recent years, Staff will consider including estimates of interest in future initial budgets. However, this could create issues if actual interest falls short of estimates, so Staff will need additional time to assess the implications of this change.

Staff are committed to providing year over year data for stakeholders and the public on NJCEP programs, as it did in the FY27 CRA. Staff will consider the request on interest, but note that interest is already publicly reported in the annual True-Up budgets, which are available on the NJCEP website.

Comment: Rate Counsel recommended that the Board not approve the collection of any new SBC funds under the FY27 budget as proposed and instead establish an evidentiary process over the coming months that allows stakeholders to request additional materials, submit interrogatories, cross-examine Staff and consultants, and submit comments, after which the Board will be positioned to evaluate a potentially revised FY27 NJCEP budget based on a complete record.

Response: Staff disagrees that the Board should not approve new SBC funds for FY27. Doing so would inhibit the Board from planning and carrying out clean energy objectives, several of which are mandated by law, or directed pursuant to Governor Sherrill's executive orders. Further, it would damage the State's credibility in the industry at a time when demand on the grid is

increasing and clean energy projects are already facing obstacles. Staff provides opportunities throughout the year and specifically during the Budget process and true-up Budget process for stakeholders to review detailed Budget and programmatic information and provide comment. Through these processes, Staff does respond to stakeholders.

Comment: Rate Counsel noted that transmission-scale storage in FY27 will rely on Ørsted Settlement funds ($60 million) rather than SBC collections. While they appreciate that ratepayer SBC funds will not be dedicated to these grid scale initiatives this year, they argued there is still a major structural financing shift that must be explained further if the BPU intends to use SBC funds once the Ørsted Settlement funds run out.

Response: Staff agrees that the Board will need to explore funding opportunities to maintain the funds required for the Garden State Energy Storage Program ("GSESP") once the Orsted settlement funds are depleted. Staff have included information in the CRA and filings stating that the NJCEP Budget will fund storage after depletion of the Ørsted Settlement funds. However, Staff will continue to drive this point in areas where it is appropriate.

Comment: Rate Counsel stated that the Grid Scale Solar budget of $1.5 million is described only as being for "administrative contracts" with no performance metrics or information regarding the performance of administrator contracts for the CSI. Rate Counsel further stated that the Nuclear Power and Resource Adequacy budget of $4.7 million provides no basis for the requested funds and requests that funding should be clearly delineated to show stakeholders how much funding is going toward the new study in comparison to the offshore wind contracts.

Response: Staff provided performance metrics where applicable. Staff disagree that there is no basis for the requested Nuclear Power and Resource Adequacy funding. Information on budgets for certain procurements are not disclosed prior to the competitive procurement process to ensure the most cost-effective contract is procured.

Comment: The Coalition called for increased Board staffing levels funded outside of the Clean Energy Fund to ensure the effective use of available resources. The Coalition urged the Board to prioritize the long-term rate-lowering benefits of clean energy investments over universal, short-term bill credits. The Coalition argued that to fulfill the goals of Gov. Sherrill, full funding is required and that there is an expansion of staff slots to achieve better results for clean energy programs.

Response: Staff agrees that long term clean energy investment should be prioritized and are committed to implementing long term investments through the NJCEP programs. With that, Staff also acknowledge the immediate, pressing need for ratepayer relief, and, to follow compliance with EO1, are working to implement REAP and RUBC bill credits. Lastly, the Board acknowledges the recommendation to increase staffing and look forward to expanding the Clean Energy staff.

SBC Allocation

Comment: NJNG and SJI opposed the DCE's proposal to shift the SBC cost allocation methodology. Both noted that natural gas customers bear approximately $117 million in NJCEP costs in FY26, and that under the proposed methodology, that share could nearly double by 2031. SJI contrasted this with electric allocations, which would decline from approximately $227.8 million in FY26 to $118.1 million in FY31. Both stakeholders argued this will create a significant reallocation of SBC costs from electric customers to gas customers without a commensurate increase in program usage or benefits for gas customers.

NJNG claimed that the proposal would unfairly benefit deliverable fuel customers, who bear no responsibility for recovering program costs tied to their heating burden yet receive benefits from programs oriented toward supporting the electric system.

SJI stated that because natural gas accounts for a larger share of total energy volume but a smaller share of revenues, the proposal would systematically transfer costs from electric customers to gas customers as the transition progresses, and expressed concern that this outcome would disproportionately impact natural gas customers without a clear policy justification grounded in equity or cost causation principles.

Response: The Board appreciates the commenters' concern about principles of cost causation and fairness but disagrees that the change in methodology is unfair. First, the existing framework places the burden on electric customers at a time when electricity demand is high and expected to increase. Without the change in approach, in FY27 a similar transfer of costs would occur from gas towards electricity because of the difference in price development, without a commensurate increase in program usage or benefits to electric customers. Second, the argument that delivered fuel customers would benefit from the shift in allocation is valid, but applies in the reverse to current customers of municipal electric utilities, who also do not contribute to the SBC. It is worth noting here that delivered fuels are some of the most expensive ways to heat a home, and a significant part of the customers are low-income.

Comment: SJI stated that the proposal to cut electric bills by adding to gas bills does not improve overall energy affordability because ratepayers generally use electric and gas. SJI argued that the current revenue-based SBC allocation framework is a stable, transparent, and well-established approach that effectively aligns cost recovery with billing structures. SJI noted that 75% of New Jersey residents and businesses currently use natural gas and that thousands of new customers join their systems annually, which they claimed is because gas remains cheaper and is reliable. SJI highlighted that natural gas is over three times less expensive than electric heat per unit of energy delivered and that the gas system carries about triple the energy of the electric system when comparing summer electric peak to winter gas peaks. SJI pointed out that the Board has acknowledged overall household cost burdens remain comparable under both approaches, and stated that this makes such a significant redesign unwarranted.

Response: As Staff acknowledged in the draft CRA, the overall share of SBC costs borne by households under the new methodology should be "comparable" to the share under the current methodology. However, by detaching SBC collection from revenue, the new methodology protects ratepayers from fuel price volatility and therefore provides at least some affordability benefit. Staff also acknowledges the argument that the current framework is relatively stable. However, as demand for electric continues to increase, the concern is that the current framework will exacerbate those increases and, therefore, be less stable. The change in methodology is intentionally designed to occur gradually over five years, to further mitigate instability.

Comment: SJI argued that the decarbonization benefits of the new approach are minimal or non-existent and that decarbonization goals should not be advanced through SBC allocation. SJI stated that allocation methodology governs cost recovery, not policy outcomes, and should not be used to indirectly influence fuel choice. SJI argued that the proposed "slight nudge" in favor of decarbonization will not cause customers to embrace electrification because ratepayers are overwhelmingly concerned with their electric costs and because gas remains orders of magnitude cheaper than alternatives, including electric per unit of energy delivered.

SJI referenced the 2021-22 NJ DEP boiler proposal where electric alternatives were found to be 3 to 5 times more expensive than gas counterparts and were pointed out to produce more emissions in the foreseeable term because much of the current electricity is provided by fossil fuel plants. SJI warned that pushing people off gas in favor of electric could result in residents paying more and causing more emissions at least until carbon-free power generation goals are realized.

Response: Staff appreciates SJI's reasoning but points out that the current framework of revenue-based allocation is not policy-neutral. The high demand for electricity is expected to continue, regardless of the Board's policy decisions and the State's decarbonization goals due to external factors including data center demand growth and electrification in other sectors of the economy. Accordingly, while the shift to an energy value framework might only be neutral on households, it could still help avoid further increases for electric customers, particularly as demand for electricity increases. Since much of the SBC funds go towards decarbonizing/electrification/etc. projects, the "slight nudge" towards electrification helps the value of those SBC dollars go further, so the collection methodology actually is an appropriate tool. Further, there remain other reasons for making this shift as detailed above.

Comment: SJI stated that transparent communications are needed for ratepayers to understand the proposed SBC allocation policy and recommended the Board use its own communication channels to educate customers on the matter. SJI explained that as gas-only utilities, they do not ordinarily communicate with customers about matters beyond gas service, whereas the Board's purview includes both gas and electric utilities.

Response: Staff appreciates the recommendation to use its own channels to communicate this change to ratepayers and plans to do so.

Comment: Rate Counsel noted the proposed change in SBC cost allocation methodology in the FY27 CRA. They stated that this constitutes a fundamental ratemaking exercise that requires formal notice-and-comment rulemaking under the New Jersey Administrative Procedure Act and the standard established in Metromedia, Inc. v. Director, Division of Taxation, 97 N.J. 313 (1984). Rate Counsel stated that the Division of Clean Energy has not provided draft regulations, expert testimony, legal justification, or associated rate calculations for all customer classes for all utilities to support this proposed change.

Response: Staff disagrees that this policy shift amounts to the type of change that would require a formal rulemaking. The current cost allocation methodology was not adopted via a formal rulemaking, and while Staff acknowledges this new allocation methodology could represent a cost shift for some individual customers, there are many other factors impacting an individual customer's SBC responsibility, such as the total funding level, energy prices, etc. Furthermore, stakeholders were invited to comment on the proposed change, which will be implemented over the course of five years. These comments as well as the Board's responses are detailed above.

Benefit-Cost Analysis

Comment: Rate Counsel commented that TRC does not report or reference any of its assumptions in its filing and that, given the extremely short comment period, it should not be incumbent upon stakeholders to locate underlying data.

Response: As previously and similarly stated in the response to similar comments regarding the

FY24, FY25, and FY26 TRC CBAs, 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 Triennium 2 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 the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, Docket Nos. QO19010040, QO23030150, & QO17091004 (May 24, 2023), and the level of detail and support historically contained in Board-approved Compliance Filings.

CRA

Comment: Rate Counsel commented that the FY27 CRA does not explain why Solar Registration applications processed per year dropped from 20,596 in FY23 to 317 in FY24 — a change by a factor of 5,551 percent.

Response: The correct number of Applications Processed in FY24 is actually 20,321, not 371. The number in the subject draft CRA was the result of a data entry error that a process improvement should prevent in the future.

Comment: Rate Counsel claimed that the FY27 CRA provides no description or basis for the $48.9 million Program Evaluation and Analysis budget.

Rate Counsel stated that the FY27 CRA provides no description or basis for the C&I Buildings budget and does not break down funding between the Large Energy Users Program and Pay-for-Performance Program.

Rate Counsel stated that the FY27 CRA provides no description or basis for the $60.1 million requested for New Construction Energy Efficiency Programs and does not provide references or supporting information for claimed energy or emissions savings.

Response: Staff believes that a description of each program and the underlying statutory authority was outlined in section II of the FY27 CRA. Additionally, program performance metrics were provided when applicable. Performance metrics were not available for Marketing, Outreach and Education, and Memberships.

Staff acknowledges that a breakdown in funding between LEUP and P4P was not provided. Historically, these programs have been rolled together in the public display of the budget given that they are focused on EE measures for C&I buildings. The FY27 budget for LEUP is $21,783,347 and the FY27 for Pay-for-Performance is $10,133,175.

For New Construction, a breakdown of funding is provided between carryforward and new funding. As stated in the CRA, the NCP is a new streamlined program for developers and it is a priority of the Board to fund and operate this program to achieve emissions savings in buildings as they are being constructed.

On energy and emissions savings, Staff included information on methodology in the draft release of the FY27 CRA. However, Staff are providing more detail in comment responses and are revising the methodology section to include more detail for stakeholders.

Comment: Rate Counsel acknowledged the need for program oversight but stated that

administrative spending approaching or exceeding funding levels for corresponding substantive programs raises serious questions regarding administrative efficiency, duplication, and whether SBC funds are being utilized primarily for customer benefit rather than program bureaucracy. Rate Counsel requested detailed staffing, contractor, consulting, and overhead breakdowns supporting these allocations prior to dedicating ratepayer SBC funds to them.

Rate Counsel stated that the FY27 CRA provides no description or basis for the $10.4 million BPU Program Administration budget beyond noting that staffing levels have increased, with no information provided on the number of staff by year or the statutory and programmatic obligations driving the increase.

Rate Counsel further stated that no description or basis is provided for the $11.2 million Marketing budget, the $5.3 million Outreach and Education budget, or the $120,064 Memberships budget, and that no performance metrics are proposed for any of these line items.

Response: On Rate Counsel's claim that there is no justification for funding requests, Staff disagrees given that the FY27 CRA lays out program accomplishments and the goal of continuing to produce energy savings, emissions reductions, and financial savings for ratepayers. Descriptions of the Program Evaluation and Analysis budget are on pages 33-34 of the FY27 CRA, noting initiatives such as the Utility Business Model Study and Triennium-related Evaluation activity, which support mandatory utility-run EE programs.

While the total funding across these areas is substantial, it should be noted that this funding supports all of DCE's efforts either through administrative contracts, funding for salaries, staff resources like memberships, or marketing of the DCE's programs. For example, the $10.8 million in BPU Program Administration covers the cost of DCE staff, which work on all the DCE's programs, even those not supported by the NJCEP Budget. For this reason, it is incorrect to suggest that administrative funding is on par with programmatic funding.

Comment: Rate Counsel argued that the FY27 CRA does not provide enough evidence or justification for budget requests across the suite of NJCEP program. Rate Counsel argued that there are no existing program or performance data for some programs such as the Grid Scale Resources, Grid Modernization and VPPs, Distributed Storage, and Energy Efficiency, Equity, and Bill Assistance. Rate Counsel requested the Board provide justification and basis for program budgets and provide performance data and detailed plans for spending. Overall, Rate Counsel argued that the FY27 budget materials do not provide the necessary information necessary for stakeholders or the Board to assess the past effectiveness and the potential effectiveness of currently proposed programs and budget.

Response: Staff understands the need to provide information on effectiveness and program performance. However, Staff disagree that insufficient information was provided. The FY27 CRA provides a 5-year review of performance data for programs where it was available. For programs where it was not available, Staff noted that was the case. For example, the Grid Modernization program recently launched and does not have performance data. Similarly, the VPP program is expected to launch in FY27. Staff are committed to providing performance data in future years as it becomes available.

Staff are reviewing ways to provide forward-looking metrics. Largely, the goal of programs is to

award the new money in their budgets each year. Given the current environment, Staff worked in FY27 to propose a budget that meets programs' expected needs and capabilities.

Comment: Rate Counsel stated that the FY27 CRA does not provide references or supporting information regarding SFI electricity, natural gas, or emission savings and is missing data for many years.

Response: The Clean Energy Program designed an SFI workbook to be completed after a project has been built using the TRM protocols. This workbook was not introduced until after the utility program transition occurred. As a result, earlier projects did not have the reporting requirement built into the project scope and is not included. Clean Energy maintains the workbooks while State Energy Services monitors the facility energy use post-implementation.

Comment: The Coalition suggested that the CRA process and documents should be more user-friendly and transparent for stakeholders. The Coalition noted that the current cost-benefit analysis fails to fully capture the broad grid and ratepayer benefits of electrification. Rate Counsel stated that the TRC benefit-cost analysis covers only some NJCEP programs and urges Staff to provide similar analyses for all programs or explain why a benefit-cost analysis is not applicable.

The Coalition stated that the new budget table format makes year-over-year comparisons difficult due to a lack of prior-year data and inconsistent categories. The Coalition also points out that the FY27 Budget Table in the CRA is different to the one provided in the BPU webpage. Accordingly, the Coalition requested a more comprehensive and standardized budget table to allow for a clear assessment of programmatic impacts.

Response: Staff appreciates this feedback and the acknowledgement that NJCEP programs have broad benefits to the grid and ratepayers. In FY27, Staff prioritized creating a more in-depth CRA in FY27 to assess and share performance data on programs and highlight the environmental benefits programs have achieved, pursuant to EDECA. The Budget table in the CRA intentionally included an extra "Total" column in order to provide additional level of detail for stakeholders, consistent with prior years. However, in FY27, Staff excluded this column in the formal Budget Table and Budget Order, given that it includes obligated funding that is not available for allocation. Accordingly, Staff added the "Funds for FY27 Allocation" column to highlight funds that are new or available for the Board to allocate.

Staff acknowledges that the cost-effectiveness chart in the FY27 CRA does not account for every type of benefit that DCE programs have, nor does it include every line in the NJCEP Budget. Staff focused on program metrics that are most directly measurable such as direct financial benefits to participants and emissions reductions in order to provide stakeholders with a more firm basis to understand the costs and benefits of the programs. On the program lines included, the analysis includes all programs funded through the NJCEP budget that are not administrative contracts.

However, Staff will continue to adapt the assessment of program costs and benefits, as well as review the presentation of the budget table in future CRAs.

Market Transformation

Comment: NJUA recommended deferring market transformation concepts to a separate proceeding where they can be properly vetted through stakeholder input. NJUA warned that the current CRA proposal for market transformation could negatively impact successful energy

efficiency programs already in place. NJUA asserted that program requirements for market transformation should be established through Triennium 3 proceedings rather than the FY27 CRA.

NJNG expressed support for increased emphasis on market transformation within the State's energy efficiency programs but raised procedural and substantive concerns about the FY27 CRA's proposed market transformation structure. NJNG noted that the proposed framework was not previously presented to utilities or other stakeholders and warned that implementing it could disrupt successful Triennium 2 programs and interfere with Triennium 3 development. NJNG recommended that market transformation program design be addressed in the Triennium 3 proceeding, where it was originally identified as a new opportunity, rather than through the FY27 CRA. NJNG also raised concerns about the draft incentive design, stating that proposed incentive levels decline prematurely, falling as low as 20% of incremental cost in phase two, which may discourage customers from investing in higher-cost efficiency measures and reinforce continued reliance on less efficient equipment. NJNG suggested that deferring market transformation to Triennium 3 would allow for more deliberate stakeholder development.

Response: Staff appreciates the comments from NJUA and NJNG. While market transformation can be discussed in other forums and proceedings, its inclusion in the CRA is necessary pursuant to EDECA.[5] Additionally, the CRA discusses a general approach for market transformation applied to all Clean Energy programming and is not intended to establish binding requirements. The approach recognizes resource acquisition as a part of the market transformational effort. The energy efficiency portfolio was not explicitly called out to implement new market transformational elements in Triennium 2. Currently, the energy efficiency portfolio remains largely resource acquisition and is compliant with the general approach outlined in the CRA for FY27. Regarding the declining incentive levels in phase two (Early Adoption), the range suggested was between 40% and 80% of incremental measure cost. Staff welcomes deliberations with stakeholders in the formulation of proper incentivization levels and new programmatic offers.

Comment: EEA-NJ highlighted that New Jersey’s clean energy economy is currently among the best in the nation, a status supported by the 2025 ACEEE State Scorecard. EEA-NJ expressed concern that the proposed market transformation framework in the CRA Appendix may lead to funding pullbacks that threaten the adoption of critical technologies. EEA-NJ argued that using "pricing optimization metrics" and saturation rates to gauge market maturation would require repetitive surveillance that might not accurately reflect the state's market. EEA-NJ pointed out that the proposed saturation rate calculation (a ratio of target technology purchases divided by total unit sales) is problematic because retailers and suppliers are not currently required to disclose this data to state agencies. EEA-NJ noted that the ability of residents to buy technologies online or in neighboring states further prevents the Board from seeing the totality of the market accurately.

Response: Staff thanks EEA-NJ for their comment. The proposed market transformation framework suggested that incentive levels are based on several key factors and would not rely on a single metric when setting incentive levels for any given program year or program cycle. For single measure rebates, the key factors were incremental measure cost, in-service rates, realization rates, net-to-gross ratios, and industry standard practice. For project-level rebates,

[5] See N.J.S.A. 48:3-60(a)(3).

the key factors were scope of project intervention, measure selection, return on investments, net-to-gross ratios, and industry standard practice. In energy efficiency, these key metrics are localized observations and estimates for New Jersey determined through studies that are part of the evaluation, measurement, and verification ("EM&V") framework for energy efficiency programs and shared with stakeholders.

As market transformational elements are introduced more broadly into clean energy programs, additional market surveillance and goal setting processes will be necessary. Key elements were introduced for stakeholder consideration. While most of our technologies remain in Phase 2 (early adoption), some technologies will move to Phase 3 (market maturity). As that happens within our planned program cycles, tracking metrics will be discussed and considered in the context of specific programmatic offerings.

Comment: EEA-NJ stated that reductions in subsidies under the market transformation strategy would not translate into reductions to the Societal Benefits Charge that funds the Clean Energy Program. EEA-NJ suggested that if the Board decides to continue with the market transformation strategy, funds not spent on subsidies should be reinvested into energy efficiency programming to ensure that New Jersey remains a national leader. EEA-NJ strongly cautioned against using these newly freed funds for residential bill credits.

Response: Staff welcomes deliberations with stakeholders in the formulation of proper incentivization levels and new programmatic offers, as well as related discussions about how to best use funds not spent on subsidies to support affordability for ratepayers while sustaining clean energy programs.

Grid Modernization and VPPs

Comment: The Coalition expressed support of investments in a resilient grid, peak demand reduction, and the expansion of energy efficiency and clean transportation programs. The Coalition maintains that the primary mission of the Clean Energy Fund is to incentivize technologies that reduce emissions and provide long-term grid benefits.

Response: Staff appreciates the commenter's support. The Grid Modernization Forum has been established as a "spearhead" in bringing key industry stakeholders together with the distribution system EDC experts to develop the evolution path for achieving maximum DER hosting and participation. The financial incentives applied to spur private *adoption* of various emerging clean technologies is being driven by specific programs administered by the BPU, whereas the Grid Modernization initiative aims to *transform* the host distribution system and its underlying business processes into a mechanism to fully utilize these interconnected technologies. The aim of this grid modernization is to enable more flexibility and capacity without resorting exclusively to capital infrastructure investment which further burdens ratepayers, while simultaneously encouraging even more clean technology adoption with receding levels of subsidization.

Comment: NJLCV requested clarification on whether grid modernization will receive funding from alternative sources like offshore wind lease settlements, stating that the significant reduction in this category is inconsistent with New Jersey's clean energy goals. NJLCV encouraged robust investments in modern grid infrastructure to support renewable energy integration and improve system resilience.

Vote Solar commented that prioritizing grid modernization and local generation is the best defense against volatile regional markets.

Environment NJ highlighted the importance of VPPs in reducing peak demand and improving grid resilience.

Response: Staff thank the commenters for their comments. Funding for Grid Modernization and VPPs is currently being funded through the SBC but Staff will consider utilizing other funding methods if available and necessary. Staff agrees with the importance of prioritizing grid modernization and VPPs. Grid Modernization is foundational to enabling the maximum use of interconnected DER, which besides countering currently high wholesale market cost burden offers a fundamental cost-effective means of supporting distribution system reliability, fuller system utilization and flexibility, and expanded hosting capacity.

Distributed Energy

Comment: Michael Winka proposed the creation of a new hybrid program for Distributed Energy Resources ("DER") that allows them to function as both behind the meter ("BTM") and in front of the meter ("FTM") at the same location. The commenter stated that while current workflows align with retail and wholesale markets, a new utility business model is needed where customers are paid for grid services they provide to the distribution system but also pays the distribution utilities for the service the distribution utility provides. The commenter asserted that the delivery of BTM and FTM DER programs should be integrated so that a customer's site can supply on-site needs while also providing excess services to the local grid.

Response: Phase 2 of the GSESP will focus on distribution system-level storage (as compared to Phase 1, which focuses on transmission-level storage). Phase 2 is expected to be divided into capacity blocks that will be issued sequentially. Capacity Block 1 is expected to focus on incenting only behind the meter energy storage projects. The program design for subsequent blocks remains under development but is expected to consider both FTM and BTM projects. The commenter's proposal will be considered during the further development of the program.

Comment: Michael Winka argued for a local distribution energy market that operates entirely within the distribution system, which he believes would be more economically and energy efficient than the wholesale bulk transmission level. The commenter suggested this market would be similar to the wholesale level but would function without the need for wholesale bulk services. The commenter noted that electricity is used locally from where it is generated at the distribution level, justifying this new market structure.

Response: Staff encourages the commenter to follow the VPP Docket No. QO26030099 and submit comments and proposals there.

Comment: Michael Winka suggested retooling the TCDER Microgrid Program to develop and test these new distribution services and markets beyond just resiliency. The commenter recommended that Electric Distribution Companies ("EDCs") pay microgrids for grid services provided, while microgrids pay for the use of the EDC system. Michael Winka pointed out that this structure avoids the duplication of electric grid infrastructure in accordance with NJSA 48:3-77.1. The commenter noted that such microgrids could evolve to provide energy, capacity, voltage, and frequency regulation services and would pay a fee similar to the generators in the wholesale market in order to access the distribution system for their VPP

Response: Prior experience with the design phase of the TCDER program has shown multiple

challenges such as:

- Microgrid customers would experience higher costs than Business as Usual for building and operating the microgrid, which impedes their development.
- The cost of interconnecting the microgrid cannot be fully borne by the microgrid customers. Microgrid developers often seek to rate-base interconnection and grid upgrade costs, which is at odds with the cost causer pays principal.
- Utilities are generally reluctant to ascribe grid-related benefits to microgrids.
- Microgrids remain dependent, at least in part, on natural gas for local generation. Use of this fossil fuel remains a headwind.

In this era of protecting ratepayers from increased costs, funding a TCDER program is not a priority at this time.

Comment: The CHP Alliance, Bloom, and NFCRC commented that the CHP-FC funding level should not be reduced by the proposed $10,000,000 as compared to FY26. Both the CHP Alliance and NFCRC emphasized that the CHP-FC is one of the most essential programs for reducing energy usage and reducing the budget for CHP-FC would hurt ratepayers. The CHP Alliance highlights the high reduction in CO_2 and that CPH systems can be modified to operate on low and non-emitting fuel sources. The CPH Alliance also notes that CPH is a key component of the DOE roadmap for energy efficiency. NJNG commented that it was concerned that the budget may be too limited to support meaningful market adoption during FY27. NFCRC also expressed concern that removal of the Manufacturer Diversity Cap and adjustment of the per project incentive cap level will result in more applications and projects to implementation, which would expend the budget too quickly.

Response: First, the FY27 Total Budget for CHP-FC is $22,731,584, an amount greater than, not reduced against, the same line item for FY26 of $19,323,828. Staff is not sure what led the commenters to conclude there was a reduction in funding level. Further, based on historic program participation and forecasting, Staff and TRC expect the FY27 Total Budget for CHP-FC to be sufficient to cover forecasted demand for the program.

Staff concurs with Bloom's comment that on-site generation can assist in alleviating capacity shortages that are currently driving increase in wholesale electric rates. However, Staff notes that the CHP/FC budget has not been fully expended in recent years, and as noted above, Staff believes the proposed budget is sufficient to cover forecasted demand for the program. If enough projects submit applications to fully utilize the budget, consistent with past practice Staff can revisit the budget during the annual True-Up process and consider recommending additional funds, if funds in other programs are not fully utilized.

The Manufacturer Diversity cap was originally implemented to prevent any single technology or manufacturer from monopolizing the funds allocated to the program budget. However, based on recent experience, no manufacturer has reached its cap in the past several years and Staff no longer believes the cap is needed.

