



Addressing New Jersey Energy Affordability for Low and Moderate-Income Households

Stakeholder Meeting
On Staff Straw Proposal
Docket No. QO24110853

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- ☐ The meeting will begin with opening remarks and a presentation by Board Staff. Public comments will follow.
- ☐ All comments received during this meeting will be added to the official record on this docket.
- ☐ We ask that speakers introduce themselves by name and affiliation, if any, and keep comments relevant to the Straw Proposal as being presented.
- ☐ We also ask that speakers be concise by presenting key points to allow time for all registered speakers (time limited to 3 minutes).
- ☐ If we have additional time in the meeting, speakers may be invited to provide more comments.



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Opening Remarks

**Board President Christine
Guhl-Sadovy**



Introduction

- New Jersey families and households are facing generation-related supply cost increases due to a number of factors, including flawed market rules, unanticipated demand growth, coupled with lagging supply growth.
- As New Jersey continues to invest in energy systems, it is imperative that special attention be paid to potential impacts on energy users, especially low- and moderate-income (“LMI”) customers.
- New Jersey currently has a diverse portfolio of energy assistance programs which are offered to LMI customers in need, the largest being the Board of Public Utilities’ (“Board” or “BPU”) Universal Service Fund (“USF”) program, which provided electric and natural gas benefits to approximately 225,000 households during the last program year.



Board Staff (“Staff”) developed this straw proposal (“Straw”) to seek public input on Staff’s proposed modifications to the Board’s USF energy assistance program and other recommendations.

1. Increase minimum and maximum benefits provided to residential gas and electric customers through the Board’s USF program.
2. Increase public utility engagement with LMI customers through targeted utility outreach and enrollment efforts.
3. Require the utilities to promote the USF program to households receiving Comfort Partners assistance and promote the Comfort Partners program to USF-participating households that meet specific Comfort Partners priority targets.

Background

- On February 9, 1999, Governor Christine Whitman signed the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. (“EDECA” or “Act”), into law. Among other things, the Act provides that there is established in the Board of Public Utilities a non-lapsing fund to be known as the “Universal Service Fund.”
- By Order dated April 30, 2003, the Board established the USF program to ensure low-income electric and natural gas customers have access to more affordable energy. The New Jersey Department of Community Affairs is the USF program administrator.
- By the April 2003 Order, the Board explained that the USF would be “an ongoing, evolving program, subject to review and amended, as necessary”. The Board has continued to update the USF since its inception