Comment: Bloom and the NFCRC commented that linear generators should not be included within the definition of a "fuel cell." They argued that they instead should be treated as their own category of on-site generation in that linear generators are significantly different from fuel cells because linear generators use an oscillating mechanical-electromagnetic process to convert fuel into electricity while fuel cells produce electricity through an electrochemical reaction with a fuel source.

Response: Staff sees the merit in this comment and has revised the draft Compliance Filing to render linear generation as its own category of CHP-FC while treating it substantially the same as in the proposed Compliance Filing. However, the revised draft that will be presented to the Board for review will also contain some technical revisions that conform to the foregoing, e.g., clarifying that linear generation projects do not need to include provision for at least one stack upgrade.

Comment: NJNG commented that it supports the incorporation of linear generation within CHP-FC in that it appropriately eliminates unnecessary market constraints, expands technology optionality, and better aligns with Governor Sherrill's Executive Order 2's objective to accelerate DER deployment.

Response: Staff appreciates the support.

Comment: Rate Counsel commented that the CHP-FC program is over 25 years old and that Staff have not explained why it has not yet overcome market barriers. Rate Counsel also commented, as it has in the past, that the Board should limit eligibility to non-fossil-fueled facilities. Finally, it urged Staff to apply the Market Transformation rubric to determine whether the program should be wound down.

Response: It is not unusual for some valuable energy technologies such as solar to continue to encounter market barriers for many years, particularly for measures where the primary barrier is first cost. CHP and FC projects provide significant local benefits, including transmission and distribution benefits, and a reduction in capacity requirements. This is of particular value given the recent increases in retail electric rates driven in large part by forecasted capacity shortages.

Similar to Staff's response to similar comments in the past, Staff appreciates Rate Counsel's reservations about incentivizing a fossil fuel technology, but notes that, in general, projects in the CHP-FC program demonstrate overall efficiencies greater than and emissions lower traditional power projects in the PJM region. The projects result in energy and GHG reductions at a customer's site and provide resiliency benefits, and CHP overall scores well on benefit-cost analyses. Staff plans to continually reevaluate all programs, including this one, and will take Rate Counsel's recommendations into consideration as part of that ongoing reevaluation. Finally, Staff notes that there is currently very little renewable fuel available in NJ which would severely limit the potential for on-site generation and the resultant benefits noted above if the program were to exclude fossil fuels.

Comment: Rate Counsel commented that Staff committed in June 2024 to investigate siting impacts of CHP and FC facilities on overburdened communities ("OBCs"), but has not provided any additional information. Rate Counsel also urged the Board to establish siting requirements to minimize adverse impacts on such communities. Rate Counsel further commented that the proposed continuation of subsidies for FC projects with annual system efficiencies as low as 40 percent, while CHPs are subject to a 60 percent minimum efficiency threshold, represents an unjustified discrepancy that should be eliminated

Response: The State-led programs are being closely monitored and impact and process studies are being prioritized based on the impact to the overall energy efficiency portfolio. In FY27, Staff will conduct a preliminary analysis of siting CHP and fuel cell systems in OBCs to address the need for establishing siting requirements to minimize the impact in these communities. Since inception of the program in 2013, the installed projects have had average efficiencies of 75% for CHP and 52% for fuel cells. In FY27, Staff will consider uniform efficiency requirements for CHP

and FC based on their performance.

Electric Vehicle and V2G Programs

Comment: ChargEVC-NJ maintained that state support must continue to target the primary barriers of consumer education, range anxiety, and vehicle affordability. ChargEVC-NJ recommended that the Clean Fleet program and the Plug in EV Incentive Fund be resourced to the maximum extent possible to directly address affordability. ChargEVC-NJ noted that electric vehicles, which are paid for mostly by the private sector, can act as mobile storage or "batteries on wheels" to leverage private investment against public funds. ChargEVC-NJ suggested that proactive planning and managed charging will allow these vehicles to put downward pressure on rates.

Response: Staff thanks ChargEVC-NJ for their comments and suggestions. Staff consistently monitors and evaluates program participation data, and market to adapt programs accordingly so as to address key adoption barriers. Additionally, Staff has diligently worked to adapt ongoing outreach and marketing efforts to reach New Jersey residents. Staff agrees that EVs, at scale, have significant energy storage and power flow management capacity which can become a significant grid resource.

Staff recognizes that there are significant opportunities to shift EV residential and MUD loads to times with lower demand without compromising vehicle functionality.

Staff notes that proactive planning has always been an element in the Board's programing. By Order dated October 20, 2020, the Board established Light-Duty ("LD") EV charging MFRs ("LD MFRs") which built a framework for charger deployment, managed charging, make ready planning, and EV charging infrastructure incentive programs.[6] Additionally, the Board established its own programming including the Charge Up New Jersey Home Charger, Clean Fleet, MUD, and EV Tourism incentives. Anticipating the large role that EVs can play in grid resilience, both the utility and Board programs required incentive recipients to install networked, Wi-Fi enabled chargers which are capable of managed charging and data collection. Without these incentives, many residents would have chosen non-networked, "dummy" chargers that are not capable of communicating with the grid and working as a grid asset to reduce peak loads. The Board's commercial charger incentives also required grantees to install dual-port chargers which require fewer Make-Ready installations creating a more efficient and cost-effective installation of utility infrastructure.

In addition to deploying hardware to facilitate future managed charging programs, the Board's programs required that applicants share data with the Board. This data has provided Staff with insight into behaviors in the residential, MUD, quasi-public, and public settings. This data will allow Staff to create data-driven recommendations for the development, and betterment, of future managed charging programs in the upcoming LD Rules across the residential, MUD, quasi-public, and semi-public sectors.

In the LD MFRs Board required the utility programs to implement a residential managed charging solution. Accordingly, the utilities offered an incentive for EV drivers to charge their EVs at night during off-peak hours. Future programs will build on this foundation by beginning the transition

[6] In the Matter of Minimum Filing Requirements for Light-Duty, Publicly-Accessible Electric Vehicle Charging, BPU Docket No. QO20050357

to dynamic charging.

Comment: ChargEVC-NJ expressed concern that the proposed $30 million statutory minimum for the Plug in EV Incentive Fund will lead to "start-stop" funding cycles that disrupt market planning for consumers, dealers, and manufacturers. ChargEVC-NJ suggested that the state should either increase funding beyond the current proposal or design the program with several discrete, well-defined “windows” throughout the fiscal year to ensure market predictability for consumers, dealers, and manufacturers.

Response: Staff thanks ChargEVC-NJ for their comments and suggestions. Each year Staff analyzes and evaluates the Charge Up New Jersey program and optimize the budget based on available funding and with the State’s goals in mind. Staff acknowledges that start-stop funding cycles can disrupt market planning for consumers, dealers, and manufacturers, and notes that program longevity, among a wide variety of other program considerations including but not limited to equity, program cost, total number of EVs registered, changes to other State and federal policies that affect EV adoption, and impact on ratepayers are all considered during program evaluation to maximize program effectiveness in supporting EV adoption. Staff believes the budget will be sufficient for the fiscal year and will continue to monitor budget and program participation levels.

Comment: ChargEVC-NJ advocated for prioritizing charging infrastructure incentives in multi-unit dwellings to ensure equitable access for the 40% of New Jersey residents living in these facilities. ChargEVC-NJ asserted that convenient charging at these locations will drive adoption and support the growing used electric vehicle market by making charging more affordable.

Response: Staff thanks ChargEVC-NJ for their comments. Staff acknowledges the importance of ensuring equitable access to EV charging for residents living in multi-unit dwellings and agree that expanding charging infrastructure at these locations is critical to helping reduce barriers to adoption. Each year Staff analyzes each EV program and optimizes the budget of each program based on available funding and with the State’s goals in mind, with a focus on equity. Staff also notes that the Multi-Unit Dwelling program has incentivized over 1,200 Level 2 Chargers, with over 2,000 additional chargers awarded and awaiting completion of installation since the start of the program in FY22. Additionally, between February 2024 and the end of 2025, 60% of Multi-Unit Dwelling program funding for completed installations went to projects located within either an Overburdened Municipality or at a Deed Restricted/Affordable Housing property. Meanwhile, as of December 2025, 65% of reserved funding has been allocated for OBM or Deed Restricted/Affordable Housing properties.

Comment: ChargEVC-NJ highlighted its recent participation in a VPP discussion hosted by the NJ Economic Development Authority as evidence of its commitment to these solutions. ChargEVC-NJ recommends that mobile batteries be allowed to participate in new VPP programs to improve grid efficiency.

Response: Staff thanks ChargEVC-NJ for their comments and recommendations. Staff recognizes the potential for EVs to serve as valuable grid assets through load management. Staff notes that Executive Order No. 2 directs the development of a VPP program that will aggregate behind-the-meter resources including EV infrastructure to reduce peak demand and improve grid efficiency.

Comment: ChargEVC-NJ argued that a comprehensive approach to affordability is needed, specifically targeting policies that hinder the market. ChargEVC-NJ stated that the phase-out of

the sales tax holiday and the implementation of a punitive registration fee, both of which occurred under the prior Administration, actively frustrate electric vehicle affordability goals.

NJ CAR also proposed that the state should reinstate either a total or partial sales tax exemption for electric vehicles. NJ CAR recommended that the state should also pause or reduce the EV registration fee to help tilt the scales in favor of electric vehicle sales. NJ CAR maintained that these adjustments were necessary to counteract the initial higher cost of these vehicles compared to gas-powered alternatives.

Response: Staff thanks ChargEVC-NJ and NJ CAR for their comments. Staff recognizes that vehicle purchase and ownership costs can influence consumer adoption decisions. However, the sales tax exemption and vehicle registration fee policies are outside of the Board's authority. Staff continues to focus on programs within the Board's authority that support transportation electrification and expand access to EVs for New Jersey residents. Staff also notes that changes in State and federal policies, among a wide variety of other program considerations including but not limited to equity, program cost, total number of EVs registered, program longevity, and impact on ratepayers are considered when evaluating program design to maximize program effectiveness in supporting EV adoption.

Comment: ChargEVC-NJ stated that the Governor's focus on affordability, grid readiness, and in-state capacity requires a paramount new level of inter-agency coordination regarding VPPs. ChargEVC-NJ recommends that agency programs touching EVs, charging infrastructure, stationary storage, financing, zoning and permit regulations, and standards maintain consistency where applicable to work toward these shared ends.

Response: Staff thanks ChargEVC-NJ for their comments and recommendations. Staff recognizes that effective integration of EVs, charging infrastructure, energy storage, and other DERs can support emerging VPP initiatives while maximizing benefits to ratepayers, supporting grid reliability, and advancing State energy goals. Staff regularly communicates with other agencies to coordinate programing.

Comment: NJLCV expressed significant concern regarding the proposed reduction of electric vehicle incentive funding to the statutory minimum of $30 million, down from $50 million in previous years. NJLCV also highlighted the total elimination of dedicated funding for several key initiatives, including Electric School Buses, School Bus Vehicle-to-Grid ("V2G") programs, EV Tourism, E-Mobility initiatives, and Medium- and Heavy-Duty Charging Depot infrastructure. NJLCV identifies vehicle affordability, range anxiety, and consumer education as the three primary barriers that state policy must address to ensure the continued growth of the EV market. NJLCV explains that electric vehicles serve as mobile energy storage resources that are essential for future VPP initiatives and for improving overall grid flexibility.

Response: Staff thanks NJLCV for their comments and suggestions. Staff agree that vehicle affordability, range anxiety, and consumer education are key barriers to adoption that must be addressed to ensure continued growth in the EV market. Each year, Staff analyze and evaluate a wide variety of program considerations including but not limited to equity, program cost, total number of EVs registered, program longevity, changes to other State and federal policies affecting EV adoption, and impact on ratepayers and optimize the budget of each program based on available funding and with the State's goals in mind. Staff also agrees that EVs can provide value and flexibility to the grid through load management, and note that the Board's incentive programs for EV chargers were intentionally designed to require networked chargers and data sharing to set the foundation for load management capabilities and to provide ready resources that can

inform future policy and program design.

Comment: NJLCV argued that the Plug-In EV Incentive Fund and Clean Fleet Program are critical for addressing affordability and should be funded to the maximum extent possible. NJLCV warned that funding the incentive program at only the statutory minimum risks continuing start-stop cycles where funds quickly disappear, creating uncertainty for consumers, dealers, and manufacturers. NJLCV recommended that if additional funding cannot be provided, the Board should establish clearly defined funding windows throughout the fiscal year so stakeholders can make informed decisions with greater certainty. NJLCV underscored the importance of the Multi-Unit Dwelling Chargers Program, noting that approximately 40% of New Jersey residents live in multi-unit housing and require accessible charging to ensure equitable EV adoption. NJLCV urged the Board to identify and address non-financial barriers to charger deployment, such as restrictive condominium and homeowner association bylaws that currently limit infrastructure access.

Response: Staff thanks NJLCV for their comments and suggestions. Each year Staff analyzes and evaluates the programs and optimizes the budget based on available funding and with the State's goals in mind. Staff acknowledges that start-stop funding cycles can disrupt market planning for consumers, dealers, and manufacturers. Staff notes that program longevity, among a wide variety of other program considerations including but not limited to equity, program cost, total number of EVs registered, changes to other State and federal policies that affect EV adoption, and impact on ratepayers are all considered during program evaluation to maximize program effectiveness in supporting EV adoption. Staff believes the budget will be sufficient for the fiscal year and will continue to monitor budget and program participation levels.

Staff acknowledges the importance of the Mult-Unit Dwelling program in helping to reduce barriers to adoption by ensuring equitable access to EV charging for New Jersey residents living in these locations. Staff also recognizes the deployment barriers highlighted and note that market conditions and program data are continuously monitored with the purpose of informing program adjustments that will address key barriers and ensure equitable access to charging infrastructure for residents who lack access to charging options. Staff further notes that the Multi-Unit Dwelling program has incentivized over 1,200 Level 2 Chargers, with over 2,000 additional chargers awarded and awaiting completion of installation since the start of the program in FY22. Additionally, between February 2024 and the end of 2025, 60% of Multi-Unit Dwelling program funding for completed installations went to projects located within either an Overburdened Municipality or at a Deed Restricted/Affordable Housing property. Meanwhile, as of December 2025, 65% of reserved funding has been allocated for OBM or Deed Restricted/Affordable Housing properties.

Comment: NJ CAR acknowledged the stability created by carrying over excess funds from the prior year and supported the continuation of incentives for low-income applicants. NJ CAR emphasized that while dealerships supported the transition to electric vehicles, the current budget failed to provide sufficient support to influence consumer decisions. NJ CAR argued that the proposed $1,500 purchase incentive is unrealistic because the average price of an electric vehicle has reached $58,000. NJ CAR noted that this low funding level was insufficient to offset the state's full sales tax and the upcoming increase in registration fees. NJ CAR pointed out that New Jersey's rebate was less competitive than programs in Massachusetts, Rhode Island, and New York, which offers between $2,000 and $3,500. NJ CAR urged the Board to restore the $4,000 incentive level to attract more buyers and avoid the "on-again, off-again" funding cycles of the past.

Response: Staff thanks NJ CAR for their comment and suggestions. Each year Staff analyzes and evaluates the programs and optimizes the budget based on available funding and with the State's goals in mind. Staff also weigh a wide variety of program considerations including but not limited to program longevity, equity, program cost, total number of EVs, changes to other State and federal policies that affect EV adoption, impact on ratepayers, and other state programs when analyzing and evaluating program design to maximize program effectiveness in supporting EV adoption. Staff acknowledges that start-stop funding cycles can disrupt market planning for consumers, dealers, and manufacturers and believe the budget will be sufficient for the fiscal year and will continue to monitor budget and program participation levels. Staff note that changes to the incentives levels were made to focus on providing consistency to the market and to avoid the start-stop funding cycles mentioned in the comments.

The continuation of the current program structure will both increase the total number of EVs registered in New Jersey and continue to help low- and moderate- income residents, who are the most price-sensitive, to purchase a vehicle by maintaining the income-qualified incentive at $4,000.
As of May 12, 2026, there are

- three (3) 2025 to 2027 models with MSRPs below $30,000,
- eight (8) models less than or equal to $30,000, and
- Nearly forty (40) models under $40,000

providing consumers with several affordable options. Staff note that CUNJ+ covers most of the incremental cost of comparable models. For example, with CUNJ+ 2026 Chevrolet Equinox EV is $600 more than the MSRP of the gas 2026 Equinox.

Comment: NJ CAR encouraged the inclusion of an EV Subscription Program in the state's clean energy toolbox. NJ CAR explained that a subscription model would allow consumers to trial a vehicle before committing to a long-term purchase or lease. NJ CAR argued that this approach would expand the program's reach and help the state achieve its clean energy goals.

Response: Staff thanks NJ CAR for their comments. Staff acknowledges the value of allowing consumers to trial a vehicle before committing to a long-term purchase or lease. However, Subscription Programs do not currently provide customers with Battery Electric Vehicles under $55,000 at all times. Until that legislatively mandated threshold has been met, incentives may not be utilized. Staff looks forward to continued discussions on this issue.

Comment: NJ CAR suggested that the state should create a comprehensive public education campaign to promote the benefits of an EV. NJ CAR stated that current outreach efforts were limited to the ChargeUp New Jersey website. NJ CAR believed that with the additional marketing outreach and promotion of the ChargeUp website, consumers will be more encouraged to make an EV investment.

Response: Staff thanks NJ CAR for their comments and suggestion. Staff notes that a marketing and outreach campaign for both dealers and consumers is put into place at the start of the new fiscal year. These campaigns go beyond information on the Charge Up New Jersey website and take into consideration the feedback we receive from dealers and customers in their survey responses. Staff also notes that the Charge Up New Jersey program administrator runs an EV sales training program, ElectrifIQ, which is available to dealerships at no cost and provides dealership staff with education on how to address consumer questions regarding EV ownership,

charging, range, operating costs, and vehicle functionality, thereby also expanding access to reliable EV education at the point of purchase.

Comment: The Coalition argued that cuts to electrification incentives make it more difficult to lower utility rates and increase electric vehicle adoption. The Coalition described electric vehicles as "batteries on wheels" that can stabilize the grid and lower costs for all ratepayers. The Coalition warned that eliminating school bus and heavy-duty charging programs will hinder the rollout of VPPs and slow progress on reducing pollutants. The Coalition cited research showing that managed charging for electric vehicle loads can generate billions in annual utility savings and significantly reduce residential bills.

Response: Staff thanks the Coalition for their comments. Staff acknowledges the importance of incentives to help support the early stages of EV adoption. Staff also agrees that EVs can provide significant value and flexibility to the grid and to ratepayers through load management solutions, and note that the Board's incentive programs run in parallel with the utility Medium-Heavy Duty programs to inform and ensure program design addresses EV chargers were intentionally designed to require networked chargers and data sharing to set the foundation for load management capabilities and to provide ready resources that can inform future policy and program design. Each year Staff analyzes and evaluates the programs and optimizes the budget based on available funding so as to maximize program effectiveness in supporting EV adoption. This is done with the State's goals in mind, including Executive Order No. 2 which directs the development of a VPP program that will aggregate behind-the-meter resources including EV infrastructure to reduce peak demand and improve grid efficiency.

Comment: Rate Counsel stated that it does not agree that EV incentives should be funded by utility ratepayers, as electric vehicle transportation is not a public utility service but rather part of the transportation industry. Rate Counsel noted that the applicable statute requires only $30 million annually from SBC funds for EV programs, yet the FY27 budget proposes $179.5 million without any analysis or justification for this level of expenditure.

Rate Counsel further noted that ratepayers are already committed to paying $273.35 million to subsidize the EV incentive programs of the four electric utilities, and that an additional $80 million in Medium and Heavy-Duty EV program expenditures are currently pending before the Board, with no coordination between DCE EV Programs and utility EV programs. Rate Counsel stated that the proposed EV incentive structure risks violating traditional utility ratemaking principles by socializing costs for programs whose direct economic benefits accrue primarily to comparatively affluent participants while excluding low-income and other vulnerable utility customers. Rate Counsel stated that the Board's own FY27 budget documents acknowledge that EV affordability remains a concern, making continued allocation of tens of millions of dollars toward discretionary EV charging and incentive programs difficult to reconcile with Executive Order No. 1's stated affordability objectives.

Response: Staff thanks Rate Counsel for their comments. Staff note that the Board's clean transportation programs are implemented pursuant to the Electric Vehicle Act, P.L. 2019, c.362 ("EV Act"). The EV Act requires the Board to fund a Light Duty Electric Vehicle Incentive Program at a minimum of $30 million from the SBC Fund and directs the Board to establish additional

programs to help the State meet the goals highlighted in the EV Act for light duty EV adoption, public charging infrastructure, MUD charging infrastructure, governmental fleet electrification, and MHD electrification. Staff also notes that Executive Order No. 2 recognizes the role of electric vehicle infrastructure within VPP frameworks by directing the Board to develop a VPP program that leverages behind-the-meter resources, including electric vehicle infrastructure, to reduce peak demand, support grid operations, and help improve overall grid efficiency. Staff notes that EVs can serve as flexible grid assets and provide value to the electrical system, helping reduce costs for ratepayers through load management solutions and grid-supportive strategies.

Staff notes that a significant portion of the FY27 budget, as indicated in the budget table, is already committed funding from previous fiscal year incentives. Staff notes that many EV charging projects can take anywhere between 18-24 months to complete, with some installations experiencing delays such as from supply chain or permitting issues, to name a few examples. This means funds that have already been reserved for a grantee need to be rolled over to future fiscal years as the Board pays the grantee once the project has been completed. It is also important to note that in addition to the $30 million for the Plug-In EV Incentive Fund, the Board is statutorily obligated to provide funding, up to $12 million, to support the MHD depots program pursuant to P.L. 2023, c.316, encouraging non-wires solutions and storage.[7] Based on the cost of these types of projects, Staff determined it would be most effective to provide the maximum amount of funding, pursuant to the law. This program is under development in parallel with the utility Medium-Heavy Duty programs to help inform effective program design.

Staff notes that there is regular coordination with the utilities and the NJDEP regarding their clean transportation programs. The utility and Board incentives were intentionally designed to be complimentary rather than duplicative, as utilities may only provide funding for Make-Ready infrastructure, and Board incentives provide funding primarily for the chargers themselves, with no grantee being permitted to receive over 90% of their project costs from government and utility incentives. Grantees are also not permitted to stack Board incentives with the NJDEP's It Pay$ to Plug In program. Staff further notes that the Board's EV charger incentive programs were intentionally designed to require networked chargers and data sharing capabilities to set the foundation for future grid applications that enable load management functionality. Inclusion of these requirements reflect the Board's ongoing efforts to align clean transportation programs with utility planning and grid modernization initiatives. Staff intends to continue coordinating with the utilities as additional transportation electrification programs, including the Medium and Heavy Duty EV programs, are implemented.

From the inception of the programs, Staff has aimed to ensure EVs contribute to grid resilience and stability, saving ratepayers money in the long term. EVs, at scale, have significant energy storage and power flow management capacity which can become a significant grid resource.

Staff recognize that EV residential and MUD loads are flexible because passenger vehicles are only in operation for five percent (5%) and are idle ninety-five percent (95%) of a typical day. An average New Jersey resident that drives 11,349 miles annually and uses a 7kW level 2 charger will idle their vehicle an average of 684 hours in a typical month while only charging for 47.3

[7] See N.J.S.A. 48:25-13 et. al.

hours.[8] Therefore, there are significant opportunities to shift residential charging loads to times with lower demand without compromising vehicle functionality. Public level 2 chargers have opportunities for managed charging as well. By offering lower rates at night, this shifts many charging sessions that are six (6) hours or more overnight which not only reduces daytime loads but also ensures charger access for those who need it.

Staff notes that proactive planning has always been an element in the Board's programing. By Order dated October 20, 2020, the Board established Light-Duty ("LD") EV charging MFRs ("LD MFRs") which built a framework for charger deployment, managed charging, make ready planning, and EV charging infrastructure incentive programs.[9] Anticipating the large role that EVs can play in grid resilience, both the utility and Board programs required incentive recipients to install networked, Wi-Fi enabled chargers which are capable of managed charging and data collection. Without these incentives, many residents would have chosen non-networked, "dummy" chargers that are not capable of communicating with the grid and working as a grid asset to reduce peak loads. The Board's commercial charger incentives also required grantees to install dual-port chargers which require fewer Make-Ready installations creating a more efficient and cost-effective installation of utility infrastructure.

In addition to deploying hardware to facilitate future managed charging programs, the Board's programs required that applicants share data with the Board. This data has provided Staff with insight into behaviors in the residential, MUD, quasi-public, and public settings. This data will allow Staff to create data-driven recommendations for the development, and betterment, of future load management programs in the upcoming LD Rules across the residential, MUD, quasi-public, and semi-public sectors.

In the LD MFRs Board required the utility programs to implement a residential managed charging solution. Accordingly, the utilities offered an incentive for EV drivers to charge their EVs at night during off-peak hours. Future programs will build on this foundation by beginning the transition to residential dynamic charging. There are also significant opportunities to shifting lengthy charging sessions overnight in MUD and public level 2 sectors.

Comment: Rate Counsel criticized that the Charge Up New Jersey Compliance Filing does not contain any relevant information to assess the requested budgets, does not identify goals or performance metrics, does not conduct any analysis of past or expected program performance, and does not address the impact of increased electricity demand from EVs on the electric power system's reliability, costs, or emissions. They argued that the Charge Up FY27 Compliance Filing continues to rely on the unsupported claim that the lack of charging stations at apartment buildings is a barrier to low-income and OBC residents for EV adoption when the more logical reason is likely affordability. Rate Counsel stated that incentives for EVs and chargers for non-low-to-moderate income customers should be eliminated as an inappropriate use of ratepayer funds that disproportionately favor wealthier households.

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[8] "How Many Miles Does the Average Person Drive a Year? 2026." Consumer Affairs, https://www.consumeraffairs.com/automotive/how-many-miles-does-the-average-person-drive-a-year.html#miles-driven-by-state.

Morris, David Z. "Today's Cars Are Parked 95% of the Time." Fortune, https://fortune.com/2016/03/13/cars-parked-95-percent-of-time/. Accessed 11 June 2026.

47.3 hours charging = (11,349 miles / 12 months) / (20 mph charging speed)

[9] In the Matter of Minimum Filing Requirements for Light-Duty, Publicly-Accessible Electric Vehicle Charging, BPU Docket No. QO20050357

Response: Staff thanks Rate Counsel for their comments. Staff notes that program goals are consistent with the EV adoption and charging infrastructure objectives outlined in the EV Act, P.L. 2019, c.362, and that program performance metrics were included in the FY27 Comprehensive Resource Analysis for the Charge Up New Jersey programs, including participation and emissions savings metrics. Staff also notes that program metrics can also be found on the Charge Up New Jersey website for the Charge Up New Jersey EV and Residential Charger programs, the Multi-Unit Dwelling Incentive program, the Clean Fleet Incentive program, and the EV Tourism Corridor Incentive program: https://chargeup.njcleanenergy.com/incentive-statistics. Staff notes that effective integration of EVs and charging infrastructure, along with energy storage and other DERs can support emerging VPP initiatives while maximizing benefits to ratepayers, supporting grid reliability, and advancing State energy goals.

Staff further notes that the Board's clean transportation programs have been designed to both advance market adoption and to optimize equity by focusing on incentive structures that increase adoption amongst LMI residents. These efforts include the reductions to the standard base incentive for the Charge Up New Jersey EV incentive program and increase to the income-qualified incentive. Over the five program years, the Charge Up New Jersey program has become increasingly income-diverse, with the increased participation of low-and-moderate residents. In both the MUD and Clean Fleet programs alone, more than 50% of approved applications involved projects located within an Overburdened Municipality or at deed-restricted affordable housing properties, representing at least 60% of incentive funding. For the Charge Up New Jersey program, LMI households represent a growing share of incentive recipients, with the proportion of respondents reporting household incomes of $150,000 or less increasing from 36% in FY21 to 50% in FY25. Survey results show that the diversity of residence types among Charge Up and Charge Up+ participants has increased steadily since 2020 and has extended beyond households that typically lack direct access to home charging. The share of respondents living in apartments, condominiums, and attached homes grew to 31% by FY25. Similarly, the proportion of respondents who rent their residence increased to 19% over the same period.

Staff acknowledges that both charging and affordability remain key issues slowing adoption in disadvantaged communities. This is why Staff have curated a diverse array of programs to improve affordability (CUNJ+), offer charging at MUDs, and increate public charging. This comprehensive approach mitigates the barriers that New Jersey's diverse communities with wide ranging levels of public charging access and different approaches to urban planning.

Staff note that CUNJ+ covers most of the incremental cost of comparable models. For example, with CUNJ+ 2026 Chevrolet Equinox EV is $600 more than the MSRP of the gas 2026 Equinox. Additionally, as of May 12, 2026, there are

- three (3) 2025 to 2027 models with MSRPs below $30,000,
- eight (8) models less than or equal to $30,000, and
- Nearly forty (40) models under $40,000

providing consumers with several affordable new options. The EV used market offers competitive pricing, where the upfront cost of many used EVs are less than the MSRP of a comparable vehicle.

However, Staff notes that access to charging for both MUD residents and renters has been widely upheld and acknowledged in governmental, academic, and consulting sectors. Public polling supports this as access to charging is one of the most common concerns that people cite related to purchasing an EV. [10]

Comment: Rate Counsel stated that before approving continued SBC recovery for EV initiatives, the Board should require: the goals for participation and emission reduction for each EV initiative; cost-benefit analyses for each initiative; participant income demographic data; utilization forecasts; avoided-cost modeling; and ratepayer impact analyses.

Response: Staff thanks Rate Counsel for their suggestions. Staff notes that participation and emission reduction totals for the Board's clean transportation programs were included in the FY27 Comprehensive Resource Analysis, including for completed projects and for projected projects with reserved funding. Participation goals are consistent with the EV adoption and charging infrastructure objectives outlined in the EV Act, P.L. 2019, c.362. Staff also continuously analyzes a wide variety of program considerations to maximize program effectiveness. These considerations include, but are not limited to, emissions reductions potential, program cost, affordability, equity, impact to ratepayers, participant data and survey results that provide further insights into program performance, program longevity, total number of EVs registered, total number of chargers installed throughout the State, and changes to other State and federal policies that affect EV adoption within the State. Staff also acknowledges the importance of conducting these analyses and will continue to work to improve program assessment and progress towards State goals.

Equity and Low-Income

Comment: NJLCV, EEA-NJ and the Coalition recognize the benefit of providing continued funding for urgent, short-term assistance programs like REAP and RUBC. The commenters emphasize that this immediate relief should not come at the expense of reducing direct investments in clean energy programs, which provide long-term relief. The commenters recommended that short-term relief allocations should not be increased in the FY27 budget.

Response: Staff values the input from the commenters on the short-term relief provided to residents through the REAP and RUBC initiatives. At the same time, Staff acknowledges the need to develop long-term solutions to ensure that residents have resources to lower energy usage and costs. The Board continues to provide for both short- and long-term relief through bill

[10] Energetics, Forth, & Teebay, R. (2023). *Multi-Unit Dwelling Plug-In EV Charging Innovation Pilots (Final Report)* (DOE-CSE--8473-1, 1991542; p. DOE-CSE--8473-1, 1991542). https://doi.org/10.2172/1991542

Johnson, M., & Ted, L. (n.d.). Policy Strategies to Promote Equitable EV Charging Access for Multi-Family Housing Residents. Berkley Law. Retrieved https://www.law.berkeley.edu/wp-content/uploads/archive/2024/08/EV-Charging-Access-for-Multifamily-Housing-Residents-CLEE-Report.pdf

2025 Poll: Americans' Views on Electric Vehicles. (n.d.). EPIC. Retrieved June 15, 2026, from https://epic.uchicago.edu/insights/2025-poll-americans-views-on-electric-vehicles/

Tyson, A., & Kikuchi, E. (2024, June 27). About 3 in 10 Americans Would Seriously Consider Buying an Electric Vehicle. *Pew Research Center*. https://www.pewresearch.org/short-reads/2024/06/27/about-3-in-10-americans-would-seriously-consider-buying-an-electric-vehicle/

credits and by offering a mix of clean energy programs and incentives to residents, businesses, and municipalities, among others.

Comment: NJLCV supported the funding increase for the Comfort Partners Program but suggests even higher future funding levels to account for inflation and demand. NJLCV is deeply concerned by the elimination of the Whole House Pilot Program ("WHPP") and if the WHPP is being incorporated into Comfort Partners or another initiative, they request clear guidance in how its essential services will continue to be implemented. NJLCV concludes that if implementation challenges existed with WHPP, that it is refined and improved upon rather than being fully eliminated.

Response: Staff thanks NJLCV for their comment. Staff has used the time in FY26 to evaluate the most effective use of health and safety funds. Based on lessons learned from the WHPP, Staff has decided to incorporate the WHPP funds into Comfort Partners because that program overlaps with the purpose and work of WHPP. In particular, Comfort Partners provides funding for the same health and safety work that WHPP was intended to provide. Essential services, such as mold remediation and roof repairs, will continue to be available through the Comfort Partners Program.

Comment: NJLCV commended the Board for increasing the Urban Heat Island Mitigation Grants Program funding to $13 million. NJLCV noted that these investments are vital for building climate resilience in heat-vulnerable communities. NJLCV encouraged the Board to ensure this program remains adequately funded to meet growing demand.

Response: Staff thanks NJLCV for supporting the decision to continue funding for the UHI Program and agrees that investment through this program bolsters climate resilience in heat-vulnerable communities, which is increasingly critical as extreme heat events become more frequent and severe. The Board received funding requests totaling $12,350,000 during the Program Year 1 UHI program grant application window, which was well above the $5,000,000 budget allocation,[11] demonstrating a high demand for these funds and a need to maintain an adequate funding stream to meet this demand. Staff would like to clarify the $13 million budget allocation for the UHI Program through the following breakdown: (i) $5 million will be disbursed to approved Program Year 1 awardees by the beginning of FY27; (ii) $5 million was approved by the Board for Program Year 2 funding; and (iii) $3 million represents a proposed reallocation from Community Energy Grants funding that has not yet been approved by the Board.

Comment: EEA-NJ and the Coalition expressed support of the consolidation of the WHPP into the Comfort Partners Program to streamline and aide in removing health and safety barriers. The commenters urged the Board to raise the per-project cap for home repairs from $7,500 to $50,000 per project to align with the original pilot program's goals. The commenters argued that the Board's interpretation of pilot results as challenging was based on a limited sample of fewer than 20 homes. The commenters emphasized that a whole-house approach effectively remediated the most energy-intensive and unsafe dwellings to reduce long-term chronic assistance needs.

Response: Staff appreciates EEA-NJ and the Coalition's recommendations and understands the concerns presented. Based on lessons learned from the WHPP, Staff is transferring the $3 million designated in previous years for WHPP to Comfort Partners and is considering ways to

[11] In re the Establishment of an Urban Heat Island (UHI) Mitigation Program, BPU Docket No. QO24100834, Order dated March 18, 2026.

restructure Comfort Partners to better achieve the goals envisioned by WHPP. Additionally, Staff notes that while Comfort Partners has a limit of $7,500 for health and safety, the WHPP had a conditional limit of $10,000 subject to certain exemptions. Lastly, Staff would like to note that the sample size of twenty homes reflects the numerous programmatic challenges faced in implementing the pilot. Staff is evaluating these challenges to determine how to improve and potential move forward with the WHPP.

Comment: NJNG and NJUA expressed concern that the proposed budget includes an approximate 3% reduction despite a 30% increase requested by the Comfort Partners Working Group. The commenters pointed out that several utilities exhausted their FY26 funding early, which to them demonstrated a structural gap between current budget allocations and actual program demand. NJUA cites the Governor's EO 1 to help demonstrate the need to strengthen the Comfort Partner's budget. The commenters argued that greater bill savings through Comfort Partners may reduce household reliance on the Universal Service Fund ("USF"), producing broader savings across the ratepayer base, and that funding levels should better reflect real-time performance and demand trends.

Response: Staff appreciates the comments from NJNG and NJUA regarding the proposed budget amounts for Comfort Partners and understands the concerns presented. Staff will work with the program Working Group to evaluate how to ensure the program can successfully deliver service to residents with the available resources.

Comment: Michael Winka acknowledged that while the Comfort Partners Program faces cost-effectiveness challenges, it remains a statutory requirement for low-income households. The commenter recommended expanding the program's scope to include building shell measures, electrification, DER solar, DER battery storage, EV and EV charging, and grid-interactive efficient building for demand response and demand flexibility. The commenter asserted that these expanded services are vital for low-income households to participate in the VPP marketplace on a level playing field with other customers.

Response: Staff appreciates the commenter's insights and suggestions and have started considering ways to expand the Comfort Partners Program to provide cutting-edge services to income-eligible residents. Staff would like to note that the Comfort Partners program currently providers certain Demand Response technologies, such as smart thermostats and smart power strips, and that they are evaluating ways to leverage other funding sources, such as federal funding, to help support electrification or other goals.

Comment: NJUA highlighted the Comfort Partners program's success in serving over 138,000 families and achieving significant energy savings through measures like air sealing and insulation. NJUA emphasized that addressing health and safety barriers, such as mold and unsafe wiring, is a critical best practice that enables the completion of weatherization work. NJUA emphasizes that the Comfort Partner program does more than just energy savings, but also allows basic stability and security to homes.

Response: Staff thanks NJUA for their comments and agree on the importance of the Comfort Partners program in helping low-income residents in need of energy assistance. Staff acknowledges that, in many cases, completing health and safety work is necessary to achieve weatherization and is evaluation ways to provide that work in an effective manner.

Comment: NJUA applauds the inclusion of language that allows the program to adjust budgets between cost categories and utilities. NJUA states that this flexibility improves the ability to

respond to market conditions and customer demand while supporting program targets.

Response: Staff thanks NJUA for their support of the proposed new budget flexibility. Staff believes that adding this flexibility will allow the program to better serve the needs of residents throughout the state by providing an opportunity for resources to be shifted to areas of higher need throughout the Fiscal Year.

Comment: NJUA requested the removal of cost-effectiveness data for the Comfort Partners program from page 38 of the CRA. NJUA asserted that the provided analysis lacks support and is inconsistent with the Board-authorized New Jersey Cost Test. NJUA recommended that the BPU coordinate directly with utility evaluation teams and the Statewide Evaluator to ensure consistent measurement frameworks.

Response: Staff hears the commenters concerns about running the Comfort Partners Program through a cost test, however, it is required by N.J.S.A. 48:3-87.9(d)(2). While the benefit-to-cost ratio is below one dollar saved to one dollar spent through Comfort Partners, programs that are in the public interest, such as low-income programming, can fall below this threshold and therefore can remain as part of energy efficiency programming.

Comment: NJUA recommended exploring a three-year program budget to replace the current annual cycle. NJUA argues that a multi-year structure would reduce operational inefficiencies and prevent the stop-and-go conditions that currently limit long-term contractor planning and negatively affect low-income customers.

Response: Staff appreciates the commenter's recommendation and understands the value that a three-year program budget may provide for Comfort Partners as well as other CEP programs. Staff will work to understand the feasibility of that recommendation.

Comment: NJUA suggested aligning the program's income criteria with the State Median Income ("SMI") used for the USF. NJUA believes this alignment would streamline customer enrollment and reduce the need for repeated income verification. NJUA confirmed a commitment to exploring further cost-saving approaches and process enhancements collaboratively with the BPU.

Response: Staff thanks NJUA for their comments, and would like to note that changing the current Comfort Partners income threshold from 250% Federal Poverty Limit to 60% State Median Income has been considered, particularly for the benefits of alignment with USF, including improving eligibility verification processes across low-income programming. Staff has communicated with the Comfort Partners Working Group regarding this change, so as Staff continues evaluating ways to improve the Comfort Partners Program, income eligibility criteria will continue being considered as part of opportunities for programmatic improvement.

Comment: Rate Counsel stated that the FY27 CRA provides no additional information regarding the $102.7 million requested for the Residential Universal Bill Credit and that it is unclear when this money will be distributed to ratepayers.

Response: Staff acknowledges Rate Counsel's comments on the Residential Universal Bill Credit ("RUBC") initiative. The newest iteration of the RUBC was presented to the Board on June 30, 2026, the same day as the FY27 budget Order. This iteration of the RUBC will provide one flat credit of $25 to customers of the electric distribution companies. RUBC is being funded using money from the Solar Alternative Compliance Payment ("SACP") and the FY27 budget. The

Order was structured so that all funds from the SACP would be exhausted before using any money from the FY27 budget. More information on total eligible accounts will be available after utilities certify with the Board the number of eligible accounts in their respective territories, and information on final spending will be available after all credits have been distributed. Information can be found through Docket No. QO26030089.

Comment: Rate Counsel commented that the FY27 CRA provides no description or basis for the $8.8 million requested for Community Energy Grants, and expressed concern that this ratepayer funding is held pending Board approval for a program whose need remains questionable given the absence of performance data on the 45 completed municipal plans funded under the Community Energy Plan Grants.

Response: Staff thanks Rate Counsel for their comment and would like to clarify that the requested funding for Community Energy Grants is to fund implementation grants in FY27. The plans produced through the Community Energy Plan Grant ("CEPG") program are the basis for municipalities, the eligible applicants for these programs, to determine the projects that they would like to pursue.

Comment: Rate Counsel stated that new funding for equity and bill assistance should be approved since it is a policy interest for the State. However, they claim a lack of evidentiary support.

Response: Staff appreciates Rate Counsel's support for the equity and bill assistance programs. Further, it was detailed in the FY27 CRA that program performance data is not yet available for CEPI or UHI, but will be provided when projects are complete. Based on the plans and proposals, Staff are confident these programs will have beneficial financial, energy, and environmental impacts for their communities.

Comment: Rate Counsel stated that it would like to reiterate concerns expressed in its April 17, 2025, comments on UHI, including Rate Counsel's belief that ratepayers should not be funding this initiative since it appears to have an attenuated relationship to utility rates and requests Staff to provide detail responses to each comment made in that filing.

Response: Staff appreciates Rate Counsel's feedback. Staff worked to address Rate Counsel's concerns by citing multiple scientific research articles and case studies that elucidate the ties between green and blue infrastructure and tangible energy savings within the Board Order establishing the program[12]. Staff designed the UHI Program to build off the successful legacy of the BPU's Cool Cities Program. A 2007 New Jersey Clean Energy Program report demonstrated that approximately 2,000 trees planted in 2006 through the Cool Cities Program resulted in an estimated annual energy savings of 196 MWh.[13] 196 MWh is enough to power approximately 19 typical homes in the United States on average for 1 year.[14] Additionally, strategic planning and maintenance of shade trees can result in reducing air conditioning costs by 30%.[15] Staff's survey of the literature and research studies refutes the claim that the UHI Program's funding mechanisms have an attenuated relationship to utility rates – when the grants are designed to

[12] In re the Establishment of an Urban Heat Island (UHI) Mitigation Program, BPU Docket No. QO24100834, Order dated July 16, 2025.
[13] See energy savings generated by tree planting through the Cool Cities Program at BPU's 2007 NJ Clean Energy Program Report on page 21, https://dspace.njstatelib.org/server/api/core/bitstreams/e1fddf2e-c690-4d19-9e05-e43d5fcc08c2/content
[14] See U.S. Energy Information Administration (EIA) for the average annual electricity use in an American Household (10.5 MWh), https://www.eia.gov/energyexplained/use-of-energy/electricity-use-in-homes.php. 196 MWh is enough to power roughly 18.6 typical US homes for an entire year (196 MWh / 10.5 MWh/home ≈ 18.6 homes).
[15] See The Energy Savings of Trees at American Forests, https://www.americanforests.org/article/the-energy-savings-of-trees/.

lower cooling costs through well-established smart growth strategies and to expand cooling access in heat-vulnerable and energy-burdened communities with limited air conditioning and public cooling infrastructure.

Comment: Rate Counsel stated that the FY27 CRA provides no description or basis for the requested $13 million for UHI and that a claim that local temperatures may be lowered by as much as 11 percent is provided without any reference or supporting information.

Response: Staff appreciates Rate Counsel's feedback. Staff highlighted in the FY27 CRA and the July 2025 Order establishing the program that urban green space, including parks and gardens, can contribute to a cooling effect of up to ~11%,[16] and this finding supports the rationale for funding green space redevelopment and expansion through the UHI program.

Comment: ACEEE asserted that no-cost efficiency programs are an essential tool to provide relief for New Jersey households that struggle with high energy burdens. ACEEE points to a similar weatherization program from Massachusetts which achieved a 25-28% average reduction in the amount of energy used for heating by low-income customers.

Response: Staff appreciates the comments from ACEEE regarding the need for no-cost efficiency programs and agrees on the importance of these programs for residents unable to keep up with rising energy bills.

Staff will take the time to examine what has worked in the Massachusetts income-eligible weatherization program to look for ways to improve upon the Comfort Partners program, particularly in decreasing customers' energy bills.

Comment: ACEEE highlighted that PSE&G is only allocating 12% of their efficiency budgets to low-income programs, despite 25% of households being eligible for the Comfort Partners program. ACEEE argued that across all New Jersey utilities similar proportional investments occur and is disparity results in low-income customers perversely subsidizing market-rate programs for wealthier residents. When comparing energy efficiency investment budgets to other states, ACEEE found that certain states have a statutory requirement of allocating 25-26% of utilities' budget to low-income customers.

Response: Staff thanks ACEEE for their comments and will further explore what proportion of SBC dollars should be allocated to low-income programming, including Comfort Partners, the Income-Qualified Program, the USF and other bill assistance programs, and any other programming. Further, Staff acknowledged the importance of continued investment for low-income resident and will keep this in consideration when reviewing future program design and funding needs.

Comment: ACEEE is concerned that the conclusion that Comfort Partners only delivers "$0.04 in participant energy savings benefits over the lifetime of the measures per ratepayer dollar spent" is a misrepresentation to other benefits provided by the program. These other benefits include reduced exposure to allergens, improved comfort, fewer heat or cold relate deaths, and an improvement in mental health due to lower bills. ACEEE also argues that the Triennium 2 program incorporates a 30% low-income benefits to offset additional costs to serve low-income households

[16] Aram, F., García E.H., Solgi, E, Mansournia, S. (2019). Urban green space cooling effect in cities, *Heliyon*, 5, e01339. https://doi.org/10.1016/j.heliyon.2019.e01339.

and can better capture non-energy benefits. ACEEE seeks clarification if the estimation of the Comfort Partner energy savings include the budget portion spent on health and safety measures, which are essential to home retrofit programs.

Response: Staff thanks ACEEE for their comment, which goes into detail about other benefits of Comfort Partners aside from energy savings, and acknowledges the non-energy benefits that can benefit participants of this program. However, Staff would like to note that the purpose of the performed cost-test is to examine energy savings benefits to the customer, disaggregating energy savings from other benefits. Therefore, health and safety costs were factored in when doing this cost-effectiveness test in order to get a full understanding of the cost-savings effect of the program.

Comment: ACEEE expresses appreciation that the Comfort Partners budget was not substantially reduced compared to prior years, but states that the allocated budget remains low compared to market-rate efficiency budgets in New Jersey and does not meet the Sherrill administration's affordability objectives for low-income households.

Response: Staff thanks ACEEE for their support of the Comfort Partners program and acknowledges the commenter's concerns about the program budget being too low. Staff would like to note that EO1 directed the Board, in reference to the True-Up budget, to consider how to "increase funding for, or invest in, energy efficiency programs for income-qualifying ratepayers to help lower those ratepayer's energy bills". In the FY26 True-Up budget, funding remained at $62 million, moved between utilities to ensure higher demand within different territories was met. In addition, Staff is looking for ways to best meet the goal of energy efficiency and bill reduction through programmatic improvement and efficiency. Staff believes the balance of direct ratepayer assistance, paired with the Comfort Partners program, can achieve Governor Sherrill's income-qualified affordability objective.

Energy Efficiency

Comment: EEA-NJ emphasized that the need for regular data collection to set ongoing incentive levels would require substantial investments of time and funding. EEA-NJ warned that such efforts would likely increase administrative costs without guaranteeing any increase in overall program effectiveness.

Response: The key factors used in setting incentive levels have been part of the EM&V framework for energy efficiency since the inception of Triennium 1. They also helped to set incentive levels for key measures in Triennium 2. It is anticipated that, in future program cycles, similar studies will be necessary to continue to monitor and establish measure incentives that assist in goal attainment. Where new interventions are introduced, new metrics may be developed and tracked to ensure that anticipated outcomes are achieved. With a key focus placed on energy affordability, stakeholders will have an opportunity to contribute to which interventions are offered in the clean energy portfolio, the methods used to monitor program performance, and the overall budget allocation proposed by program administrators.

Comment: EEA-NJ urged the Board to use caution when setting "inflection points" that trigger reductions in incentives for specific technologies. EEA-NJ explained that for technology adoption to continue, it must remain economically viable for consumers to invest in those measures. EEA-NJ cautioned that pulling back funding prematurely could have the unintended effect of slowing down adoption rates.

Response: Staff acknowledges and agrees with the concerns expressed by EEA-NJ.

Comment: EEA-NJ recommended that the Board consider a dedicated incentive structure specifically for low-income ratepayers. EEA-NJ highlighted that these individuals are less capable of bearing the financial burden of investing in new technologies.

Response: Staff agrees with the comment and notes that LMI households have dedicated programs and associated measure incentivization that address financial burdens for measure adoption.

Comment: Rate Counsel stated that Staff should provide the types and names of program evaluation and analyses performed, and any steps taken or program changes made as a result, and that stakeholders should have the opportunity to review the studies directly funded by this budget.

Response: Staff appreciates Rate Counsel's request for greater transparency regarding program evaluations and their impact on program design. Staff agrees that stakeholder access to evaluation studies is important for informed participation in the budget process.

EM&V studies are conducted regularly and posted publicly at https://cleanenergy.nj.gov/resources/evaluation-reports-market-analysis-baseline-reports-and-trms. These include impact and process evaluations of utility- and State-run programs, market studies. The Technical Reference Manual is updated annually with deemed savings values and measure-specific assumptions based on evaluation findings. The New Jersey Cost Test also incorporates evaluation findings and is updated prior to each energy efficiency program cycle to estimate benefits and costs of programs.

Staff welcomes continued dialogue with Rate Counsel and other stakeholders on establishing protocols to more post studies on the NJCEP website in a timely manner and expand opportunities for stakeholder review and discussion of evaluation studies that inform budget and program decisions, including potentially through a future stakeholder advisory group that provides recommendations on the EM&V process and program improvements.

Comment: The Coalition observed that proposed cuts to energy efficiency will harm rate savings, as these programs are the most cost-effective way to increase grid capacity, reduce utility costs to ratepayers, and strengthen the grid. The Coalition emphasized that every dollar spent on energy efficiency returns between $3 and $5 in benefits. The Coalition calculated that New Jersey stands to lose over $204 million if these cuts are implemented. The Coalition highlights that weatherization of buildings contribute to an annual household energy cost savings of $372. The Coalition pointed out that underspending in current programs is due to administrative staffing shortages rather than a lack of demand or need and an increase in staffing is necessary for the administration of said programs.

Response: Staff appreciates the Coalition's continued advocacy for energy efficiency programs and recognizes their value in the clean energy portfolio. However, Staff respectfully notes that the benefit-cost ratios cited ($3-$5 return per dollar) and the $204 million figure appear to derive from national or global analyses that may not fully reflect New Jersey's unique circumstances.

New Jersey has been a leader in energy efficiency, with billions already invested over the past

decade. While this demonstrates BPU's commitment to these programs, it also means that many of the highest-value opportunities have already been captured. As markets mature, cost-effectiveness naturally evolves, and program returns can diminish even as the programs remain beneficial overall.

Staff remains committed to energy efficiency as an important resource. However, prudent budget management requires that we base funding decisions on the most current, location-specific data available. Recent NJ-specific evaluations suggest that some program cost-effectiveness ratios may be stabilizing and declining, indicating a need to reassess program design and targeting to ensure that the programs continue delivering maximum value to ratepayers.

Regarding the staffing concerns raised, Staff welcomes continued dialogue on how to address administrative challenges while ensuring programs meet their intended goals.

Comment: Rate Counsel stated that the Local Government Energy Audit Program budget of $8,000,000 is provided without supporting information, and that the FY27 CRA does not address the significant volatility in annual audits completed, which ranged from 220 in FY23 to 638 in FY25.

Response: LGEA has seen a significant increase in application volumes over that time, largely driven by an increase in State facilities that participate in the program. Based on historic trends and forecasting, Staff expects high audit volumes to continue through FY27.

Comment: Rate Counsel stated that there is no description of how NCP was streamlined as referenced in the filing.

Response: The NCP Board Order was approved for revision two years ago, in FY24, and officially launched in May 2025. At the time of launch, and in each Compliance Filing since then, the TRC Compliance Filings have consistently stated:

- "[NCP,] among other things, eliminates potentially confusing overlaps in the multifamily market and eliminates the need for multiple program applications for mixed-use buildings. [It p]rovides 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…." Of course, prior to NCP, new construction was governed by several different legacy programs -- RNC, SmartStart NC, and P4P NC, and CTEEP NC – each of which had different rules, requirements, and incentives.

- In NCP, "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."

Staff respectfully submits that the foregoing explanation is adequate.

State Facilities Initiative

Comment: Rate Counsel criticized the DPMC project list, stating that it covers 21 projects but has only two-to-four-word descriptions and no historical performance analysis, cost-effectiveness assessment, or explanation of ratepayer benefit.

Response: Staff thanks Rate Counsel for their comment. The Board ordered Staff in Docket No. Q019101423[17] to annually present the Designated Project List and any changes to the list of projects from the prior year. This list is reviewed by BPU and Treasury staff prior to being put forth to the Board. Additional information on projects are found on the BPU website as well as in DPMC public bidding documents. Staff provides project numbers which can be used to see full project scope within the procurement system. The State, through this program, is able to upgrade buildings that serve the residents and in turn upgrades allow for the ability to reduce or mitigate energy cost increases, thus reducing the taxpayer dollars spent on energy costs. As a large energy user, the State's ability to upgrade equipment also helps the overall strategy to increase energy efficiency within the state.

Comment: Rate Counsel stated there is no clear process for how projects end up on the DPMC project list and requested detail on that process.

Response: The original list has been updated since 2019 and projects are reviewed on an annual basis. Staff works with Treasury to determine the project status and funding, additional requests for projects, and completion of SFI workbooks for projects initiated after 2022.

Additional Questions

Comment: Rate Counsel asked the Board to "provide by FY the amount of interest per year, the average amount of principal that interest was earned on, and the interest rate since 2014."

Response: Staff understands the importance of transparency and will consider including historical trends on interest as another metric in future CRAs. However, interest is publicly reported annually in the NJCEP True-Up Budget and in the New Jersey Office of Management & Budget's Grey Pages on Other Governmental Funds and Proprietary Funds, which are put out annually with the Governor's Budget Message. Interest is collected through the year, so the principal amount is likely shifting through the year as revenue comes in and expenses go out. The interest rate itself has also likely changed since 2014, so Staff will consider adding a table showing those rates over time.

Comment: Rate Counsel asked the Board to "provide, for each source of revenue besides interest (e.g., application fees), the annual amount since 2014. What is meant by etc. as a revenue source, mentioned in the FY24 True Up Budget and earlier True Up Budgets?"

Response: Staff will work to compile this information but given the scope of the NJCEP Budget (FY26 and FY27) and program analysis in the CRA (FY22-FY26), cannot provide the data here. In FY24 and FY25, the amounts solely reflected interest. In previous fiscal years (FY14-FY16), etc. referred to EDA program revenue from interest payments and repayment of loans or grants, and revenue collected by Rutgers University as part of the DCE Clean Energy Conference held in October 2022.

Comment: Rate Counsel asked whether the "Carryforward Pending Board Approval" category in the FY26 and FY27 Proposed Budgets is the same as was previously called the "Estimated Uncommitted Carryforward" category in the FY25 and earlier FY Proposed Budgets.

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

Response: Staff revised the name for this category to be more precise, given that funds are allocated for specific purposes in the budget, but require the Board's approval.

Comment: Rate Counsel asked whether the "Carryforward Pending Board Approval" category in the FY26 Proposed Budget the same category as the FY25 Uncommitted Carryforward Category in the True Up portion of the FY26 True Up Budget.

Response: Yes, these are the same amounts. Staff will revise the header names in the FY27 True-Up Budget to provide consistency across budget documents.

Comment: Rate Counsel asked why the FY25 Estimated Uncommitted Carryforward dollar amount still listed as an estimated value. Rate counsel also asked: "Why is the FY25 Estimated Uncommitted Carryforward amount subtracted from the FY25 Budget Less Actual Expenses and Commitments (the amount of money that was left over from FY25) instead of being added? This Uncommitted Carryforward money is unspent, uncommitted, and Pending Board Approval. Why is not the full amount of this money, $192,515,423, added to the FY Budget, Less Actual Expenses and Commitments, $227,371,067, and Other Revenues, $38,199,729, so that the sum, $458,086,219, is moved forward to the next or a future FY? Instead, a considerably smaller amount of only $73,055,374 is moved forward to the Revised FY26. Where did the amount of $458,086,219 go? Where did these funds go from FY2021-2024? (This same calculation is performed on True Up budgets from FY21-FY26)."

Response: In the table Rate Counsel is referring to, the amount reported as FY25 Estimated Uncommitted Carryforward is from the original FY25 Budget, when it was still an estimated amount. The next value is the actual FY25 Uncommitted Carryforward (now referred to as Pending Board Approval). The difference between these two numbers is what gets added to the true-up budget, because it is the amount of uncommitted carryforward that was not accounted for in the original budget. In the original FY26 Budget, $192,515,423 was already included as FY25 Estimated Uncommitted Carryforward. In the True-Up process, Staff reconciled prior year actuals and determined that the actual Uncommitted Carryforward brought into FY26 was $227,371,067. However, $192,515,423 of that is already baked into the budget. The difference ($34,855,645) is the additional amount that needs to be added.

Staff understands some of Rate Counsel's confusion and will consider how to make this clearer in future budgets, but hope this addresses the question.

Comment: How are the FY26 Carryforward Pending Board Approved (uncommitted/unencumbered) dollar amounts determined in the FY27 Proposed Budget and for each FY, from 2021-2025?

Response: The Carryforward Pending Board Approval is money that is not formally obligated in a grant or purchase order, and has not been approved by the Board.

In some cases, these amounts carryforward in a single line given unexpected delays in finalizing a contract or the uncertainty around exactly how many awards will be made for a program in the final month of each fiscal year. In other cases, needs change through a fiscal year and money that is identified to be unnecessary in one program can be reallocated to programs that have existing or emerging needs. For example, in FY27 a major priority was funding the Utility Business Model Study, pursuant to Governor Sherrill's EO1. This was made possible, partially due to funding that became available after funding became available from other programs.

Comment: Rate Counsel asked the Board to "provide a table or explanation with actual numerical values that shows from year to year how the FY Estimated Uncommitted Carryforward/Carryforward Pending Board Approval amounts are determined and transferred year to year for FY27 and the previous 4 years"

Response: Staff understands Rate Counsel's request, but does not have sufficient time or resources to create a new, detailed table. Staff point out that part of this request, the Uncommitted Carryforward/Carryforward Pending Board Approval, is already publicly available.

Comment: Rate Counsel asked why the Other Revenue (interest) is not listed in the FY27 or earlier year proposed budgets and whether an estimate could be provided instead of waiting for the true-up budget for FY27**.**

Response: This amount is reported after the close of each fiscal year. Staff have considered including an estimate of this amount, but maintain some concerns about providing specific budgets to programs based on estimates of interest. Staff points out that interest estimates for the Clean Energy Fund are included in OMB's Grey Pages on Other Governmental Funds and Proprietary Funds.

Comment: Rate Counsel asked how funds go from "Estimated Uncommitted Carryforward (now called Carryforward Pending Board Approval) to Carryforward Board Approved to Carryforward Committed.

Response: Some description of this process is noted in the footnotes of the Budget table, but will consider how to elaborate in future filings. The earliest stage is Carryforward Pending Board Approval, where programs have identified needs and received allocations: the money is budgeted. The next stage is Carryforward Board Approved, when a program receives Board Approval to spend a specific amount. For example**,** this may include a program receiving approval to make grant awards up to $10 million. Then, a program actually enters into a formal obligation such as a contract or grant award, whereby the Board now has a financial obligation to make a payment pursuant to the agreement it entered into. In summary, Pending Board Approval means money has been budgeted, Board Approved means a Board Order authorized money to be spent, and Committed means a formal agreement was executed through a program and the Board has an obligation to spend money.

STAFF RECOMMENDATIONS

The CRA Straw Proposal sets out, in detail, the rationale utilized by Staff in developing the Proposed FY27 Funding Level. Having reviewed and considered the comments regarding this Funding Level, Staff recommend that the Board set, adopt, and approve the Proposed FY27 Funding Level and Proposed FY27 Utility Payments.

DISCUSSION AND FINDINGS

The CRA Straw Proposal recognizes the value of RE and EE as a foundational energy resource that, when delivered cost-effectively, reduces the cost of energy for all ratepayers while providing additional benefits. These benefits include the health and safety improvements associated with improved air quality, lower environmental compliance costs, increased grid reliability, and

increased economic development opportunities in the form of jobs in the clean energy economy and the opportunity for New Jersey businesses to compete more effectively with out-of-state businesses. In addition, the programs and initiatives in the CRA Straw Proposal will help New Jersey to continue to establish itself as a national leader in clean energy programs.

Staff distributed the CRA Straw Proposal, including the FY27 Funding Level, to the BPU listserv and posted it on the NJCEP website. Staff accepted oral comments at a public hearing and solicited written comments from stakeholders and the public, which have been summarized and responded to in this Order. Accordingly, the Board **HEREBY FINDS** that the process utilized in developing the Proposed FY27 Funding Level was appropriate and provided stakeholders and interested members of the public with notice and opportunity to comment.

The Board has reviewed the CRA Straw Proposal, including, without limit, the Proposed FY27 Funding Level set forth therein, the oral and written comments submitted by stakeholders, and Staff's recommendations regarding the same. The Board agrees with the rationale supporting the Proposed FY27 Funding Level in the CRA Straw Proposal and agrees with and accepts Staff's recommendations. The Board **HEREBY FINDS** that the Proposed FY27 Funding Level will benefit customers by reducing energy usage and associated emissions, will provide environmental benefits, and is otherwise appropriate. Therefore, the Board **HEREBY APPROVES** the CRA Straw Proposal's Proposed FY27 Funding Level.

The Board has reviewed Staff's recommendation for allocating the funding to the State's electric and natural gas public utilities. The Board **HEREBY FINDS** that the recommended allocation of the FY27 funding to the electric and natural gas public utilities is reasonable considering the new methodologies and assumptions, gradually transitioning from revenue-based allocation to energy-value-based allocation over 5 years in 20% annual increments. Based on the above, the Board **HEREBY APPROVES** the Proposed FY27 Utility Payments (as approved, "FY27 Utility Payments").

The FY27 Utility Payments shall be made consistent with the Board's existing policies and procedures including, but not limited to, the utilities' deduction of monthly Comfort Partners Program costs from the stated FY27 Utility Payments amounts. In addition, the Board **HEREBY AUTHORIZES** the utilities to continue utilizing deferred accounting, through the SBC, for the NJCEP revenues and expenses, as set out in previous Orders of the Board. The Board will consider ratemaking issues, as appropriate, in the context of specific utility rate filings with the Board.

The Board notes that Staff circulated its proposed FY27 programs and budget on May 15, 2026, and those programs and budget are addressed in a separate Order.

This Order shall be effective on June 30, 2026.

DATED: June 30, 2026

BOARD OF PUBLIC UTILITIES
BY:

CHRISTINE GUHL-SADOVY
PRESIDENT

ABSTAINED

DR. ZENON CHRISTODOULOU
COMMISSIONER

MICHAEL BANGE
COMMISSIONER

EMMA REBHORN
COMMISSIONER

JOSEPH COVIELLO
COMMISSIONER

ATTEST:

SHERRI L. LEWIS
BOARD SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.

IN THE MATTER OF THE COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCE ANALYSIS FOR FISCAL YEAR 2027 CLEAN ENERGY PROGRAM

DOCKET NO. QO26040123

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New Jersey's Clean Energy Program™

DIVISION OF CLEAN ENERGY

Comprehensive Energy Efficiency & Renewable Energy Resource Analysis

Funding Levels – Fiscal Year 2027

June 30, 2026

CONTENTS

LIST OF ACRONYMS

Board or NJBPU: New Jersey Board of Public Utilities

C&I: Commercial & Industrial

CEA: Clean Energy Act of 2018

CHP-FC: Combined Heat and Power – Fuel Cells

CRA: Comprehensive Energy Efficiency & Renewable Energy Resource Analysis

CUNJ: Charge Up New Jersey Program

DCE: Division of Clean Energy

DPMC: Division of Property Management and Construction

EDECA: Electric Discount and Energy Competition Act

EE: Energy Efficiency

EM&V: Evaluation, Measurement, and Verification

EMP: Energy Master Plan

EO: Executive Order

EV: Electric Vehicle

FC: Fuel Cell

FY: Fiscal Year

GSESP: Garden State Energy Storage Program

LGEA: Local Government Energy Audit

LMI: Low and Moderate Income

MHD: Medium and Heavy Duty

MOU: Memoranda of Understanding

MUDs: Multi-Unit Dwellings

MW: Megawatts

MWh: Megawatt-hour

NCP: New Construction Program

NJ: New Jersey

NJCEP: New Jersey's Clean Energy Program

NJIT: New Jersey Institute of Technology

PJM: PJM Interconnection LLC

PSE&G: Public Service Electric and Gas

RE: Renewable Energy

REAP: Residential Energy Assistance Payment

RUBC: Residential Universal Bill Credit

SBC: Societal Benefits Charge

SFI: State Facilities Initiative

TCDER: Town Center Distributed Energy Resources

TRC: TRC Energy Solutions, which currently serves as Program Administrator for many of the SBC-funded programs

USF: Universal Service Fund

VPP: Virtual Power Plant

INTRODUCTION

The Comprehensive Energy Efficiency & Renewable Energy Resource Analysis (CRA) is an annual process that outlines funding levels and strategies for New Jersey's Clean Energy Program (NJCEP). It is a statutorily mandated review of all NJCEP programs that are funded by the state's Societal Benefits Charge (SBC). The FY27 CRA demonstrates the planned funding levels for these programs for Fiscal Year 2027 and contains an evaluation of all SBC-funded NJCEP programs.

With Governor Sherrill's signing of Executive Order 1 (EO1) and Executive Order 2 (EO2) as her first two actions upon taking office in January, the FY27 CRA views the State's clean energy programs through the lens of the Administration's focus on affordability and reliability in the energy sector. The Sherrill Administration's priorities for NJBPU, clearly laid out in EO1 and EO2, land squarely upon developing more in-state generation to improve New Jersey's energy independence from regional and global market fluctuations and lowering costs for ratepayers. The NJCEP programs contained herein – and their respective funding levels – endeavor to uphold, measure progress toward, and ultimately achieve these goals.

Just as the programs' funding levels echo the mandates within EO1 and EO2, the FY27 CRA outlines the various programs across NJCEP in a structure that mirrors the Sherrill Administration's priorities for the State's energy sector. The FY27 CRA is organized into three sections:

1. **Integrated Energy Solutions**, *encompassing distributed solar and storage programs, efforts to modernize the grid and incorporate technologies like Virtual Power Plants and microgrids, and clean transportation initiatives;*
2. **Grid Scale Resources**, *which include grid-scale solar programs, transmission-scale storage, nuclear power initiatives and other efforts to ensure resource adequacy; and*
3. **Energy Efficiency, Equity, and Bill Assistance**, *offering programs that, in support of EO1, reduce electricity costs especially for income-qualified residents, through programs like the Residential Energy Assistance Payment (REAP) and the Residential Universal Bill Credit (RUBC).*

The following sections evaluate programs across these three categories along with the supporting work funded through the NJCEP FY27 budget. The analysis covers several areas including the authority for programs, environmental benefits, energy savings, historical expense trends, and participant impacts.

Beyond the SBC-funded programs, NJBPU designs and implements other programs throughout the State, including energy efficiency programs administered by the electric and gas utilities, solar incentive programs, and battery storage programs. These efforts are also critical to addressing New Jersey's energy challenges and fulfilling the mandates outlined in EO1 and EO2. However, an in-depth analysis of these other programs is beyond the scope of the CRA.

This document is presented in the following sections:

In addition to the review and evaluation of NJCEP programs, an appendix entitled "Assessing Barriers & Achieving Market Transformation" provides a framework for identifying which programs still require subsidies and which programs can achieve their goals through a competitive marketplace. Such analysis includes NJBPU's ongoing efforts to achieve market transformations within the energy sector, with the aim to lower and eventually eliminate technology-specific subsidies. The CRA will help track the programs' progress in this process and set appropriate funding levels to meet future goals as set forth below.

I. BACKGROUND AND LEGAL AUTHORITY

On February 9, 1999, the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. (EDECA), was signed into law. Among other things, EDECA created the societal benefits charge to fund programs for the advancement of energy efficiency and Class I renewable energy technologies and markets in New Jersey. EDECA also charged the New Jersey Board of Public Utilities with initiating proceedings and undertaking a comprehensive energy efficiency and renewable energy resource analysis (Comprehensive Resource Analysis or CRA) in New Jersey.[1] The Comprehensive Resource Analysis would be used to determine the level of funding for Energy Efficiency (EE) and Class I Renewable Energy (RE) programs statewide. Collectively, these programs form New Jersey's Clean Energy Program™. Over the past 20 years, the programs have significantly reduced energy usage, reduced greenhouse gas emissions, delivered clean, local sources of renewable energy, and resulted in billions of dollars of energy cost savings to New Jersey ratepayers.

From 2001 through 2011, the Board established four-year funding levels as envisioned in the Act. Since 2012, the CRA has provided a single year funding level to advance NJCEP goals.[2]

The Clean Energy Act, L. 2018, c. 17 (CEA) took several critical steps to improve and expand New Jersey's renewable energy programs and establishes ambitious energy reduction targets. The CEA requires 21% of the electricity sold in the State to be from Class I renewable energy sources by 2020, 35% by 2025, and 50% by 2030. Additionally, the CEA provides a platform to reform the State's solar program by making near-term structural changes to ensure that the program is sustainable over the long term and

[1] N.J.S.A. 48:3-60.

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

establishes a community solar energy program to allow low-income New Jersey residents to benefit from solar energy. Importantly, the CEA also established new energy savings targets of at least 2% annually for electric distribution companies and at least 0.75% for gas distribution companies, to be achieved in the prior three years within five years of implementation of their programs.

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

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

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

In October 2024, the Board issued a request for quotation for Program Administrator services. On April 23, 2025, the Board awarded a two-year waiver contract for the NJCEP Program Administrator to TRC for continuation of program administrator services. The new contract started at the end of July 2025 and is projected to run until July 2027.

II. PROGRAM ANALYSIS

This section describes the different workstreams funded by the SBC and reviews programmatic goals, achievements, and trends. Broadly, SBC expenditures on programs fall into four categories:

1. Integrated Energy Solutions
2. Grid Scale Resources
3. Energy Efficiency, Equity, and Bill Assistance
4. Planning and Administration

The SBC is not the only funding mechanism utilized to promote clean energy in the State. Specifically, Solar has long been funded through the Renewable Energy Credit (REC) mechanism, where the generation of a megawatt hour of electricity by solar photovoltaics allows for the creation of one REC. These RECs are then traded and purchased by market parties to fulfill the requirements set in the Renewable Portfolio Standards. In addition, utilities run mandated programs for energy efficiency on a triannual schedule, which are separately recovered, as well as limited EV infrastructure programs. Programs not funded through SBC are not covered in the CRA but generally follow the same principles for program design. In the case of Energy Efficiency, many resources such as the Technical Reference Manual are developed for use in these programs.

Note on FY27 CRA

The FY27 CRA reflects the DCE's commitments to conduct an in-depth CRA in accordance with EDECA. This will help inform stakeholders and the public on the analysis, priorities, and decisions that determine the NJCEP Funding Level. Staff will build on the level of detail provided in the FY27 CRA in future years.

Specifically, the DCE will provide additional data on new funding allocated to program budgets and new commitments made by programs in further years. To begin that process, the FY27 CRA details the carryforward and new FY27 SBC funding amounts that will go into the FY27 NJCEP Budget, along with corresponding narrative information for those amounts. Additionally, the DCE has started tracking new commitments as a performance metric. The dataset for new commitments is not ready for the FY27 CRA and will be detailed in next year's CRA.

Integrated Energy Solutions

Grid Modernization and Virtual Power Plants (VPPs)

Background, Authority, and Goals

In 2021, the Board approved Grid Modernization work and engaged a contractor to work with Staff on identifying areas of the Distributed Energy Resources (DER) interconnection process in most need of improvement. They provided nine recommendations for modernizing New Jersey's electric distribution grid. Staff brought a Notice of Adoption on the first four recommendations before the Board on November 21, 2025, to adopt all proposed amendments and new rules at N.J.A.C. 14:8-5. They were published to the New Jersey Register on January 5, 2026.

The remaining five recommendations are being pursued through the Grid Modernization Forum, with multiple stakeholder workgroups with members of each New Jersey EDC, relevant New Jersey government agencies, national research organizations, DER developer representatives, and industry experts. The Grid Modernization line in the FY27 NJCEP Budget includes the cost of the contract with the administrator of the Grid Modernization Forum.

Under Governor Sherrill, EO2 called for the Board to prioritize Grid Modernization and VPPs, underscoring their importance as tools to address the slow speed of bringing new generation

online and reducing costs. Modernizing the grid will facilitate the creation of cost-effective VPP programs, achieving the goals outlined in EO2.

Currently, there is no performance data for these programs given that full implementation has not occurred yet.

Distributed Storage

Background, Authority, and Goals

Phase 2 of the Garden State Energy Storage Program (GSESP), established by the Board's GSESP Launch Order (2025), will focus on distributed storage. The Clean Energy Act (P.L. 2018, c. 17) directed the Board to initiate a proceeding to establish the process and mechanism to achieve the State's goal of 2,000 megawatts of energy storage by 2030.

EO2 directed the Board to accelerate the development, approval, and deployment of energy-storage resources as part of the State's broader effort to expand clean-energy infrastructure and strengthen grid reliability.

Pursuant to Governor Sherrill's EO2, Staff are working to launch Phase 2 of the GSESP in 2026, which will be funded outside of the NJCEP budget. In addition, the Board intends to compensate storage owners for the value they provide to the grid, potentially through a VPP construct.

Given the ongoing development of this program, there is no performance data.

Distributed Energy

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

Background, Authority, and Goals

This program incentivizes CHP and FC on-site power generation projects with recovery and productive use of waste heat. Although not mandated by law, the program has been authorized by the Board for over 25 years, given that it provides in-State generation capacity, a key goal for the State, and electric and gas energy savings for participants. The additional capacity and reduced energy usage can reduce costs for all ratepayers by reducing the price level of both energy and capacity in the PJM markets.

Program Performance, Measurable Achievements, and Trend Analysis

From FY22-FY25, the program spent an average of $4.7 million annually to achieve energy and emissions savings detailed in the table below. The Participants data reflects projects completed in each given fiscal year and the lifetime energy and emissions savings associated with those completed projects. As displayed below, CHP-FC program projects achievements include reliably reducing energy usage, which has benefits for all ratepayers in New Jersey. Additionally, in FY25 alone, lifetime emissions reductions

for CHP-FC projects completed was 13,243 metric tons of CO_2.

CHP-FC	FY22	FY23	FY24	FY25	FY26
Expenses	$4,782,125	$5,767,195	$3,135,726	$4,559,015	$4,083,620
Projects Completed	3	2	6	3	1
Electric Savings (MWh)	-	434,271	-	-	191,508
Gas Savings (MMBTU)	3,474,616	2,340,870	16,317	197,607	389,865
Emissions Savings (tCO_2)	182,716	221,549	1,094	13,243	65,124

Additional information is presented below on the cost savings that CHP-FC has achieved for participants over the last 5 fiscal years. The program has a net positive financial impact for participants. These measurable achievements indicate the program is helping reduce costs for participants, while addressing the goal of building in-State generation.

	FY22	FY23	FY24	FY25	FY26 (through 2Q)
Lifetime Customer Savings					
CHP-FC					
MWh Savings	-	434,271	-	-	191,508
MMBtu Savings	3,474,616	2,340,870	16,317	197,607	389,865
Electric Cost Savings	-	$73,826,146	-	-	$32,556,304
Gas Cost Savings	$31,966,471	$21,536,001	$150,115	$1,817,984	$3,586,758
Total Cost Savings	**$31,966,471**	**$95,362,148**	**$150,115**	**$1,817,984**	**$36,143,062**

Microgrids

Background, Authority, and Goals

The Town Center Distributed Energy Resources (TCDER) Microgrid Program was initially authorized by the Board to improve grid resilience following Superstorm Sandy and it has remained a policy priority.[3] The Board authorized funding for municipalities to do feasibility studies, with the goal of understanding

[3] See In re New Jersey Board of Public Utilities Microgrid Report Town Center DER Microgrid Program – Phase II Detailed Designed Incentive Application, BPU Docket No. QO16100967, Order dated March 3, 2021.

how to implement microgrids.[4] Microgrids provide electricity through a variety of sources including natural gas, solar, battery storage, and EVs.

Program Performance, Measurable Achievements, and Trend Analysis

The program spent $2.3 million in FY25 and FY26 by funding studies for seven municipalities. Three of the seven municipalities submitted their final reports, with the remaining reports still in progress. If implemented, the measures from the studies would achieve emissions-reducing electricity generation and build energy resilience for clusters of public facilities (town halls, police and fire stations, hospitals).

Microgrids	FY22	FY23	FY24	FY25	FY26
Expenses	-	-	-	$205,101	$2,167,851

Distributed Solar

Background, Authority, and Goals

This section funds professional services related to the State's solar programs, including the cost of application processing by TRC. It also funds the contract for the administrator of the Dual-Use Solar Pilot, required under the Dual-Use Solar Energy Act of 2021 (P.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"). This section also funds a contract for the development of options for reforms to Net Metering.

Solar program incentives are not funded through the Societal Benefits charge and are not included in this CRA. Performance data for the contracts mentioned above is not available due to the generally administrative and managerial nature of the contracts, except for Solar Registration.

Program Performance, Measurable Achievements, and Trend Analysis

From FY22-FY25, the Board has spent an average of $2.6 million annually on Solar Registration through its contract with TRC. In FY25, achievements included processing of 17,219 solar applications. There are no direct environmental benefits from this program line. However, the work performed under this line enables the solar programs (non-SBC funded) to produce energy and reduce emissions.

Solar Registration	FY22	FY23	FY24	FY25	FY26
Expenses	$1,900,013	$2,615,606	$3,115,298	$2,871,460	$1,740,768

[4] Ibid.

Applications Processed	15,817	20,596	20,321	17,219	4,521

Electric Vehicle (EV) and Vehicle to Grid (V2G) Programs

Transportation is New Jersey's largest emissions sector, accounting for over 40% of net greenhouse gas (GHG) emissions. Reducing energy consumption and emissions from this sector is a crucial component in combatting climate change. Electric vehicles are also an important grid asset that can be utilized to address affordability and resiliency through a VPP.

Charge Up New Jersey (CUNJ)/Residential Charger Program

Background, Authority, and Goals

CUNJ was established under P.L. 2019, c. 362 (N.J.S.A. 48:25-1 et seq.) ("the Electric Vehicle Act" or "EV Law"), which set the State's goals for the use of plug-in Electrical Vehicles ("EVs"). Specifically, the law directed the Board to allocate $30 million annually from the SBC to incentivize the purchase or lease of new light-duty plug-in EVs in the State of New Jersey. The law also required establishment of an incentive for residential at-home EV charging equipment.

CUNJ is statutorily mandated to provide $30 million in incentives annually. The EV Law further established the following goals:

> At least 330,000 registered light-duty, plug-in EVs in NJ by December 31, 2025, and at least 2 million EVs registered in NJ by December 31, 2035. Plug-in EVs replace gas-powered cars and, therefore, transportation emissions. Chargers enable EVs and have corresponding emissions reductions.
>
> At least 85% of all new light-duty vehicles sold or leased in NJ shall be plug-in EVs by December 31, 2040.

Program Performance, Measurable Achievements, and Trend Analysis

As of December 31, 2025, the program achieved 265,747 registered EVs. By FY25, the CUNJ program incentivized 65,148 EVs and 4,558 Home Chargers. From FY22-FY25, the CUNJ program spent an average of $37.7 million annually incentivizing light-duty, plug-in EVs, and an average of $962k incentivizing residential chargers. In FY25 alone, the annual emissions reductions achieved for incentivized EVs and chargers was estimated at 206,554 metric tons of CO_2.

The program's continued operation will help the State meet the EV goals outlined above and reduce emissions. The data below demonstrates the high value of this program and its ability to quickly bring emissions reducing EVs and chargers online.

CUNJ/Residential Charger (Installed/Completed)	FY22	FY23	FY24	FY25	FY26

Expenses - EVs	$20,423,325	$32,248,700	$34,261,175	$63,718,000	$23,574,000
EVs Incentivized	5,428	11,377	12,718	28,800	12,592
Expenses - Residential Chargers	-	$594,750	$1,151,500	$1,139,500	$417,000
Residential Chargers Incentivized	-	2,379	4,606	4,558	1,668
Emissions Savings *(tCO_2)*	42,007	80,687	112,006	206,554	255,715

**EV/V2G emissions savings estimates are annual, rather than lifetime*
***Emissions savings are calculated based on a 10-year lifespan assumption*

CUNJ Administrative Fund

Background, Authority, and Goals

The EV Law authorizes the Board to cover the cost of EV program administration using SBC funds. This section funds the contract for all EV programs.

Program Performance, Measurable Achievements, and Trend Analysis

The CUNJ Admin line has spent an average of $2.1 million (FY22-FY25) on this contract per year. It does not directly provide environmental benefits, but funds the EV Administrator, CSE, which runs the EV programs.

CUNJ Administrative Fund	FY22	FY23	FY24	FY25	FY26
Expenses	$1,085,032	$1,447,734	$2,523,242	$3,468,701	$2,105,912

Clean Fleet

Background, Authority, and Goals

The Clean Fleet program incentivizes EV adoption in State and local government fleets. It was designed to meet the EV Law's stated goals:

- At least 25% of the State-owned, non-emergency light –duty fleet shall be EVs by December 31, 2025, increasing to 100% by December 31, 2035.
- At least 400 Direct Current Fast Chargers (DCFC) shall be available for public use at no fewer than 200 charging locations in the state by December 31, 2025 (1,903 ports as of February 2026)
- At least 1,000 Level Two chargers shall be available for public use across the state by December 31, 2025 (3,118 ports as of Feb 2026).

Program Performance, Measurable Achievements, and Trend Analysis

Program uptake started slow but is accelerating since chargers can now be purchased through a State contract. Projects awarded in FY22 and FY23 saw significant delays due to supply chain issues stemming from the pandemic. Overall, projects take between 18-24 months to complete from the signing of the grant agreement, which generally occurs at the end of the fiscal year.

The tables below show participation, incentives/funding totals, and associated emissions savings. The first and second tables present this data for awarded/committed and installed/completed projects, respectively, from FY22 through FY26, as of March 16, 2026.

The first table demonstrates the pipeline of awarded projects that will continue to address the charging and State-owned fleet goals outlined above. Given the increasing demand for these projects, funding will continue to be allocated to Clean Fleet.

From FY22-FY25, the Clean Fleet program awarded an average of $2.3 million annually for EVs and chargers. In FY25 alone, awarded projects are expected to achieve annual emissions reductions of 6,968 metric tons of CO_2.

Clean Fleet (Awarded/Committed)	FY22	FY23	FY24	FY25	FY26
Awards	$120,201	$2,483,176	$3,185,292	$3,580,396	$8,976,000
Applicants / Project Sites	4 / 4	7 / 28	16 / 16	15 / 18	19 / 29
EVs Incentivized	11	39	67	116	44
Level 2 Chargers Incentivized	6	40	69	27	19
DC Fast Chargers Incentivized	-	11	14	22	44
Potential Emissions Savings *(tCO_2)*	796	1,838	4,156	6,968	12,083

**EV/V2G emissions savings estimates are annual, rather than lifetime*
***Emissions savings are calculated based on a 10-year lifespan assumption*
****FY22 awards are funded through General Fund allocations*

From FY23-FY25, an average of $1.2 million was spent annually incentivizing EVs and chargers through the Clean Fleet program. In addition to awarded projects above, the data below for completed projects shows that by FY25, incentivized EVs and chargers achieved annual emissions reductions of 10,688 metric tons of CO_2 from a total of 175 EVs and 95 chargers.

Clean Fleet (Installed/Completed)		FY23	FY24	FY25	FY26
Expenses	-	$12,000	$1,964,235	$1,493,227	$1,413,738

Projects / Project Sites	-	1	12	15/22	24
EVs Incentivized	-	3	29	143	64
Level 2 Chargers Incentivized	-	-	25	42	35
DC Fast Chargers Incentivized	-	-	22	5	12
Emissions Savings (tCO_2)	-	5,671	8,050	10,688	10,726

**EV/V2G emissions savings estimates are annual, rather than lifetime*
***Emissions savings are calculated based on a 10-year lifespan assumption*
****FY22 awards are funded through General Fund allocations and thus not reflected in Clean Energy Fund spending.*

EV Tourism

Background, Authority, and Goals

The EV Tourism program incentivizes charging infrastructure throughout the State and was designed to support EV adoption and help address the following goals of the EV Law:

- At least 20% of all franchised overnight lodging establishments shall be equipped with Level Two chargers by December 31, 2025, increasing to 50% by December 31, 2030.
- At least 400 Direct Current Fast Chargers (DCFC) shall be available for public use at no fewer than 200 charging locations in the state by December 31, 2025 (1,903 ports as of Feb 2026).
- At least 1,000 Level Two chargers shall be available for public use across the state by December 31, 2025 (3,118 ports as of Feb 2026).

Program Performance, Measurable Achievements, and Trend Analysis

Projects awarded in FY22 & FY23 saw significant delays due to supply chain issues stemming from the pandemic. Overall, projects take between 18-24 months from the signing of the grant agreement which generally occurs at the end of the fiscal year.

The tables below show participation, incentives/funding totals, and associated emissions savings. The first and second tables present this data for awarded/committed and installed/completed projects, respectively, from FY22 through FY26, as of March 16, 2026.

While uptake was initially slower for the EV Tourism program, program rule changes in FY26 led to a substantial increase in awarded projects and corresponding emissions reductions. The program will help the State meet its Charger goals. Additional funding is not included in the FY27 budget, but the program will continue to manage awarded projects.

From FY22-FY25, the EV Tourism program awarded an average of $804 thousand for chargers. Additionally, the table below demonstrates that after eligibility changes in FY26, the program awarded

$24.3 million. In FY26 alone, awarded projects are expected to achieve annual emissions reductions of 24,052 metric tons of CO_2.

EV Tourism (Awarded/Committed)	FY22	FY23	FY24	FY25	FY26
Awards	$557,396	$150,000	$870,000	$1,640,000	$24,335,000
Awardees / Project Sites	4 / 11	2 / 2	2 / 18	6 / 23	11 / 61
Level 2 Chargers Incentivized	50	-	54	3	6
DC Fast Chargers Incentivized	6	3	12	30	119
Potential Emissions Savings (tCO_2)	8,525	8,982	19,029	24,052	43,100

**EV/V2G emissions savings estimates are annual, rather than lifetime*
***Emissions savings are calculated based on a 10-year lifespan assumption*
****FY22 awards are funded through General Fund allocations*

In addition to awarded projects above, the data below for completed projects shows that by FY25, incentivized chargers achieved annual emissions reductions of 10,656 metric tons of CO_2 from a total of 70 chargers. Additional emissions reductions are expected as the awarded projects above get installed.

EV Tourism (Installed/Completed)	FY22	FY23	FY24	FY25	FY26
Expenses	-	-	$181,320	$102,500	$255,000
Awardees / Project Sites	-	-	2	3	4
Level 2 Chargers Incentivized	-	-	2	7	1
DC Fast Chargers Incentivized	-	-	4	3	5
Emissions Savings *(tCO_2)*	-	-	10,656	10,656	10,656

**EV/V2G emissions savings estimates are annual, rather than lifetime*
***Emissions savings are calculated based on a 10-year lifespan assumption*
****FY22 awards are funded through General Fund allocations and thus not reflected in Clean Energy Fund spending*

Multi-Unit Dwellings (MUD)

Background, Authority, and Goals

The MUD program incentivizes EV chargers in multi-unit dwellings such as apartments, condominiums, and mixed residential locations. It was designed to support the EV Law's following goal:

> At least 15% of all multi-family developments shall be equipped with Level One, Level Two and/or Make-Ready by December 31, 2025, increasing to 30% by December 31, 2030.

Program Performance, Measurable Achievements, and Trend Analysis

Projects awarded in FY22 & FY23 saw significant delays due to supply chain issues stemming from the pandemic. Projects take between 18-24 months from the signing of the grant agreement which generally occurs at the end of the fiscal year.

The tables below show participation, incentives/funding totals, and associated emissions savings. The first and second tables present this data for awarded/committed and installed/completed projects, respectively, from FY22 through FY26, as of March 16, 2026.

The MUD program has contributed significantly to the State's charger goals, with demand increasing and remaining steady since FY23. Given that the MUD program focuses on multi-unit dwellings, this program ensures wider access to charging technology and corresponding environmental benefits.

From FY22-FY25, the MUD program awarded an average of $3 million annually for chargers. In FY25 alone, awarded projects are expected to achieve annual emissions reductions of 391,381 metric tons of CO_2.

MUD (Awarded/Committed)	FY22	FY23	FY24	FY25	FY26
Awards	$1,184,760	$3,348,309	$3,995,267	$3,488,084	$2,412,000
Applicants / Project Sites	7 / 44	6 / 180	51 / 210	23 / 127	28/85
Level 2 Chargers Incentivized	160	688	943	690	475
Potential Emissions Savings *(tCO_2)*	24,357	142,791	286,343	391,381	465,231

**EV/V2G emissions savings estimates are annual, rather than lifetime*
***Emissions savings are calculated based on a 10-year lifespan assumption*
****FY22 awards are funded through General Fund allocations*

From FY24-FY25, an average of $1.5 million was spent annually incentivizing EV chargers through the MUD program. In addition to awarded projects above, the data below for completed projects shows that by FY25, incentivized chargers achieved annual emissions reductions of 164,864 metric tons of CO_2 from a total of 991 chargers.

MUD (Installed/Completed)	FY22	FY23	FY24	FY25	FY26
Expenses	-	-	$837,810	$2,247,303	$1,469,475
Awardees / Project Sites	-	-	29/55	19/27	64/76
Level 2 Chargers Incentivized	-	-	176	512	303
Emissions Savings *(tCO_2)*	-	-	144,009	164,864	164,864

**EV/V2G emissions savings estimates are annual, rather than lifetime*
***Emissions savings are calculated based on a 10-year lifespan assumption*
****FY22 awards are funded through General Fund allocations and thus not reflected in Clean Energy Fund spending*

Electric School Bus Program (ESB)

Background, Authority, and Goals

The ESB Program was created by N.J.S.A. 26:2C-8.58 (ESB Act), which mandated a total of $45 million be transferred from the NJCEP Budget to the Department of Environmental Protection (DEP) over a 3-year period (FY24-FY26). The DEP established the Program with the goal of transitioning school buses from diesel-power to electric.

Given that mandated funding for the 3-year period was met, no new funding is currently proposed in the FY27 Budget. Given the value of this program and stakeholder feedback, Staff will continue to provide funding for this initiative through the V2G line in the NJCEP Budget.

Program Performance, Measurable Achievements, and Trend Analysis

The Electric School Bus Program will achieve environmental benefits by transitioning electric school buses from diesel-powered to electric and, therefore, reducing transportation emissions. Information on program activity is displayed below. However, no funding has been paid out yet. Emissions reductions will be calculated by the DEP once the projects have been completed.

Electric School Bus Program	ESB Round 1	ESB Round 2
Expenses	$8,220,000	$15,886,000
Electric School Buses Incentivized	24	47
DC Fast Chargers Incentivized	15	29

Electric School Buses	FY22	FY23	FY24	FY25	FY26
Transfers to DEP	-	-	-	$30,000,000	$15,000,000

The V2G Pilot Program

Background, Authority, and Goals

The V2G Pilot was established through an MOU between BPU and DEP in December 2025, in response to the ESB Act's requirement that the ESB Report contain an analysis to determine the potential costs and benefits of utilizing electric school bus batteries for V2G applications.

In FY27, pursuant to stakeholder feedback and the Sherrill Administration's priority of grid flexibility, new funding will be provided for V2G efforts.

Program Performance, Measurable Achievements, and Trend Analysis

The V2G Pilot will reduce transportation emissions by providing chargers for electric school buses. Additionally, the V2G technology is intended to achieve grid capacity benefits by allowing schools to store and discharge energy during peak times. This also provides important resiliency benefits for the schools.

Direct environmental benefits data is not available at this stage. However, pursuant to the MOU, the DEP shall issue a report on the costs and benefits of V2G one (1) year after the last project becomes operable, which is expected in the next few years. Insights on the effectiveness of the total microgrids including the V2G installations, and into bi-directional charging infrastructure will be valuable.

The Medium and Heavy Duty (MHD) Depot

Background, Authority, and Goals

The MHD Depot program is required under P.L. 2023, c.316. This law required BPU to create a demonstration project for MHD Depots, with a maximum allocation of $12 million, to encourage non-wire solutions and storage. The funding requirement has been met and no new funding will be provided in the FY27 Budget.

Program Performance, Measurable Achievements, and Trend Analysis

The MHD Depot demonstration projects are expected to achieve emissions reductions by accelerating transportation electrification. The projects' focus on non-wire solutions for charging will also improve grid resilience and reduce the need for expensive grid upgrades. This could have significant benefits as it relates to demand on the grid.

Direct environmental benefits data is not available at this stage, as the program has not been designed yet. It is intended to be developed alongside the Utility MHD programs, whose filings are currently under

review.

FY27 Funding Level - Integrated Energy Solutions

After review of the program performance detailed above, Staff are recommending the following funding levels. Funding for Grid Modernization and VPPs will carryforward from the prior year. This funding reflects the cost of the Grid Modernization administrator contract and funding allocated to design a VPP program, pursuant to Governor Sherrill's priorities in EO2.

As mentioned previously, there is no funding in the FY27 NJCEP Budget for Distributed Storage as this program is expected to be funded through other mechanisms.

The new funding of $8.9 million for CHP-FC will allow that program to continue to award projects in line with recent program activity levels. As detailed below, carryforward encumbered funding reflects projects awarded or expected to be awarded prior to the end of FY26. The funding carrying forward for Microgrids reflects the balance of the remaining grant agreements for five municipalities.

FY27 Program/Budget Line	*FY26 Carryforward Encumbered (Board Approved + Committed)*	*FY26 Carryforward - Pending Board Approval*	*FY27 New SBC Funding*
Integrated Energy Solutions	**145,944,996**	**12,182,989**	**58,341,205**
Grid Modernization and VPPs	**1,171,070**	**5,000,000**	**-**
Distributed Storage	**-**	**-**	**-**
Distributed Energy	**14,498,687**	**-**	**-**
CHP - FC	13,766,949	-	-
Microgrids	731,738	-	-
Distributed Solar	**2,848,143**	**261,136**	**4,247,251**
Electric Vehicle and V2G Programs	**127,427,097**	**21,921,854**	**45,129,319**
Plug In EV Incentive Fund	38,290,700	-	30,000,000
CUNJ Administrative Fund	4,033,412	-	8,000,000

CUNJ Residential Charger Incentive	4,731,431	-	1,000,000
EV Studies, Pilots, and Administration Support	-	-	-
Clean Fleet	20,856,808	4,000,000	10,000,000
Multi-Unit Dwellings (Chargers)	19,450,925	2,921,854	129,319
EV Tourism	28,063,820	-	-
School Bus V2G	-	15,000,000	-
MHD Depot	12,000,000	-	-

The budget for the Plug in EV Incentive Fund will remain at $30 million pursuant to current law. The new funding allocation for the CUNJ Administrative Fund will fund the administration of all EV programs, pursuant to an existing contract. Given the importance of funding chargers in addition to EVs, there is new funding for CUNJ Residential chargers, Clean Fleet, and MUD. In particular, the Clean Fleet program is seeing an increase in uptake that this funding will support. Part of the new funding for MUD and Clean Fleet is carrying forward from FY26. Additionally, there is $15 million being reallocated from the RUBC line, based on funding availability, to fund School Bus V2G efforts. This decision was made pursuant to stakeholder feedback and Governor Sherrill's grid modernization and VPP priorities in EO2.

The encumbered carryforward funding in these budgets corresponds to existing or expected awards and reflects the time it takes between the program award and final spending, which is detailed above. For the Plug In EV Incentive Fund, the encumbered carryforward funding was appropriated in accordance with the FY26 State Budget. There was an initial slowdown in EV applications after the end of federal incentives. However, demand is rebounding and these funds are expected to be spent in FY27.

Grid Scale Resources

Transmission Scale Storage

Background, Authority, and Goals

Transmission-scale storage is a priority for Governor Sherrill explicitly called out in EO2, which calls for the first awards in the GSESP by April 6 and the opening of a new solicitation by April 20. Transmission-scale Storage is Phase 1 of the GSESP and is the result of the following laws and Orders:

> The Clean Energy Act (P.L. 2018, c. 17) directed the Board to initiate a proceeding to establish the process and mechanism to achieve the State's goal of 2,000 megawatts of energy storage by 2030.

P.L. 2025, c. 136 directs the Board to establish and administer the State's regulatory framework for transmission-scale energy-storage projects and to procure and incentivize these projects. The Law mandates BPU annually deposit a minimum of $60 million from SBC or other funding sources, into an Energy Storage Fund. The Board has approved the use of Orsted Settlement Funds for the obligations arising in FY26 and FY27 and plans to use SBC funds thereafter. It should be noted that this will significantly impact the NJCEP Budget as of FY28.

Funding in the NJCEP Budget for this program is for an administrator contract. Incentives for the program are not currently funded through the NJCEP Budget and, therefore, GSESP program performance is outside the scope of the CRA.

Program Performance, Measurable Achievements, and Trend Analysis

Pursuant to EO2, the Board issued GSESP awards to three projects for 355 MW of storage at the March 4, 2026 Board meeting.

Given the early stage of this program, performance data is not yet available to evaluate. However, it is expected that Transmission Storage will reduce GHGs by supporting and enabling renewable energy. Batteries charge during off-peak periods and discharge during peak demand. This facilitates a smoother contribution from variable renewable energy sources, such as solar. Phase 1 of the GSESP made initial awards in FY26 for 300 MW of transmission-scale energy storage (P.L. 2025, c. 136 mandates 1,000 MW).

Further, an analysis performed by TRC suggests that GSESP-supported storage could abate 2–3.6 million metric tons of CO2 over 20 years (2025-2044), an average of 100,000–180,000 metric tons per year. These reductions assume the deployment of 2,000 MW of energy storage by 2030, as statutorily mandated by the CEA.

<u>Grid Scale Solar</u>

Background, Authority, and Goals

The Solar Act of 2021 (P.L. 2021, c. 169) directed the Board to establish a competitive incentive program for grid-supply solar facilities and net-metered facilities greater than 5 MW. In July 2021, the Board launched the Successor Solar Incentive which has 2 main components: the Administratively Determined Incentive (ADI) Program, which supports net-metered residential and non-residential projects up to 5 MW, as well as community solar and remote net metering projects; and the Competitive Solar Incentive (CSI) Program, which supports grid-supply solar projects, paired storage, and larger non-residential installations over 5 MW.

Pursuant to EO2, the Board issued CSI awards to three projects for 24 MW of solar at the March 4, 2026 Board meeting.

Funding for Grid Scale Solar in the NJCEP budget supports administrator contracts for CSI. Incentives for

the program are not funded through the NJCEP Budget and, therefore, Grid Scale Solar program performance is outside the scope of the CRA.

Nuclear Power and Resource Adequacy

Background, Authority, and Goals

In January 2026, P.L.2025, c.380 (formerly A5517/S4689)[5] was passed directing BPU to conduct a study on the feasibility of developing advanced nuclear reactors throughout the state.

Funding in this section will support the mandated Nuclear Feasibility Study. Additionally, there is funding for contractual obligations related to offshore wind contracts that have not ended yet.

FY27 Funding Level – Grid Scale Resources

After review of the program performance and priorities detailed above, Staff are not recommending new FY27 SBC Funding for Grid Scale Resources programs. The encumbered carryforward funding for Transmission Scale Storage, Grid Scale Solar, and Nuclear Power & Resource Adequacy is detailed above. The carryforward that is pending Board Approval is for procurements that are expected to be pursued in FY27 related to these program areas.

As noted above, the Transmission Scale Energy Storage program will require a minimum of allocation of $60 million in the NJCEP Budget beginning in FY28. Accordingly, budget decisions and the CRA in future years will have to consider this statutory mandate.

FY27 Program/Budget Line	*FY26 Carryforward Encumbered (Board Approved + Committed)*	*FY26 Carryforward - Pending Board Approval*	*FY27 New SBC Funding*
Grid Scale Resources	**7,199,820**	**800,000**	**-**
Transmission Scale Storage	**1,773,872**	**-**	**-**
Grid Scale Solar	**1,226,095**	**300,000**	**-**
Nuclear Power & Resource Adequacy	**4,199,854**	**500,000**	**-**

[5] https://www.njleg.state.nj.us/bill-search/2024/A5517

Energy Efficiency, Equity, and Bill Assistance

Residential Low Income Improvements

Comfort Partners

Background, Authority, and Goals

Comfort Partners incentivizes energy efficiency (EE) and weatherization measures to income-eligible homes, including upgrades to LED lightbulbs, installing energy efficient appliances, air sealing, and installation of insulation. It addresses the Clean Energy Act of 2018's requirement that BPU adopt "an electric energy efficiency program in order to ensure investment in cost-effective energy efficiency measures, ensure universal access to energy efficiency measures, and serve the needs of low-income communities that shall require each electric public utility to implement energy efficiency measures that reduce electricity usage in the State."[6] This a key goal for the Board in funding Comfort Partners and, to further this goal, the Board also created the Whole House Pilot Program (WHPP) to help LMI customers access EE programs like Comfort Partners by doing prerequisite health and safety (H&S) work.[7]

More broadly, Comfort Partners addresses the Board's goal and priority to increase affordability and energy efficiency for low-income residents who otherwise would not be able to access weatherization and energy efficiency improvements to their homes. In addition, Comfort Partners supports State goals such as improving public health and reducing emissions through reduced energy consumption.

Program Performance, Measurable Achievements, and Trend Analysis

From FY22-FY25, the program spent an average of $44.1 million to produce energy usage and efficiency savings detailed in the table below. In each fiscal year the number of completed projects is provided, along with the electric savings, gas savings, and greenhouse gas emissions reductions. In FY25 alone, the Comfort Partners program achieved lifetime emissions reductions of 29,769 metric tons of CO_2 in FY25, by assisting 5,017 households.

Comfort Partners	FY22	FY23	FY24	FY25	FY26
Expenses	$36,086,007	$39,373,721	$47,271,374	$53,837,895	$28,193,128
Projects Completed	4,134	4,202	5,423	5,017	2,035
Electric savings (MWh)	5,026	3,562	5,641	3,857	3,364
Gas savings (MMBtu)	33,830	31,570	47,843	44,119	62,701
Emissions Savings (tCO2)	31,774	25,009	37,808	29,769	35,595

Staff will work to provide data on the number of Comfort Partners participants projected to be served in future CRAs. The WHPP is currently still being evaluated. Initial findings point to very high costs of over $30,000 per unit. The Board is evaluating options for this program.

[6] N.J.S.A. 48:3-87(g).

[7] In re the Contract for Consulting Services for New Jersey's Whole House Pilot Program, BPU Docket No. QO20090624, Order dated April 7, 2021.

Residential Energy Assistance Payments (REAP)

Background, Authority, and Goals

REAP was initially approved by the Board on May 22, 2024 to provide direct financial assistance to low-income utility customers.[8] The second round was approved by the Board on June 18, 2025, under the same docket number.[9] The program falls under the Board's priorities in EDECA, which calls for the Board to make "energy services more affordable for low income customers." The program is not focused on environmental benefits.

Pursuant to Governor Sherrill's priorities in EO1, there is an additional round of REAP that will be funded outside of the NJCEP Budget and is expected to be disbursed in the summer of 2026 when electricity consumption and bills are at their peak.

Program Performance, Measurable Achievements, and Trend Analysis

Through two separate rounds, REAP has achieved its goal of providing direct assistance to low-income customers. The program has spent an average of $45.7 million in its first two rounds providing assistance to low-income customers. In the second round, credits were provided to approximately 260,000 customers.

REAP	FY22	FY23	FY24	FY25	FY26
Expenses	-	-	-	$45,850,846	$45,632,313

Community Energy Grants (CEG)

Background, Authority, and Goals

Community Energy Grants is split into two programs: Community Energy Plan Grants (CEPG) and Community Energy Plan Implementation (CEPI) grants. Board Orders established both programs to address the Board's priorities of providing more assistance and opportunities to municipalities to develop and implement local solutions that are meant to help New Jersey achieve its energy and climate goals.[10] Accordingly, the Board has provided funding for planning and implementation of these solutions.

Program Performance, Measurable Achievements, and Trend Analysis

The CEPG program spent an average of $264k (FY22-FY25) on grants for municipalities' plans. In total,

[8] In re Disbursement of Clean Energy Program Funds for the Residential Energy Assistance Payment, BPU Docket No. QO24020120, Order dated May 22, 2024.

[9] In re Disbursement of Clean Energy Program Funds for the Residential Energy Assistance Payment, BPU Docket No. QO24020120, Order dated June 18, 2025.

[10] See In re New Jersey Clean Energy Program Fiscal Year 2024 Community Energy Plan Grant Program, Docket No. QO23090714, Order dated November 17, 2023, and In re New Jersey Clean Energy Program Fiscal Year 2024 Community Energy Plan Implementation Grant Program, Docket No. QO23100729, Order dated November 17, 2023.

BPU has funded 45 completed plans. In the current Program Year 3, 92 municipalities were awarded grants. Program Year 4 was established in 2025 and the Board made awards to 19 municipalities in March 2026.

CEPG	FY22	FY23	FY24	FY25	FY26
Expenses	$360,966	$365,000	-$2,214	$332,250	$153,750

CEPI awarded eight (8) projects to implement EE measures in public buildings, which will help address the Board's goal of reducing emissions from the buildings sector. Estimated savings from these projects include approximately 350,000 kWh/year in electric, 1,500 MMBtu/year in gas, and 250 tons of GHG emissions. These figures are subject to change as projects move forward, due to changes in cost, equipment availability, and other factors.

Ten of the CEPI projects will address the Board's goal of reducing emissions from the transportation sector, with eight (8) projects installing a total of 25 EV chargers in high volume areas, one (1) project purchasing and upfitting an EV to be a police cruiser, and one (1) project improving shared mobility in an urban setting.

Urban Heat Island (UHI)

Background, Authority, and Goals

UHI was authorized by Board Order with the goal of mitigating heat island effects and expanding publicly accessible energy-efficient cooling infrastructure in overburdened municipalities with majority-renter populations and high energy burdens.[11]

The 2025 Extreme Heat Resilience Action Plan Priority 1: BUILD RESILIENT AND HEALTHY COMMUNITIES outlines actions that the BPU can take to adapt infrastructure to rising temperatures and more frequent extreme weather events. These actions include deploying battery storage technologies, building out and promoting programs that promote energy efficiency, and expanding cooling access while lowering cooling costs.

Program Performance, Measurable Achievements, and Trend Analysis

The Board made UHI grant awards to 22 applicants on March 18, 2026, five (5) of which were OBMs. These projects will achieve environmental benefits by incentivizing implementation of nature-based solutions and expansion of resilience hubs in OBMs by 2029. A projected 900-1,000 trees will be planted, reducing air conditioning needs and indoor energy consumption, lowering local temperatures by as much as ~11% when planted as part of an urban green space. These green infrastructure investments

[11] See In re the Establishment of an Urban Heat Island (UHI) Mitigation Program, Docket No. QO24100834, Order dated July 16, 2025.

will also lower pollution levels, improve stormwater management, and enhance community wellbeing.

Energy savings will also be achieved by bolstering resilience hubs in OBMs. Upgrades will include proven interventions such as cool roofs, green infrastructure, shading, heat pumps, and battery energy storage systems to enhance energy efficiency, comfort, and reliability in publicly accessible municipal and community facilities.

Direct performance data is not available at this stage as awards were made in March 2026. Program Staff anticipate more energy savings and benefits data upon projects completion in June 2029.

Residential Universal Bill Credit (RUBC)

Background, Authority, and Goals

RUBC was created by the Board in FY25 to alleviate additional energy bill burdens caused by the spike in electric rates and the continued need for cooling in the wake of extreme heat. EO1 issued by Governor Sherrill calls for the Board to provide another round of credits through RUBC to "offset increases in the cost of electricity supply due to take effect in 2026."

The RUBC addresses affordability for all ratepayers in New Jersey. The first round of RUBC in FY26 was not funded through the SBC and, therefore, program spending is not reviewed in the CRA. The second round of RUBC was budgeted for in the FY26 True-Up and is expected to be released in FY27.

Commercial & Industrial (C&I) EE Programs

The C&I EE programs address the State's larger goal set in the Global Warming Response Act (GWRA) to reduce GHG by 80% by 2050 relative to 2016 levels, given that buildings account for 30% of Statewide energy consumption.

C&I Buildings

Background, Authority, and Goals

These programs include Large Energy Users Program (LEUP) and Pay-for-Performance (P4P) Existing Buildings, which incentivize EE measures in the C&I segment to reduce costs and energy usage. The Clean Energy Act of 2018 directed the Board to adopt an "energy efficiency program in order to ensure investment in cost-effective energy efficiency measures" and "ensure universal access to energy efficiency measures" for electric and gas.[12]

Program Performance, Measurable Achievements, and Trend Analysis

From FY22-FY25, the program spent an average of $12.5 million to produce energy and emissions savings

[12] N.J.S.A. 48:3-87(g), (h).

detailed in the table below. The table further includes the number of projects completed by fiscal year, along with the electric and gas savings for these projects and the emissions saved. These emissions reductions highlight the success of the C&I EE measures, which were designed not only to benefit participants through the reduction of their overall energy usage but to further benefit all ratepayers through emissions and energy reductions. Since C&I customers tend to use the greatest amount of energy, these projects can produce an outsized benefit to the broader system. In FY25 alone, these projects achieved lifetime emissions reductions of 122,239 metric tons of CO_2 across C&I Buildings programs.

C&I Buildings	FY22	FY23	FY24	FY25	FY26
Expenses	$13,880,619	$10,119,786	$16,277,100	$9,826,506	$2,622,788
Projects Completed	65	23	34	26	16
Electric Savings (MWh)	273,130	254,168	778,664	172,176	17,617
Gas Savings (MMBTU)	1,674,977	421,856	1,269,375	1,604,881	648,224
Emissions Savings (tCO_2)	158,041	83,821	248,510	122,239	42,858

Local Government Energy Audits (LGEA)

Background, Authority, and Goals

LGEA enables local government agencies, State agencies, K-12 public schools, public agencies, state colleges and universities, and non-profit agencies to identify potential energy-saving measures through energy audits. Accordingly, it supports the Clean Energy Act of 2018's direction to the Board to adopt an "energy efficiency program in order to ensure investment in cost-effective energy efficiency measures" and "ensure universal access to energy efficiency measures" for electric and gas.[13]

Program Performance, Measurable Achievements, and Trend Analysis

Through the lifetime of the program, LGEA has helped these public entities identify 411,892 MWh in potential annual electric savings and 834,524 MMBtu in annual fuel savings. From FY22-FY25, the program spent an average of $3 million annually and completed 1,617 projects. This work opens the door to programs that subsidize the implementation of such measures and achieve savings.

LGEA	FY22	FY23	FY24	FY25	FY26
Expenses	$2,548,834	$2,255,517	$3,324,159	$4,032,015	$2,167,851
Audits Completed	324	220	435	638	249

[13] N.J.S.A. 48:3-87(g), (h).

New Construction EE Programs

Background, Authority, and Goals

These programs include the New Construction Program (NCP) and legacy programs (C&I NCP, Residential New Construction (RNC), and Pay for Performance (P4P) New Construction) that incentivize EE and decarbonization measures in new residential and C&I construction. These programs support the Clean Energy Act of 2018's direction to the Board to adopt an "energy efficiency program in order to ensure investment in cost-effective energy efficiency measures" and "ensure universal access to energy efficiency measures" for electric and gas.[14]

The NCP launched in FY26 with the goal of providing a more efficient, streamlined program for new construction. The NCP enables new construction to be as energy efficient as possible from the moment it is constructed, maximizing the environmental benefits and energy savings attained. It further prevents the need for retrofits later, which are typically more expensive and harder to implement than if they were in place during construction. The legacy programs are no longer accepting new applications, but will continue to pay existing awards.

Program Performance, Measurable Achievements, and Trend Analysis

From FY22-FY25 these programs spent an average of $13.9 million to produce the energy savings and emissions reductions detailed in the table below. The table further includes information on projects completed by year, along with their electricity savings, natural gas savings, and emissions reductions. In FY25 alone, these projects achieved lifetime emissions reductions of 199,126 metric tons of CO_2 across new construction programs.

New Construction EE Programs	FY22	FY23	FY24	FY25	FY26
Expenses	$10,976,499	$11,336,906	$14,991,037	$18,181,189	$11,162,633
Projects Completed	3,518	2,787	3,030	3,861	2,800
Electric Savings (MWh)	169,739	184,178	375,844	466,412	193,361
Gas Savings (MMBTU)	1,176,813	1,234,515	1,274,539	1,830,850	1,401,301
Emissions Savings (tCO_2)	103,210	107,252	150,037	199,126	115,437

Further emissions reductions achievements are expected given that the new, streamlined NCP launched in FY26.

[14] N.J.S.A. 48:3-87(g), (h).

State Facilities Initiative (SFI)

Background, Authority, and Goals

SFI incentivizes EE measures specifically in facilities run by the State. It was established by the Board in 2017 through an MOU with DPMC in order to advance the mission of the Energy Master Plan, the State Economic Growth Plan, and goals of EDECA to reduce energy consumption.[15] In 2019, the Board entered a larger MOU with DPMC and created a separate fund for SFI. This addresses the Board's priority to drive energy efficiency improvements and electrification in State facilities.

Program Performance, Measurable Achievements, and Trend Analysis

From FY22-FY25, the program spent an average of $3.2 million on SFI upgrades. The table below provides information on the number of projects completed in each year and the corresponding energy and emissions savings.

The program is helping to reduce energy usage and carbon emissions, enabling state facilities to demonstrate the effectiveness of EE programs. This enables the State to lower its building emissions.

SFI	FY22	FY23	FY24	FY25	FY26
Expenses	$1,063,256	$1,940,089	$2,244,801	$7,760,787	$3,433,634
Projects Completed	-	-	-	2	1
Electric Savings (MWh)	-	-	-	1,695	979
Gas Savings (MMBTU)	-	-	-	-	-
Emissions Savings (tCO_2)	-	-	-	475	203

Information is presented below on the cost savings that programs have achieved for participants over the last 5 fiscal years for EE Residential (including Comfort Partners and the New Construction EE programs) and C&I programs (C&I Buildings, New Construction EE programs, and SFI).

Program	FY22	FY23	FY24	FY25	FY26 (through 2Q)
Lifetime Customer Savings					
Residential EE Programs					
MWh Savings	242,214	135,184	239,712	257,080	114,746
MMBtu Savings	4,258,297	1,688,330	3,932,252	4,455,105	3,662,001
Electric Cost Savings	$67,819,920	$37,851,520	$67,119,360	$71,982,400	$32,128,880
Gas Cost Savings	$49,396,245	$19,584,628	$45,614,123	$51,679,218	$42,479,212

[15] Treasury's Division of Property Management and Construction.

Subtotal Residential	**117,216,165**	**57,436,148**	**112,733,483**	**123,661,618**	**74,608,092**
C&I EE Programs					
MWh Savings	2,337,299	821,694	855,063	554,878	160,484
MMBtu Savings	2,946,900	1,161,518	1,559,678	757,424	781,249
Electric Cost Savings	$397,340,818	$139,687,980	$145,360,707	$94,329,260	$27,282,280
Gas Cost Savings	$27,111,482	$10,685,962	$14,349,038	$6,968,301	$7,187,491
Subtotal C&I	**424,452,299**	**150,373,942**	**159,709,745**	**101,297,561**	**34,469,771**
Total EE	**541,668,464**	**207,810,090**	**272,443,228**	**224,959,179**	**109,077,862**

FY27 Funding Level – Energy Efficiency, Equity, and Bill Assistance

After review of the program performance and priorities detailed above, Staff is recommending the following funding levels for Energy Efficiency, Equity, and Bill Assistance. The Residential Low Income Improvements line will receive $55 million in new FY27 SBC funding to maintain current Comfort Partners activity levels. The encumbered carryforward in this line reflects Comfort Partners work that might not get finalized prior to the end of FY26. However, this program is undergoing review to ensure it becomes more effective, which is detailed in the Comparative Analysis section of the CRA.

Community Energy Grants does not need new FY27 SBC funding, but will carryforward $8 million to support an additional round of CEPI grants. The $752k in encumbered carryforward is for existing CEPG and CEPI awards that are being paid down. The UHI program will receive $5 million in new FY27 SBC funding and $3 million in FY26 Carryforward Pending Board Approval to advance a second round of grants. The carryforward funding was reallocated from the CEPG line, which will not need it.

There is no new funding for RUBC in FY27, but $102.7 million in encumbered carryforward that was allocated during FY26 True-Up will be spent in FY27.

The new FY27 SBC funding for C&I Buildings reflects a decrease driven by the closing of the P4P program to new applications and a pause of the LEUP Decarbonization Pilot given available funding. New FY27 SBC funding for LGEA reflects a continuation of current program activity levels. New Funding for NCP reflects current and anticipated demand for the program and the intention to support this newly launched program. Encumbered carryforward for these programs reflects existing program awards and awards anticipated prior to the end of FY26.

The SFI program will not receive new funding in FY27 but will carry forward funding that was awarded to ongoing projects in accordance with the BPU DPMC Project List.

FY27 Program/Budget Line	***FY26 Carryforward Encumbered (Board Approved + Committed)***	***FY26 Carryforward - Pending Board Approval***	***FY27 New SBC Funding***

Energy Efficiency, Equity, and Bill Assistance	**234,530,204**	**14,022,018**	**90,597,187**
Equity and Low-Income	**11,844,028**	**14,022,018**	**60,000,000**
Residential Low Income Improvements	6,091,528	3,000,000	55,000,000
Community Energy Grants	752,500	8,022,018	-
Urban Heat Island Mitigation Grants	5,000,000	3,000,000	5,000,000
Residential Universal Bill Credit	**8,867,147**	**78,856,241**	**-**
C&I EE Programs	**29,979,238**	**-**	**9,970,985**
C&I Buildings	26,655,537	-	5,260,985
LGEA	3,323,701	-	4,710,000
New Construction EE Programs	**39,443,293**	**-**	**20,626,202**
State Facilities Initiative	**50,540,256**	**-**	**-**

Planning and Administration

BPU Program Administration

Background, Authority, and Goals

BPU Program Administration funds staff salaries and fringe benefits, set through the State Budget. Spending on salaries and fringe benefits has steadily increased as demonstrated in the table below as DCE staffing levels have increased to support statutory and programmatic obligations and goals.

BPU Program Administration	FY22	FY23	FY24	FY25	FY26
Expenses	$3,260,261	$3,128,982	$5,922,859	$8,757,175	$3,924,427

Marketing

Background, Authority, and Goals

The Marketing line funds contracts and agreements that are necessary for the DCE to meet its statutory and programmatic obligations. Specifically, this line funds advertising to address the goal of spreading public awareness of the NJCEP programs across the state.

From FY22-FY25, the DCE spent an average of $7,100,042 annually on marketing expenses.

Marketing	FY22	FY23	FY24	FY25	FY26

Expenses	$10,114,125	$6,760,993	$7,061,641	$4,463,407	$2,549,213

CEP Website

Background, Authority, and Goals
The NJCEP website is utilized by Staff, stakeholders, and the general public to publish and access important program and agency documents.

The funding in the NJCEP Budget for this line supports a contract to develop the CEP website, which launched a new site in 2026. The DCE paid $306,000 in FY25 through this contract and will continue to incur expenses related to the contract.

CEP Website	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**
Expenses	-	-	-	$306,250	$613,000

Memberships

Background, Authority, and Goals

The Memberships line funds dues to organizations that ensure staff have access to important resources, expertise, and conferences. These resources help DCE staff meet statutory and programmatic obligations.

From FY22-FY25, the DCE has spent an average of $90,000 on memberships.

Memberships	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**
Expenses	$48,678	$113,277	$91,133	$106,730	$82,104

Outreach and Education

Background, Authority, and Goals

The Outreach and Education line funds contractual obligations for outreach work administered by TRC. It also funds educational and outreach efforts secured through strategic partnerships with Sustainable Jersey and the NJIT Learning Center. All outreach and education work serves the goal of improving NJCEP's visibility and exposure to advance the State's clean energy goals and DCE's statutory and programmatic obligations.

Sustainable Jersey administers the CEPG program, sustainability certifications, and conducts outreach.

NJIT runs online portals to educate stakeholders and help them participate in EE programs. This effort expands the pool of energy professionals that perform work for the NJCEP and utility energy efficiency programs.

Program Performance, Measurable Achievements, and Trend Analysis

From FY22-FY25, the DCE spent an average of $4.8 million on outreach and education through the TRC contract and partnerships with Sustainable Jersey and NJIT.

Outreach and Education	FY22	FY23	FY24	FY25	FY26
Expenses	$4,642,034	$3,956,123	$4,924,961	$5,589,008	$2,885,026

Program Evaluation/Analysis

Background, Authority, and Goals

The Program Evaluation/Analysis line funds professional service contracts for administering NJCEP programs, which directly support the State's clean energy goals. In FY27, the line will use new and carryforward funding to support contracts pursuant to the Triennium, Benchmarking, the Utility Business Model Study, and Rutgers University Center for Urban Policy Research (RU CUPR) which supports several programs.

Evaluation and related research provide crucial insights into and analysis of clean energy markets and programs. The BPU is the lead agency tasked with the development and implementation of the NJCEP.[16] The BPU is also required to establish baselines related to EE, RE generating sources, and emerging technologies and to evaluate the market potential for current and emerging clean energy technologies.

Pursuant to the CEA and Triennium 2, the Board established an Evaluation, Measurement, and Verification (EM&V) Working Group in FY22, which is managed by the Statewide Evaluator (SWE). Through the EM&V Working Group, the SWE, Staff, Rate Counsel, and utility representatives prioritize and design evaluation studies to evaluate both utility and NJCEP EE programs.

The SWE manages evaluation studies, which are conducted by RU CUPR, the Evaluation Study Team (EST), and independent program evaluators contracted directly by the utilities. In FY27, the NJCEP Budget will continue to provide funding for CUPR and the EST.

Workforce Development

Background, Authority, and Goals

The Workforce Development funding will support the state's efficiency and energy equity goals through

[16] See N.J.S.A. 52:27F-14; Exec. Order No. 28 (May 23, 2018), 50 N.J.R. 1394(b) (June 18, 2018).

technical training and certification opportunities. BPU works alongside the New Jersey Department of Labor and Workforce Development (NJDOL) and have been collaborating on workforce development initiatives.

Funding for Workforce Development is uncommitted and carrying forward from FY26. No performance data is available for this program.

FY27 Funding Levels – Planning and Administration

After review of the program performance and priorities detailed above, Staff are recommending the following funding levels for Planning and Administration activities. New funding is allocated for BPU Program Administration to fund staff salaries and fringe benefit costs. The Marketing line will receive $7 million pursuant to a 3-year contract agreement. New funding of $4.8 million is allocated for Outreach and Education to fund outreach services outlined in contracts with Sustainable Jersey, NJIT Learning Center, and TRC. New FY27 SBC funding for Memberships will cover dues to the Clean Energy States Alliance (CESA), National Association of State Energy Officials (NASEO), and DesignLights Consortium (DLC).

New funding in the Program Evaluation/Analysis line will fund contracts for essential professional services including for evaluation work required under the Triennium and support on several programs from RU CUPR.

Encumbered carryforward in this section is for existing or anticipated obligations pursuant to contracts, but the timing of spending depends on when the DCE receives invoices. In the Program Evaluation/Analysis, there is obligated funding carrying forward for contracts that support a range of DCE activities including the Utility Business Model Study and Triennium-related evaluation work.

FY27 Program/Budget Line	*FY26 Carryforward Encumbered (Board Approved + Committed)*	*FY26 Carryforward - Pending Board Approval*	*FY27 New SBC Funding*
Planning and Administration	**29,886,883**	**5,867,296**	**40,287,608**
BPU Program Administration	**-**	**-**	**10,400,000**
Marketing	**4,180,339**	**-**	**7,000,000**
CEP Website	**167,500**	**-**	**-**
Outreach and Education	**415,934**	**-**	**4,849,667**
Memberships	**-**	**2,114**	**117,950**

Program Evaluation/Analysis	**25,123,110**	**5,865,182**	**17,919,991**
Workforce Development	**-**	**1,000,000**	**-**

State Energy Initiatives

Background, Authority, and Goals

The State Energy Initiatives line is set pursuant to the State Budget, which is enacted by the Legislature and Governor. State Budget language, which becomes law when it is enacted, sets the amount of NJCEP funds that are dedicated to the State's General Fund and programs those funds will cover.

Analysis

Based on the information considered in this section, funding levels were set from the bottom-up to address program needs. Of the $155,439,000 in new FY27 funding currently allocated for State Energy Initiatives in FY27, new funding for specific program budgets was reduced by $52.9 million. The bottom-up approach had the potential to reduce the amount of SBC collected to fund programs. However, given the State Energy Initiatives allocation, program budgets had to be reduced to avoid increasing the SBC above $344.7 million. The following reductions were made to budgets:

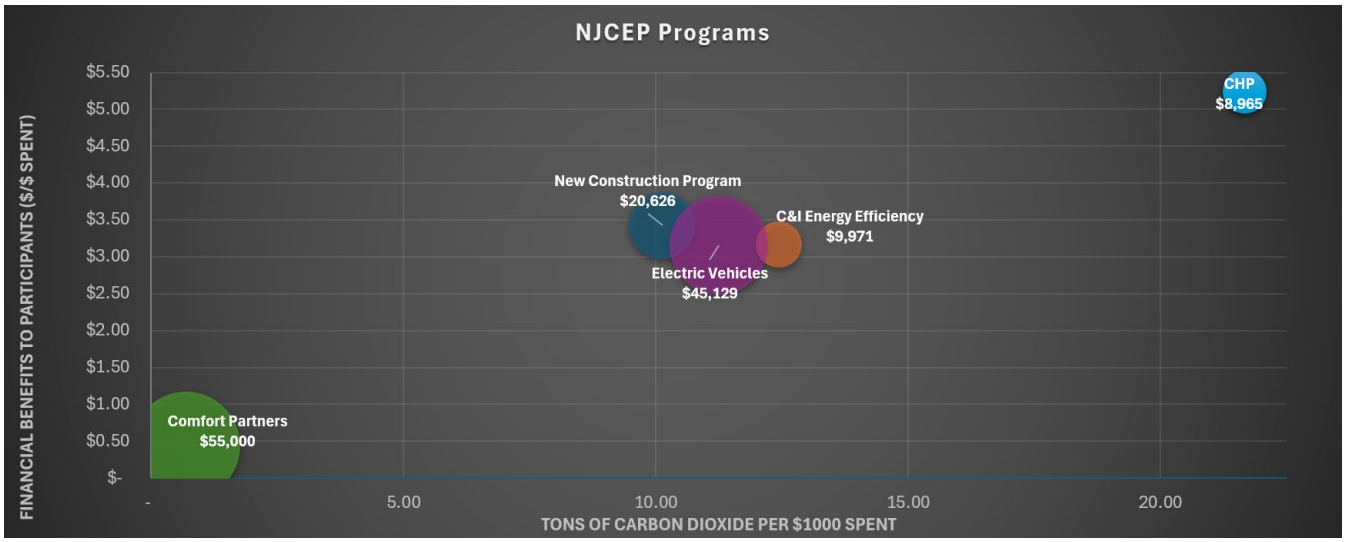
Program	Reduction to New NJCEP Funding
LEUP	$26,577,994
Community Energy Grants	$5,000,000
EV Programs	$21,376,720
Total	**$52,954,714**

Further, program managers submitted requests for increased funding that would support planned initiatives like decarbonization pilots and guarantee continuous access to NJCEP programs throughout FY27. The programs where additional funding was requested were NCP, LEUP, LGEA, CHP, Comfort Partners, Clean Fleet and EV Tourism. These funding requests were not included in the FY27 budget.

III. COMPARATIVE ANALYSIS

Program Comparison

The programs covered by the NJCEP budget were evaluated for effectiveness on participant benefits as well as emissions reductions over the last 5 years (FY22 – FY26). To facilitate the comparison, all dollar values are normalized as present value of the total incentives and energy benefits as dollars saved over the lifetime of the measures. The results are plotted in the bubble chart below.



SBC Program Effectiveness	New Construction Program	C&I Energy Efficiency	Comfort Partners	CHP	EV and V2G
FY26 New Funding in Budget ($000)	$33,390	$28,400	$56,646	$10,206	$98,928
FY27 New Funding in Budget ($000)	$20,626	$9,971	$55,000	$8,965	$45,129
Historical Metric Tons CO2/ $1000	10.13	12.43	0.69	21.66	11.25
NJ Participant Benefits ($ Saved / $ Spent)	$3.42	$3.17	$0.43	$5.23	$3.16

Interpretation of the Bubble Chart

The bubble chart above provides a methodology for comparing different programs' cost effectiveness in terms of direct benefits to participants and emissions reductions. While important, there are other relevant factors when evaluating programs and not all participant benefits are captured in this chart. Additionally, there are other important factors in program evaluation, such as promoting new technology and achieving other policy objectives. These are explained below.

New Technology

The Board has a long history of promoting new technologies through subsidies to support market transformation toward the more beneficial technology. An example of a successful market transformation is the conversion of lighting, first from incandescent to fluorescent, and then to LEDs. In general, new technology is expected to be less cost-effective. Therefore, a program that promotes new technology will likely start out in the lower left-hand corner of the bubble chart: low financial and environmental benefits relative to spending. Uptake of emerging technology is usually limited, so the absolute size of the program will be small. As technology matures, cost effectiveness of subsidies should

increase, and, depending on the program specifics, the bubble would move up, right or both. As program uptake accelerates, the funding and size of the program will grow. Eventually subsidies are no longer needed and will be discontinued completely or limited to niche applications. In the chart this is represented as a decrease in size of the bubble while it continues to gradually shift upward, rightward or both, and eventually the program and bubble should disappear completely when subsidies are no longer required.

Other Policy Objectives

The NJCEP prioritizes cost effectiveness of programs in terms of benefits for participants and emissions reductions, but other policy objectives need to be considered too. Specifically, programs that focus on equity should be expected to be somewhat more expensive and therefore yield lower benefits per dollar spent. That does not mean that cost-effectiveness is completely irrelevant for equity programs. Besides affordability for specific demographics, other policy considerations include economic development and jobs, other environmental factors including land use, impact on surrounding areas, and enabling strategic long-term objectives. A holistic approach is needed to evaluate programs across all these areas.

Programmatic Conclusions from the Analysis

The position of the corresponding bubbles in the chart indicates that the EV, C&I and New Construction programs display $3-4 in participant benefits per dollar spent on subsidies, and 10-15 tons of CO_2 reduction per $1,000 spent. The C&I and New Construction programs consist of packages of measures that facilitate adoption of a range of measures, each in its own stage of maturity. As new measures are introduced, bringing direct effectiveness down, other measures should no longer need subsidies. As a result, the totality of the programs is expected to retain a similar level of effectiveness. It should also be noted that, as the grid decarbonizes, energy efficiency measures will gradually become less effective in reducing emissions.

EV adoption is in the middle of market transformation. Programs have been running since 2020 and there has been a rapid increase in adoption. EV registration has grown 800% in that same time, with EV sales accounting for 10-15% of sales each quarter. EVs are increasingly cost-effective on their own. Accordingly, New Jersey subsidies have been shifting toward prioritizing incentive-essential, mostly moderate-income buyers, with subsidy levels decreasing for the general participant population. In addition, a significant part of the budget has gone towards enabling charging infrastructure. It is the expectation that the bubble representing the EV program would continue to follow the trajectory described above, moving upwards and rightwards. Ideally the size of the program would follow the need in the market.

The cost-effectiveness of Comfort Partners is challenging. With $0.43 in participant energy savings benefits over the lifetime of the measures per ratepayer dollar spent, Comfort Partners offers lower financial benefits to participants than the other programs evaluated. It is important to note that Comfort Partners provides other benefits, including comfort, health, and safety, that are not captured in the energy savings and emissions analysis above. Comfort Partners delivers significant value beyond energy bill savings alone and has significant support among stakeholders for its impact. Based on the findings, Staff is undertaking a comprehensive evaluation of the program and will identify changes to improve effectiveness. Staff intends to start a stakeholder process for proposed improvements soon.

The CHP-FC program has the highest participant savings per ratepayer dollar as well as the highest emission reductions. For a program this far in the upper right-hand corner, Staff are further analyzing the necessity of incentives moving forward. Given the amount of time CHP-FC projects take to build, program changes will require stakeholder feedback and further analysis. Since the program supports new generation, which helps control costs for all ratepayers, there is interest in maintaining the level of CHP-FC deployment in the State.

IV. SBC COLLECTION SCHEDULE

New Jersey has been unique in the US in basing the allocation of SBC costs on revenues collected by gas and electric utilities. Other states collect surcharges on utility bills to pay for societal benefits as well, but they do this based on one of the following bases:

1. Flat surcharge for each customer type
2. Quantity of energy delivered

There are several policy reasons why a change in allocation methodology is preferable. First, allocation based on revenue exacerbates any price fluctuations. In other words, if the price of electricity sharply increases, SBC allocation based on revenue makes it even more expensive.

The second reason for change is that a revenue-based methodology causes most of the SBC to be collected through surcharges on electricity, while the energetic value of electricity delivered in New Jersey is lower than that of gas. A relative cost shift in SBC allocation towards gas will not substantially affect rates but it does provide a slight nudge towards the State's decarbonization goals.

A flat surcharge can be problematic for reasons of equity, since it would shift costs from customers who use more energy toward those who use less. SBC cost allocation based on the quantity of energy delivered is the preferred solution.

In this time of volatility in energy, and especially fossil fuel costs, the Board is particularly concerned about protecting residential ratepayers from large upsets. Most of the gas in New Jersey is consumed by households, and it would be undesirable to shift SBC costs towards households dramatically. However, for both gas and electricity revenues collected from households constitute a relatively larger proportion than energy consumed by households. As a result, when shifting to an allocation based on energy value, the eventual percentage of SBC costs borne by households is comparable with the percentage borne when allocations are determined based on revenue.

The change in methodology still could represent a shift for individual consumers, and the Board wishes to avoid upsets. For that reason, the allocation would shift gradually, over the course of 5 years. The intention is to follow a linear path for calculating the cost allocation as follows:

1. In FY27, 80% of the allocation will be determined by revenue, and 20% by energy value.
2. In FY28, 60% of the allocation will be determined by revenue, and 40% by energy value.
3. In FY29, 40% of the allocation will be determined by revenue, and 60% by energy value.
4. In FY30, 20% of the allocation will be determined by revenue, and 80% by energy value.

5. In FY31, 100% of the allocation will be determined by energy value.

For FY27, the allocation of the funding from utilities is based on the statewide USF proceeding that forecasts electric and natural gas operating jurisdictional revenues and normalized monthly sales, which are provided below.

Proposed Allocation to Electric and Natural Gas Ratepayers

	FY26 Allocation	2025-26 Estimated Energy Volume (000)*	% of Total Energy Volume	2025-26 Estimated Retail Revenues (000)*	% of Total Revenues	FY27 Allocation
Electric	66.12%	69,240,339	34.26%	8,908,344	68.19%	61.40%
Natural Gas	33.88%	132,845,097	65.74%	4,156,363	31.81%	38.60%
Weighting			20.00%		80.00%	
Total		**202,085,436**		**13,064,707**		**100%**

Year	Total Funding Level	Electric	Natural Gas
Allocation %		**61.40%**	**38.60%**
FY27	$344,665,000	$211,640,098	$133,024,902

** Retail revenues from PSE&G USF filing Attachment A dated June 27, 2025*

Projected Sales Volumes							
Estimates of Normalized Jurisdictional Sales							
Units in (000s)							
	2025	2025	2025	2025	2025	2025	2026
	July	**August**	**September**	**October**	**November**	**December**	**January**
Gas Therms*							
NJNG	20,314	19,759	19,905	35,504	72,307	112,780	136,898
SJG	19,896	17,275	20,227	18,683	24,452	65,308	94,763
PSE&G	71,132	65,512	71,098	97,099	215,602	376,576	471,060
ETG	18,807	19,381	19,451	21,529	38,834	62,748	84,392
Total	130,150	121,926	130,680	172,816	351,195	617,412	787,113
Electric MWH							
PSE&G	3,964,050	4,035,273	3,678,665	2,974,798	2,855,200	3,382,133	3,501,818
JCP&L	2,146,211	2,040,760	1,568,078	1,351,964	1,404,750	1,654,130	1,724,540
ACE	878,500	956,641	899,599	618,438	586,329	620,925	737,051
RECO	173,414	175,415	153,239	126,627	105,224	122,163	134,325
Total	7,162,175	7,208,088	6,299,581	5,071,827	4,951,503	5,779,351	6,097,733

	2026	2026	2026	2026	2026		
	February	**March**	**April**	**May**	**June**	**Total**	
Gas Therms*							
NJNG	116,967	94,275	52,768	30,111	20,400	731,988	16.14%
SJG	91,113	78,131	56,174	31,173	22,324	539,518	11.90%
PSE&G	467,595	396,603	267,247	145,410	94,157	2,739,091	60.41%
ETG	80,598	71,722	54,228	32,487	19,177	523,353	11.54%
Total	756,273	640,731	430,417	239,181	156,057	4,533,950	100.00%
Electric MWH							
PSE&G	3,254,496	3,161,621	2,957,445	2,930,663	3,354,605	40,050,765	57.84%
JCP&L	1,486,339	1,474,984	1,263,529	1,391,153	1,700,176	19,206,614	27.74%
ACE	682,788	625,851	582,424	533,046	672,302	8,393,893	12.12%
RECO	122,608	119,351	111,564	109,845	135,291	1,589,067	2.30%
Total	5,546,230	5,381,808	4,914,961	4,964,707	5,862,374	69,240,339	100.00%

*Gas sales exclude wholesale therms
source: 6/27/25 PSE&G USF filing Attachment A

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

Monthly Utility Funding Levels

FY27	Jul	Aug	Sep	Oct	Nov	Dec
PS-Electric	$12,116,520.50	$12,334,218.62	$11,244,210.82	$9,092,769.79	$8,727,206.35	$10,337,831.12
JCP&L	$6,560,110.98	$6,237,789.33	$4,792,988.99	$4,132,414.70	$4,293,760.44	$5,056,015.64
ACE	$2,685,224.56	$2,924,068.71	$2,749,716.03	$1,890,318.29	$1,792,173.34	$1,897,920.06
RECO	$530,057.57	$536,173.40	$468,391.72	$387,048.79	$321,628.12	$373,402.77
NJN	$596,019.76	$579,721.07	$583,993.12	$1,041,690.27	$2,121,469.20	$3,308,934.71
SJG	$583,755.59	$506,841.28	$593,455.62	$548,153.03	$717,404.72	$1,916,108.86
PS-Gas	$2,086,989.92	$1,922,093.97	$2,085,990.50	$2,848,866.94	$6,325,701.71	$11,048,639.78
ETG	$551,793.84	$568,622.21	$570,673.20	$631,658.75	$1,139,380.35	$1,841,014.34
Total	$25,710,472.72	$25,609,528.60	$23,089,420.00	$20,572,920.56	$25,438,724.23	$35,779,867.28

Monthly Utility Funding Levels

FY27	Jan	Feb	Mar	Apr	May	Jun	Total
PS-Electric	$10,703,659.55	$9,947,695.17	$9,663,815.67	$9,039,728.58	$8,957,868.98	$10,253,689.06	$122,419,214.22
JCP&L	$5,271,230.92	$4,543,145.47	$4,508,437.77	$3,862,104.18	$4,252,199.84	$5,196,759.89	$58,706,958.15
ACE	$2,252,870.22	$2,087,009.54	$1,912,977.67	$1,780,236.48	$1,629,307.88	$2,054,960.55	$25,656,783.33
RECO	$410,577.22	$374,763.92	$364,809.04	$341,006.92	$335,753.37	$413,529.88	$4,857,142.71
NJN	$4,016,559.42	$3,431,784.13	$2,766,005.24	$1,548,206.22	$883,440.60	$598,520.71	$21,476,344.48
SJG	$2,780,315.60	$2,673,227.48	$2,292,341.34	$1,648,122.48	$914,615.05	$654,972.70	$15,829,313.76
PS-Gas	$13,820,788.43	$13,719,123.63	$11,636,231.03	$7,840,969.07	$4,266,293.28	$2,762,530.12	$80,364,218.39
ETG	$2,476,033.22	$2,364,723.92	$2,104,303.74	$1,591,022.27	$953,156.11	$562,643.00	$15,355,024.96
Total	$41,732,034.60	$39,141,473.28	$35,248,921.51	$27,651,396.19	$22,192,635.10	$22,497,605.93	$344,665,000.00

IV. FY27 BUDGET TABLE

FY27 Program /Budget Line	*Total*	*FY26 Carryforward - Board Approved*	*FY26 Carryforward - Committed*	*FY26 Carryforward - Pending Board Approval*	*FY27 Funding*	*Funds for FY27 Allocation (Pending Board Approval + FY27 Funding)*
Total NJCEP + State Initiatives	**796,099,206**	**28,877,038**	**294,828,624**	**127,728,544**	**344,665,000**	**472,393,544**
State Energy Initiatives	**155,439,000**	**-**	**-**	**-**	**155,439,000**	**-**
Total NJCEP	***640,660,206***	***28,877,038***	***294,828,624***	***127,728,544***	***189,226,000***	***316,954,544***
Integrated Energy Solutions	**231,469,190**	**283,977**	**145,661,019**	**27,182,989**	**58,341,205**	**85,524,194**
Grid Modernization and VPPs	**6,171,070**	**-**	**1,171,070**	**5,000,000**	**-**	**5,000,000**
Distributed Storage	**-**	**-**	**-**	**-**	**-**	**-**
Distributed Energy	**23,463,322**	**-**	**14,498,687**	**-**	**8,964,635**	**8,964,635**
CHP - FC	22,731,584	-	13,766,949	-	8,964,635	8,964,635
Microgrids	731,738	-	731,738	-	-	-
Distributed Solar	**7,356,530**	**283,977**	**2,564,166**	**261,136**	**4,247,251**	**4,508,387**
Electric Vehicle and V2G Programs	**194,478,269**	**-**	**127,427,097**	**21,921,854**	**45,129,319**	**67,051,173**
Plug In EV Incentive Fund	68,290,700	-	38,290,700	-	30,000,000	30,000,000
CUNJ Administrative Fund	12,033,412	-	4,033,412	-	8,000,000	8,000,000
CUNJ Residential Charger Incentive	5,731,431	-	4,731,431	-	1,000,000	1,000,000
EV Studies, Pilots, and Administration Support	-	-	-	-	-	-
Clean Fleet	30,856,808	-	20,856,808	4,000,000	6,000,000	10,000,000
Multi-Unit Dwellings (Chargers)	22,502,097	-	19,450,925	2,921,854	129,319	3,051,173
EV Tourism	28,063,820	-	28,063,820	-	-	-

FY27 Program /Budget Line	*Total*	*FY26 Carryforward - Board Approved*	*FY26 Carryforward - Committed*	*FY26 Carryforward - Pending Board Approval*	*FY27 Funding*	*Funds for FY27 Allocation (Pending Board Approval + FY27 Funding)*
School Bus V2G	15,000,000	-	-	15,000,000	-	15,000,000
MHD Depot	12,000,000	-	12,000,000	-	-	-
Grid Scale Resources	**7,999,820**	**3,304,650**	**3,895,170**	**800,000**	**-**	**800,000**
Transmission Scale Storage	**1,773,872**	**-**	**1,773,872**	**-**	**-**	**-**
Grid Scale Solar	**1,526,095**	**-**	**1,226,095**	**300,000**	**-**	**300,000**
Nuclear Power & Resource Adequacy	**4,699,854**	**3,304,650**	**895,204**	**500,000**	**-**	**500,000**
Energy Efficiency, Equity, and Bill Assistance	**324,149,409**	**13,867,147**	**126,806,815**	**92,878,259**	**90,597,187**	**183,475,446**
Equity and Low-Income	**85,866,046**	**5,000,000**	**6,844,028**	**14,022,018**	**60,000,000**	**74,022,018**
Res Low Income Improvements	64,091,528	-	6,091,528	3,000,000	55,000,000	58,000,000
Community Energy Grants	8,774,518	-	752,500	8,022,018	-	8,022,018
Urban Heat Island Mitigation Grants	13,000,000	5,000,000	-	3,000,000	5,000,000	8,000,000
Residential Universal Bill Credit	**87,723,388**	**8,867,147**	**-**	**78,856,241**	**-**	**78,856,241**
C&I EE Programs	**39,950,223**	**-**	**29,979,238**	**-**	**9,970,985**	**9,970,985**
C&I Buildings	31,916,522	-	26,655,537	-	5,260,985	5,260,985
LGEA	8,033,701	-	3,323,701	-	4,710,000	4,710,000
New Construction EE Programs	**60,069,495**	**-**	**39,443,293**	**-**	**20,626,202**	**20,626,202**
State Facilities Initiative	**50,540,256**	**-**	**50,540,256**	**-**	**-**	**-**
Planning and Administration	**76,041,787**	**11,421,264**	**18,465,619**	**5,867,296**	**40,287,608**	**46,154,904**
BPU Program Administration	**10,400,000**	**-**	**-**	**-**	**10,400,000**	**10,400,000**
Marketing	**11,180,339**	**-**	**4,180,339**	**-**	**7,000,000**	**7,000,000**

FY27 Program /Budget Line	*Total*	*FY26 Carryforward - Board Approved*	*FY26 Carryforward - Committed*	*FY26 Carryforward - Pending Board Approval*	*FY27 Funding*	*Funds for FY27 Allocation (Pending Board Approval + FY27 Funding)*
CEP Website	**167,500**	**-**	**167,500**	**-**	**-**	**-**
Outreach and Education	**5,265,601**	**-**	**415,934**	**-**	**4,849,667**	**4,849,667**
Memberships	**120,064**	**-**	**-**	**2,114**	**117,950**	**120,064**
Program Evaluation/Analysis	**48,908,283**	**11,421,264**	**13,701,846**	**5,865,182**	**17,919,991**	**23,785,173**
Workforce Development	**1,000,000**	**-**	**-**	**1,000,000**	**-**	**1,000,000**

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

V.I. RATE IMPACT ANALYSIS

FY26-FY27 Estimated Utility Revenues: $13,064,707,000

Program Area	Funding Level ($)	% of Total New Funding	% of Utility Revenues
SEI (General Fund)	155,439,000	45.10%	1.19%
Integrated Energy Resources	58,341,205	16.93%	0.45%
Grid Scale Resources	-	0.00%	0.00%
Energy Efficiency, Equity, and Bill Assistance	90,597,187	26.29%	0.69%
Planning & Administration	40,287,608	11.69%	0.31%
Workforce Development	-	0.00%	0.00%
Total	**344,665,000**	**100%**	**2.64%**

The above table demonstrates the percentage of new funding that each program area will receive. In FY27, the State Budget appropriated 45% of the NJCEP's new SBC funding to State Energy Initiatives. NJBPU Initiatives will receive the largest percentage of NJCEP funding. Overall, the NJCEP portion of the SBC makes up 2.64% of utility revenues in FY27.

FY27 Rate Impacts on Annual Average Residential Bill Contribution to SBC Compared to FY26				
	FY26 Rate Impact	FY27 Rate Impact	YoY Change	% Change
Electric	$27.12	$25.20	-$1.92	-7%
Gas	$26.65	$27.59	$1.06	3.5%

In FY26, the annual average residential electric customer contributed $27.12 to NJCEP's portion of the SBC. The estimated rate impact in FY27 will decrease by $1.92, a 7% decrease from the previous fiscal year. The annual average residential gas customer contributed $26.65 to NJCEP's portion of the SBC in FY26. In FY27, the annual average residential gas customer contribution is expected to increase $1.06, up 3.5% from the previous fiscal year.

V.I.I. METHODOLOGY OVERVIEW

Energy Savings and Emissions

The data reported reflects lifetime energy savings and emissions reductions for the measures implemented, except for EV and V2G programs which report annual emissions reductions. The lifespan assumption is 9-20 years for EE measures, 19.5 years for CHP-FC, and 10 years for EVs and EV chargers. Additionally, savings reflect measures actually installed and completed, rather than estimates of savings for committed projects.

Bubble Chart

The Bubble Chart reports direct benefits to participants and CO2 mitigation relative to dollars spent, for SBC-funded NJCEP programs (FY22-FY26), with FY26 reporting Q1 and Q2 data.

Direct benefits to Comfort Partners, C&I EE, NCP, and CHP-FC participants are calculated as the product of lifetime energy savings and a representative energy rate for both electric and gas savings. Direct benefits for EV program participants reflect EVs and EV chargers. EV benefits are the product of the number of EVs, a factor of $1,000 for customer benefits, and an assumed lifespan of 10 years. EV charger benefits are the product of the number of chargers, a factor of $547 for local grid benefits, and an assumed lifespan of 10 years.
For CO2 savings, programs' energy savings were converted to carbon dioxide using a variable rate for the condition of the electric grid and fixed factors for natural gas and gasoline saved.

Cost Savings

The Cost Savings reported are for program participants and use PSEG retail rates as of June 1, 2025.

Assumed Electric Rate Residential	Assumed Electric Rate Commercial	Assumed Gas Rate Residential	Assumed Gas Rate Commercial
$0.28	$0.17	$1.16	$0.92

The residential savings includes NJCEP residential programs and Comfort Partners. The commercial savings includes NJCEP C&I programs and SFI. The DER energy savings do not factor in electric generation from the programs that are not funded through the NJCEP.

There are other types of savings that are important that are not reflected in this dataset. Those include savings that all ratepayers attain from energy efficiency and clean energy implementation, as well as the broader health, economic, and societal benefits.

APPENDIX A: DETAILED METHODOLOGY

1. EXECUTIVE SUMMARY AND SCOPE OF ANALYSIS

Purpose and Context

This document provides comprehensive methodological documentation for the energy efficiency and electric vehicle program analysis conducted for the study period spanning July 1, 2021 through December 31, 2025 (FY22 – FY26 YTD). The analysis was designed to provide a preliminary assessment of primary direct benefits associated with program expenditures across the portfolio of energy efficiency initiatives, electric vehicle programs, and related carbon abatement administered during this period.

Analytical Framework

The analysis employs a simplified framework that focuses exclusively on primary direct benefits measurable through readily available program tracking data and publicly available rate information. This approach was selected based on the time and resource constraints associated with the analytical request, and represents a subset of the comprehensive benefits that could be quantified through a full Total Resource Cost (TRC) test, Societal Cost Test (SCT), or similar regulatory cost-effectiveness framework as defined by the National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources.[17]

Key Limitations and Exclusions

It is critical to note that this analysis does NOT constitute a comprehensive cost-effectiveness evaluation. The following benefit categories, which would typically be included in a full regulatory cost-benefit analysis, are explicitly excluded from this assessment:

- Avoided generation capacity costs
- Avoided transmission system costs
- Avoided distribution system costs beyond direct retail rates
- Demand response and peak reduction value
- Ancillary grid services value
- Voltage support and power quality benefits
- System reliability and resilience benefits
- Economic development impacts and employment multipliers
- Non-energy benefits (health, comfort, productivity, etc.)
- Societal carbon value beyond physical emissions reductions
- Market transformation effects
- Technology learning and cost reduction spillovers
- Energy security benefits

The exclusion of these benefit categories means that the ratios presented in this analysis represent a lower bound of program value and should not be interpreted as comprehensive measures of cost-effectiveness.

[17] National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources, nspm-main-2026-final.pdf

2. DATA SOURCES AND ACQUISITION

Energy Efficiency Program Data

Primary Data Source: COREIMS (NJOCEIMS)

System Description: the New Jersey Clean Energy Information Management System (COREIMS) is the official tracking source for the majority of NJCEP initiatives. It is a comprehensive database that tracks program participation, measure installations, energy savings calculations, incentive payments, and administrative costs across the portfolio of New Jersey Clean Energy Programs. The system maintains project to program-level data and for this analysis the following data was pulled: Program name and identifier

- Program Reporting Period
- Annual electric energy savings (kWh)
- Annual natural gas savings (therms or MMBtu)
- Lifetime electric energy savings (kWh)
- Lifetime natural gas savings (therms or MMBtu)
- Measure effective useful life (years)
- Total program expenditures including incentives and delivery costs
- Customer sector classification (residential, commercial, industrial)

Time Period: July 1, 2021 through December 31, 2025 (FY22-FY26 YTD)

Programs Included from COREIMS:

- Combined Heat and Power (CHP) programs
- New Construction Programs (NCP)
- C&I Retrofit programs (commercial, industrial, and institutional sectors)
- Energy Storage Programs

Supplementary Data Source: eTrack (Comfort Partners)

System Description: eTrack is a dedicated database system that tracks all installations and associated metrics for the Comfort Partners program, which provides comprehensive home energy improvements to income-qualified households.

Rationale for Separate Data Source: The Comfort Partners program operates under a distinct delivery model with unique tracking requirements, including health and safety protocols, weatherization standards, and income verification procedures that necessitate specialized database functionality not available in the standard COREIMS platform.

Data for 2022 was not available.

Data Consistency Measures: To ensure consistency with COREIMS data, eTrack data was structured to match the same field definitions, unit conventions, and calculation methodologies used in COREIMS. Specifically:

- Energy savings units were standardized to kWh for electricity and therms for natural gas
- Lifetime savings were calculated using identical measure life assumptions
- Cost categories were mapped to equivalent COREIMS expense classifications

- The time period was constrained to the 2023-2026 period and had to be constrained due to no available data for the 2022 period

Retail Energy Rate Data

Retail energy rates serve as the basis for converting physical energy savings (kWh and therms) into monetary benefits for program participants. Given the heterogeneity of customer classes and rate structures across the study period, multiple sources were utilized to establish representative average rates.

Residential and Commercial Electric Rates

Residential Electric Rate: $0.21
Unit: Dollars per kilowatt-hour ($/kWh)
Source: The BPU Key Performance Indicators (KPI) document provides statewide average residential electric rates inclusive of generation, transmission, distribution, and applicable rider charges.[18] These rates represent a weighted average across all Electric Distribution Companies (EDCs) serving New Jersey residential customers.
Limitations: The rate was applied uniformly across the study period as a representative average. This approach introduces minor temporal variation limitations, as actual rates fluctuate seasonally and by year based on commodity costs, infrastructure investments, and regulatory adjustments. However, given the retrospective nature of the analysis and the constraints of available data, a single representative rate provides a reasonable approximation of average residential value across the five-year period, when taking the 10-15 year EUL into account.

Commercial Electric Rate: $0.07
Unit: Dollars per kilowatt-hour ($/kWh)
Source: Commercial electric rates were derived from PJM wholesale market data and adjusted to approximate retail delivered rates inclusive of transmission, distribution, and ancillary service costs typically passed through to commercial customers.[19]
Limitations: This approach provides a regional average that may not precisely reflect the specific rate schedules of individual commercial customers, which vary significantly based on load profile, demand charges, time-of-use structures, and customer-specific negotiated rates. The rate should be understood as representative of a typical commercial customer rather than a precise reflection of all commercial participants. Commercial rates serve as one of the major sources of uncertainty in precise program benefits on a year to year basis.

Residential and Commercial Natural Gas Rates

Residential Gas Rate: $1.52
Unit: Dollars per therm ($/therm)
Source: The BPU Key Performance Indicators (KPI) document provides statewide average residential gas rates inclusive of generation, transmission, distribution, and applicable rider charges.[20] These rates

[18]New Jersey Board of Public Utilities Key Performance Indicators, Fiscal Year 2025, https://www.nj.gov/transparency/documents/performance/bpu/Board%20of%20Public%20Utilities%20KPIs%20FY2025.pdf
[19] PJM Interconnection Market Operations Report, https://www.pjm.com/-/media/DotCom/committees-groups/committees/mc/2025/20250925/20250925-item-10a---1-pjm-market-operations-report---presentation.pdf
[20]New Jersey Board of Public Utilities Key Performance Indicators, Fiscal Year 2025, https://www.nj.gov/transparency/documents/performance/bpu/Board%20of%20Public%20Utilities%20KPIs%20FY2025.pdf

represent a weighted average across all Gas utilities serving New Jersey residential customers.

Commercial Gas Rate: $1.156
Unit: ($/therm)
Source: Commercial natural gas rates were estimated from EIA monthly price data for commercial customers.[21] The EIA collects and publishes natural gas prices by sector (residential, commercial, industrial) based on utility company reports. The most recent monthly commercial natural gas price data for the Mid-Atlantic region was used.

3. METHODOLOGY: NON-EV ENERGY EFFICIENCY PROGRAMS

Overview of Calculation Framework

The energy benefit calculation for non-EV programs follows a standardized approach that converts lifetime physical energy savings into monetary benefits using retail energy rates, then expresses these benefits as a ratio relative to total program expenditures. This section documents each calculation step in detail.

Step 1: Acquisition of Annual and Lifetime Energy Savings

For each program included in the analysis, annual and lifetime energy savings were extracted from COREIMS (or eTrack for Comfort Partners) for all projects with completion dates falling within the study period (July 1, 2022 through December 31, 2025).
Annual Energy Savings: Annual energy savings represent the estimated first-year reduction in energy consumption attributable to the installed energy efficiency measure, expressed in kilowatt-hours (kWh) for electricity and therms for natural gas. These values are calculated at the project level using either:

- Deemed savings: Pre-determined savings values based on measure type, size, efficiency rating, and operating hours, as defined in the New Jersey Clean Energy Program Technical Reference Manual (TRM).
- Custom savings: Project-specific savings estimates developed through engineering analysis, energy modeling, or measurement and verification protocols for measures not covered by deemed savings or where site-specific conditions warrant customized analysis

Lifetime Energy Savings: Lifetime energy savings represent the total cumulative energy savings over the effective useful life (EUL) of the installed measure. For measures with constant annual savings, lifetime savings are calculated as:

Lifetime Savings = Annual Savings × Effective Useful Life

For measures with degrading performance over time, the lifetime savings reflect the integration of annual savings across the measure life, accounting for performance decline curves as specified in the TRM.

Effective Useful Life (EUL): A measure's expected operational lifespan under typical use conditions, as defined in the TRM. Values vary by measure type and are based on industry studies, manufacturer specifications, and field research.

Step 2: Data Aggregation by Program

[21] U.S. Energy Information Administration (EIA) Natural Gas Prices, https://www.eia.gov/dnav/ng/ng_pri_sum_dcu_nus_m.htm

Savings data were aggregated to the program level to enable program-specific benefit-cost ratio calculations. For each program, the following aggregations were performed:

Total Annual Electric Savings (Program Level): Sum of all project-level annual electric savings (kWh) for projects completed within the study period.

Total Annual Gas Savings (Program Level): Sum of all project-level annual gas savings (therms) for projects completed within the study period.

Total Lifetime Electric Savings (Program Level): Sum of all project-level lifetime electric savings (kWh) for projects completed within the study period.

Total Lifetime Gas Savings (Program Level): Sum of all project-level lifetime gas savings (therms) for projects completed within the study period.

Step 3: Treatment of Multi-Fuel Programs

Many programs deliver savings in both electricity and natural gas (e.g., whole-building retrofit programs that address HVAC, lighting, and heating systems). For these programs, electric and gas savings were maintained as separate values through the aggregation process to enable application of fuel-specific rates in subsequent steps.

Step 4: Calculation of Simple Retail Benefits

Once lifetime energy savings were aggregated by program, these physical savings quantities were converted to monetary values by multiplying by the appropriate retail energy rate. The rate application framework accounts for customer sector (residential vs. commercial) and fuel type (electric vs. gas). Each program was classified as primarily serving either residential or commercial customers, based on program design and participant eligibility:

Residential Programs:
Comfort Partners; Residential New Construction

Electric Benefit = Lifetime Electric Savings (kWh) × Residential Electric Rate ($/kWh)
Gas Benefit = Lifetime Gas Savings (therms) × Residential Gas Rate ($/therm)
Total Simple Retail Benefit = Electric Benefit + Gas Benefit

Commercial Programs:
C&I Energy Efficiency Programs; Commercial New Construction

Electric Benefit = Lifetime Electric Savings (kWh) × Commercial Electric Rate ($/kWh)
Gas Benefit = Lifetime Gas Savings (therms) × Commercial Gas Rate ($/therm)
Total Simple Retail Benefit = Electric Benefit + Gas Benefit

Note: For programs serving both sectors (New Construction Programs), a weighted average rate based on savings distribution was used for the energy rates

Rationale for Lifetime Savings: The use of lifetime savings (rather than annual savings) reflects the total value delivered to participating customers over the full operational life of the installed measures, providing a more complete picture of program benefits while maintaining methodological simplicity.

Step 5: Calculation of Program Expenditures

Expenditure Data Sources: Total program expenditures were extracted from COREIMS (or eTrack for Comfort Partners) for all spending associated with projects completed during the study period (2022-2026).

Time Period: Expenditures were summed for the identical time period as energy savings (2022-2026 for all but comfort partners) to ensure temporal alignment between costs and benefits. This means that both the costs incurred and the savings generated during this five-year period are included in the ratio calculation.

Note on Timing Asymmetry: While program costs are incurred during the 2022-2026 period, the benefits (lifetime savings) extend well beyond this period, as installed measures continue to generate savings throughout their effective useful lives (which may extend 10, 15, 20, or more years beyond installation). This creates a timing asymmetry that favors the benefit side of the ratio, as near-term costs are compared to long-term benefits. This is standard practice in energy efficiency benefit-cost analysis but should be noted as a methodological characteristic.

Step 6: Calculation of Benefit-Cost Ratios

Ratio Formula: For each program, the benefit-cost ratio was calculated as:

Benefit-Cost Ratio = Total Simple Retail Benefit ($) / Total Program Expenditures ($)

This ratio expresses the dollars of lifetime customer energy savings generated per dollar of program spending.

Interpretation:

- A ratio greater than 1.0 indicates: lifetime energy bill savings exceed program costs
- A ratio less than 1.0 indicates: program costs exceed lifetime energy bill savings
- Magnitude of the ratio indicates: relative return on program investment from a customer energy bill perspective
- Programs with ratios below 1.0 may still provide substantial value when other benefits (grid benefits, carbon reductions, non-energy impacts) are considered, but such benefits are outside the scope of this analysis.

Limitations of Ratio Interpretation: This ratio represents only the relationship between retail energy bill savings and program costs. It does NOT represent:

- A full cost-effectiveness test result
- A comprehensive benefit-cost analysis including all utility system and societal benefits
- A measure of program value from a utility system or societal perspective
- A comparison to regulatory cost-effectiveness screening thresholds

4. METHODOLOGY: ELECTRIC VEHICLE PROGRAMS

Overview of EV Benefit Calculation Framework

The benefit calculation for electric vehicle (EV) programs differs from traditional energy efficiency programs due to the nature of the technology, data availability, and benefit types. Rather than calculating

energy savings from baseline conditions, EV benefits are estimated based on factors provided by the EV program team that reflect direct benefits from vehicle adoption and charging infrastructure deployment. The data pulled by the EV program included:

- Number and type of EV incentives provided
- Number and type of charging stations installed (Level 2, DC Fast Charge, etc.)
- Total program expenditures including incentives and delivery costs
- Installation dates and participant information

Benefit Factors and Calculation

The EV program team provided standardized benefit factors representing the annual direct benefits associated with incentivized EVs and EV chargers.

EV Benefit Factor[22]: $1,000/year per EV incentive for fuel and maintenance savings[23]
EV Charger Factor: $575/year per charger for grid benefits or energy savings[24]
EUL: 10 years

Step 1: Calculation of Total Direct Benefits

Total direct benefits were calculated by multiplying program activities by their corresponding benefit factors:

Total EV Incentive Benefits = (Number of EV Incentives Provided) × (Benefit Factor per EV Incentive)

Total Charging Infrastructure Benefits = (Number of Chargers Installed) × (Benefit Factor per Charger)

Total EV Program Direct Benefits = Total EV Incentive Benefits + Total Charging Infrastructure Benefits*EUL

Fuel and Maintenance Savings per EV: $1,000 per EV annually

The $1,000 annual savings estimate is derived from two independent sources that analyze the operating cost differential between gasoline-powered internal combustion engine (ICE) vehicles and battery electric vehicles (BEVs).

Source 1:

The U.S. Department of Energy's Alternative Fuels Data Center (AFDC) provides comprehensive research on transportation energy economics, including comparative analyses of vehicle operating costs by fuel type.[25] The AFDC estimates that EV drivers can save as much as $14,500 on fuel costs over a 15-year vehicle ownership period compared to gasoline vehicle owners.

Fuel Savings: $14,500 ÷ 15 years = $967 per year

This estimate focuses primarily on fuel cost savings and does not explicitly account for maintenance cost differentials, suggesting that the $1,000 figure may be conservative when maintenance is included.

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[22] U.S. Department of Energy, Alternative Fuels Data Center. (n.d.) Electric Vehicles Benefits and Considerations. https://afdc.energy.gov/fuels/electricity-research.
[23] Coltura. (n.d.). EV Savings Index. https://data.coltura.org/ev-savings-index.
[24] ev.energy. (2025) The Utility Playbook: Turning EV Grid Risk Into A $30 Billion Opportunity. ev.energy. https://www.ev.energy/en-gb/resources/value-of-managed-charging?.
[25] U.S. Department of Energy, Alternative Fuels Data Center. (n.d.) Electric Vehicles Benefits and Considerations. https://afdc.energy.gov/fuels/electricity-research

Underlying Assumptions (typical for DOE analyses):

- Annual vehicle miles traveled: ~12,000-15,000 miles
- Gasoline vehicle fuel economy: ~25-30 MPG (fleet average for light-duty vehicles)
- EV efficiency: ~3-4 miles per kWh
- Gasoline prices: National average over analysis period
- Electricity prices: National average residential rates
- Charging primarily at home (residential rates)

Source 2:

The Coltura EV Savings Index provides a useful tool for calculating state-specific estimates of EV operating cost savings using current fuel prices, electricity rates, and vehicle efficiency data.[26] Coltura is a nonprofit organization focused on transportation decarbonization that maintains a comprehensive EV cost savings analysis tool. The tool employs the following calculation framework:

Gasoline Vehicle Cost per Mile:

- Average state gasoline price ($/gallon) sourced from GasBuddy state averages, updated weekly[27]
- Average fuel economy by vehicle class from EIA[28]:
- Light-duty cars: 30.66 MPG
- Light-duty trucks: 22.13 MPG
- Overall fleet: 25.29 MPG (Used in this calculation)

Gasoline Vehicle Cost per mile = (Gasoline Price per Gallon) / (Miles per Gallon)

Blended Electric Vehicle Cost per Mile:

- **Home Charging** (80% of total charging)[29]: Based on State residential electricity rates from EIA:
    - State residential electricity rate ($/kWh) from EIA[30], updated monthly with two-month lag
    - Average EV efficiency by vehicle class from EIA[31]:
    - Light-duty EV cars: 0.30 kWh per mile
    - Light-duty EV trucks: 0.36 kWh per mile
    - Overall EV fleet: 0.31 kWh per mile (Used in this calculation)

Home charging cost per mile = (Residential Electricity Rate) × (kWh per mile)

- **Public Charging** (20% of total charging)[32]:

Public Charging Cost per Mile = $0.29/kWh × (kWh per mile)

Blended EV cost per mile = (0.80 × Home Charging Cost per Mile) + (0.20 × Public Charging Cost per

[26] Coltura. (n.d.). EV Savings Index. https://data.coltura.org/ev-savings-index
[27] *GasBuddy*
[28] *EIA*
[29] Argonne National Laboratory
[30] *EIA*
[31] *EIA*
[32] *Argonne National Laboratory*

Mile)

Fuel Savings = Gasoline Cost per Mile - EV Cost per Mile

Maintenance Savings

- The tool adds $0.03 per mile to account for reduced maintenance costs for EVs compared to ICE vehicles, based on Consumer Reports research showing lower maintenance requirements for electric drivetrains (no oil changes, fewer brake replacements due to regenerative braking, simpler mechanical systems).[33]

Total Maintenance Savings per Mile = Fuel Savings + $0.03 (maintenance)

Annual Savings

Total Annual Savings = Total Savings per Mile × Annual Miles Driven

Step 2: Application to New Jersey

Vehicle Miles Traveled Assumption: 11,000 miles per year per vehicle

Per-Vehicle Miles Traveled: Transportation analyses commonly estimate national averages for annual mileage in the range of 10,000-12,000 miles for personal vehicles [34]with New Jersey annual averages falling between 11,000 – 12,000 vehicle miles traveled.[35]

New Jersey-Specific Assumptions:

- **Average gasoline price**: $3.87 per gallon (Current AAA average for New Jersey) [36]
- **Average residential electricity rate**: $0.23 per kWh

Calculated Annual Savings (Coltura Tool): $1,136 per EV.

- Input New Jersey-specific inputs for fuel and maintenance savings into the Coltura tool.

Conservative Estimate Justification:

The CRA used a benefit factor of $1,000, to provide a more conservative estimate of benefits, especially given fuel price volatility. The $1,000 factor falls on the lower end between the benefit estimates from Source 1 ($967) and Source 2 ($1,136). A more conservative estimate helps to balance out and address the following factors:

- Accounts for uncertainty in driving and charging patterns, and individual variations
- Provides a buffer against fuel price volatility
- Recognizes that not all EVs will achieve exactly average efficiency
- Avoids overstatement of benefits in a preliminary analysis

Step 3: Annual Charger Grid Benefit: $575 per year

The charger grid benefit represents avoided utility system costs rather than direct payments or incentives to customers or charger owners. These are economic benefits to the entire grid, which may accrue to

[33] Consumer Reports
[34] Table VM-1 - Policy | Federal Highway Administration
[35] How Many Miles Does the Average Person Drive a Year? 2026 | ConsumerAffairs®
[36] AAA Fuel Prices

utilities and ratepayers (through avoided cost increases), or be shared through program designs.

The charger grid benefit estimate ($575/year) comes from an ev.energy report on managed charging programs. [37] The report synthesized research from Brattle Group, which found that managed charging programs avoid electric system costs by enabling EVs to charge during periods of low electricity demand, rather than system peak periods.

The Annual Grid Component is the combined value of multiple utility system benefits:
1. Avoided Generation Capacity Costs: By shifting EV charging away from system peak periods, managed charging reduces the need for additional generation capacity to meet peak demand. Capacity costs represent a significant component of utility system expenses, particularly in regions with capacity markets (such as PJM Interconnection, which includes New Jersey).
2. Reduced Transmission System Costs: Peak demand reduction at the bulk power system level can defer or avoid transmission system upgrades, including substation expansions and high-voltage line reinforcements. These transmission investments are typically among the most expensive infrastructure costs in the electric system.
3. Lower Distribution System Costs: At the local distribution level, managed charging can prevent or defer feeder upgrades, transformer replacements, and service voltage reinforcements that would otherwise be necessary to accommodate unmanaged EV charging during peak periods.
4. Energy Cost Savings: Charging during off-peak periods when wholesale electricity prices are lower reduces overall energy procurement costs. In markets with time-varying energy prices (like PJM), the differential between peak and off-peak energy costs can be substantial.
5. Improved Asset Utilization: By encouraging charging during periods of low system utilization, managed charging improves the load factor of existing infrastructure, allowing utilities to serve more load with existing assets and spreading fixed costs over a larger energy base.

Assumptions:
The $575 value is expressed on a per-managed-EV basis in the original source. To attribute this value to charging infrastructure incentives, the analysis applies the following assumptions:
1. **Each incentivized charger enables one managed EV**, across residential, workplace, and multi-unit dwelling charging installations.
2. **Active participation in managed charging**, whereby charging sessions are scheduled, delayed, or otherwise controlled to avoid peak periods.
3**. Incentivized charging infrastructure enables** managed charging. Without it, charging would occur during peak periods or be less convenient, reducing overall EV adoption.

Limitations and Variability Factors:
The $575/charger benefit was assumed for all installed chargers. However:
This benefit factor is most applicable to:

- Residential chargers where overnight charging can be easily managed.
- Workplace chargers where charging can occur during mid-day off-peak periods.
- Fleet charging with schedules optimized by centralized management systems.

The benefit is less applicable to:

- Public DC fast chargers where customers expect immediate charging on demand.

[37] ev.energy. (2025) The Utility Playbook: Turning EV Grid Risk Into A $30 Billion Opportunity. ev.energy. https://www.ev.energy/en-gb/resources/value-of-managed-charging

- Charging infrastructure in locations where load management is not technically feasible or programmatically implemented.

The ev.energy report notes that the $575 figure represents an upper-range estimate that varies based on:

- Local utility system conditions and cost structures
- Electricity market design and price signals
- Managed charging program participation rates and effectiveness
- Individual vehicle charging behaviors and timing flexibility
- Geographic factors affecting system constraints

Step 4: Calculation of Program Expenditures

All-in costs including incentives and delivery were used for program expenditures.

Step 5: Calculation of Benefit-Cost Ratios

Benefit-Cost Ratio = Total EV Program Direct Benefits ($) / Total EV Program Expenditures ($)

5. METHODOLOGY: CARBON SAVINGS

Overview of Carbon Savings Calculation

In addition to energy and economic benefits, the analysis quantifies the carbon emissions reductions attributable to energy efficiency and EV programs. This provides a physical measure of environmental impact expressed as metric tons of carbon dioxide equivalent ($MTCO_2e$) avoided per dollar of program spending.

Calculation Tool

The CRA relies on an Internal Carbon Accounting Tool, known as the Portfolio Abatement Tool. The tool calculates lifetime carbon savings based on:

- Annual energy savings by fuel type
- Effective useful life of measures
- Carbon emissions factors for electricity and natural gas

Carbon Emissions Factors

Emissions factors were passed by the board in conjunction with the Triennium 2 Energy Efficiency Programs and are based on the idea of a steady emissions rate for natural gas and a variable rate for electric as the grid continues to modernize.[38]

The use of "carbon dioxide equivalent" (CO_2e) allows for standardized comparison of different greenhouse gases by converting them to the equivalent warming impact of carbon dioxide over a specified time horizon.

Calculation Methodology

For each program, lifetime carbon savings were calculated by combining energy savings with emissions factors:

[38] New Jersey Board of Public Utilities Board Order, Attachment A, Page 17, Board of Public Utilities KPIs FY2025.pdf

Step 1: Calculate Annual Carbon Savings by Fuel Type by Year

Annual Electric Carbon Savings ($MTCO_2e$/year)
= [Total Annual Electric Savings (MWh)] × [Electric Emissions Factor ($MTCO_2e$/MWh)]

Annual Gas Carbon Savings ($MTCO_2e$/year)
= [Total Annual Gas Savings (MMBtu)] × [Gas Emissions Factor ($MTCO_2e$/MMBtu)]

Total Annual Program Carbon Savings ($MTCO_2e$/year)
= Annual Electric Carbon Savings + Annual Gas Carbon Savings

Step 2: Calculate Lifetime Carbon Savings

For programs or measures with constant annual savings over their effective useful life:

Lifetime Carbon Savings ($MTCO_2e$) = SUM(Annual Electric Carbon Savings ($MTCO_2e$/year)+ Annual Gas Carbon Savings ($MTCO_2e$/year))

Special Considerations for Smaller Programs
As noted in the overview, the carbon accounting tool encountered technical issues when processing data for certain smaller programs due to a wider variance in EUL from program year to program year. These issues necessitated methodological adaptations to ensure complete coverage of the program portfolio. For affected programs, the carbon accounting tool was applied using one year of data at a time rather than processing the full five-year study period simultaneously.

Electric Vehicle Carbon Savings
Electric vehicle programs present unique carbon accounting considerations because the emissions reduction is not from energy efficiency (reducing total energy consumption) but from fuel switching (replacing gasoline/diesel combustion with electricity).

EV carbon savings = (Baseline ICE Vehicle Emissions) - (EV Charging Emissions)

Data Requirements:

- Number of vehicles incentivized or chargers installed
- Annual vehicle miles traveled per EV
- Baseline vehicle fuel economy (MPG)
- Gasoline emissions factor ($MTCO_2e$ per gallon)
- EV efficiency (kWh per mile or miles per kWh)
- Electricity emissions factor ($MTCO_2e$ per kWh)
- Vehicle lifetime or analysis period

These factors were pulled from the benefit calculations discussed previously and used in the same modeling framework as for the other programs.

Step 3: Calculation of Carbon Abatement Ratios

Once lifetime carbon savings were calculated for each program, these physical emissions reductions were

expressed as a ratio relative to program spending to provide a standardized metric of carbon abatement cost-effectiveness.

Carbon Abatement Ratio ($MTCO_2e$ per $1,000) = [Lifetime Carbon Savings ($MTCO_2e$)] / [Total Program Expenditures ($1,000s)]

Interpretation

- Higher Carbon Abatement Ratio: means more carbon impact per dollar. A higher $MTCO_2e$ per $1,000 ratio indicates that a program achieves greater carbon emissions reductions per unit of spending, suggesting higher carbon cost-effectiveness.

6. CONCLUSIONS AND APPROPRIATE USE OF RESULTS

Summary of Methodology

This analysis calculated primary direct benefits for energy efficiency and electric vehicle programs during the 2022-2026 study period using:

- Lifetime retail energy cost savings for EE programs
- Fuel, maintenance, and grid benefits for EV programs
- Physical carbon emissions reductions for all programs
- Benefit-cost and carbon abatement ratios as performance metrics

Appropriate Applications of Results

The results of this analysis are appropriate for:

- Preliminary screening of program performance on primary direct benefit metrics
- Understanding the scale of retail customer energy savings
- Assessing physical carbon impact of the program portfolio
- Informing program design discussions
- Providing context for more comprehensive analyses

Path to Comprehensive Analysis

A full cost-effectiveness evaluation would require:

- Application of established regulatory test frameworks (TRC, SCT, NJCT, etc.)
- Quantification of utility system avoided costs
- Inclusion of non-energy benefits
- Monetization of carbon and environmental impacts
- Application of appropriate discount rates
- Comprehensive uncertainty and sensitivity analysis
- Stakeholder engagement on methodological choices

APPENDIX B: ADDRESSING BARRIERS AND ACHIEVING MARKET TRANSFORMATION

The Clean Energy Program is designed to achieve its goals by overcoming barriers and transforming markets. The program's long-term objectives are only feasible if clean energy solutions are affordable and accessible for all residents. Given the mandate established in EO1 and EO2, a focus on affordability and the rapid deployment of clean energy supply are critical to success. The following section presents a market transformation framework to evaluate a program's pathway to achieving its objectives and thereby leading to its elimination.

Market Transformation Framework

In an ideal market transformation strategy, incentive levels are aligned with the technology adoption curve in recognition that resource acquisition plays a critical role in demonstrating emergent technologies and raising awareness of their proper use and benefit streams.

Once the adoption curve ramps up, market saturation rates (the ratio of target technology purchases divided by the total unit sales of that target measure class) provides an indication of product maturity. When market saturation begins to slow, a second inflection point in the adoption curve is identified, representing the beginning of a maturing market for the measures under consideration. Purchases that follow market maturity represent a maintenance period in technology adoption; at this point any efforts aim to ensure the targeted technology or desired behavior becomes industry standard practice. The following is a brief overview of the adoption curve and corresponding need for incentives and interventions.

Phase 1: Market Entry (Pre-First Inflection Point)

- **Incentive Level:** Up to 100% of incremental measure cost
- **Market Characteristics:** Low awareness, high perceived risk, limited market infrastructure
- **Intervention Focus:** Maximum financial incentives combined with intensive technical assistance
- **Goal:** Overcome initial barriers and demonstrate viability

Phase 2: Early Adoption (Between First and Second Inflection Points)

- **Incentive Level:** 40% to 80% of incremental measure cost
- **Market Characteristics:** Growing awareness, expanding market infrastructure, increasing adoption rates
- **Intervention Focus:** Scaled financial incentives adjusted according to the steepness of the adoption curve and market saturation rates, typically targeting early and middle-stage adopters

- **Goal**: Accelerate market penetration and build sustainable supply chains

Phase 3: Market Maturity (Post-Second Inflection Point)

- **Incentive Level:** Aggressive movement toward a zero-dollar incentive
- **Market Characteristics:** High awareness, established market infrastructure, slowing adoption growth
- **Intervention Focus:** Transition from financial incentives to regulatory and legislative interventions
- **Goal:** Achieve self-sustaining market without subsidies

Phase 4: Market Maintenance (Late-Stage Adoption)

- **Incentive Level:** Zero or minimal targeted incentives
- **Market Characteristics:** Mature market with high penetration rates
- **Intervention Focus:** Regulatory and legislative actions, including incorporation into minimum codes and standards or restrictions on lower-performing alternatives
- **Goal:** Maintain and stabilize market saturation levels through policy mechanisms

Setting Incentive Levels

Based upon the technology adoption curve, the Clean Energy program evaluates the level of incentives needed to achieve market transformation. As an example, the Energy Efficiency programs employ two types of financial incentives – single measure rebates and project rebates. For these rebates the below key factors and the mathematical underpinnings are utilized to set incentives.

Single Measure Rebates

The specific incentive level within these ranges is determined by analyzing the interaction of the key factors listed below, with particular attention to market saturation data and adoption rates.

KEY FACTORS

- **Incremental Measure Cost:** The cost difference between the preferred measure and the standard baseline
- **In-Service Rates:** The actual installation and operational rates of incentivized measures
- **Rates of Return:** The financial return on investment for participating customers
- **Net-to-Gross Ratios:** The proportion of program-induced savings versus savings that would have occurred anyway (free-ridership analysis)

- **Industry Standard Practice:** Current market baseline and typical purchasing behavior

MATHEMATICAL FRAMEWORK

- Maximum Incentive: Up to 100% of incremental cost (pre-first inflection point)
- Scaled Incentives: 40% to 80% of incremental measure cost (between first and second inflection points)
- Declining Incentives: Aggressive movement to zero (post-second inflection point)
- Target Incentive: Zero for late-stage adoption cycle

Project Level Rebates

The project level incentives will be tailored to focus on the incremental level of energy savings, demand reductions, and mitigated carbon. Project-level rebates will consider other benefit streams and corporate commitments that may be driving participant behaviors. For example, publicly traded companies may be motivated by ESG Commitments and operational savings; thereby, reducing the importance of our incentives and the external support needed to drive the adoption of targeted technologies.

KEY FACTORS

- **Scope of Project Intervention:** The wider the project scope, the greater the influence the program incentives can have on the achieved impacts
- **Measure Selection:** The inclusiveness of measures selected and promoted for consideration within a project.

  Return on Investments: The financial return on our incentives; namely in the costs to achieve and payback periods.
- **Net-to-Gross Ratios:** The proportion of program-induced savings versus savings that would have occurred anyway (free-ridership analysis)
- **Industry Standard Practice:** Current market baseline and typical purchasing behavior

MATHEMATICAL FRAMEWORK

- **Maximum Incentive:** Up to 75% of incremental total project cost
- **Scaled Incentives:** 20% to 75% of incremental measure cost (between first and second inflection points)
- **Declining Incentives:** Aggressive movement to zero (post-second inflection point)
- **Target Incentive:** Zero for late-stage adoption cycle

Tracking Progress and Setting Goals

Market transformation requires program tracking as well as market benchmarking. The metrics used for each can be quite different. Program reporting will focus on outputs generated, as well as participation rates. Estimated impacts for the program will also be tracked and utilized by Board Staff and involved stakeholders. To understand the state of the market, pricing optimization metrics will serve as a guide to understanding market maturation. Below are key elements to be tracked to inform market condition and the state of transformation:

- **Monitoring Adoption Metrics:** Tracking market penetration rates, saturation levels, and adoption rates for all incentivized technologies
- **Analyzing Market Barriers:** Conducting ongoing assessment of the four barrier categories and their evolution over time
- **Evaluating Intervention Effectiveness:** Measuring the impact of technical and financial assistance on overcoming identified barriers
- **Identifying Inflection Points:** Determining when programs/measures reach critical thresholds in the adoption curve that warrant incentive adjustments
- **Determining Competitive Market Readiness:** Identifying which programs or measures can be delivered through a competitive marketplace without subsidies based on:
    - Market saturation rates approaching or exceeding late-stage adoption thresholds
    - Established supply chain and market infrastructure
    - Demonstrated price competitiveness with standard alternatives
    - Sufficient consumer awareness and demand
    - Minimal remaining technical or institutional barriers
- **Setting Subsidy Phase-Out Goals:** Establishing specific timelines and triggers for reducing and eliminating incentives for maturing technologies
- **Establishing Funding Levels:** Determining appropriate program funding levels by:
    - Allocating maximum resources to early-stage technologies requiring market introduction support
    - Scaling resources proportionally for technologies in growth phases
    - Redirecting resources from mature technologies to emerging opportunities
    - Maintaining technical assistance infrastructure across the program

portfolio

This comprehensive approach ensures that resources are strategically deployed to maximize market transformation impact while maintaining a clear pathway toward subsidy elimination as markets mature and become self-sustaining.

For many applications the state of technology has evolved to a point where market transformation appears within reach. In lighting, any barriers to conversion to LED lights are no longer economical, since the technology is by far the most cost-effective even without subsidies. Because of much lower fuel and maintenance cost, electric vehicles have crossed the point of cost-parity for many drivers, but barriers to adoption remain in the form of inadequate charging infrastructure, especially for those without the ability to charge at home.

Conclusion

Market transformation is an important part of the Clean Energy Program's strategy, thereby eventually removing the need for further subsidies. Staff continuously evaluates progress towards this goal utilizing the framework discussed above. This framework will provide the foundation for further evaluation in future CRAs.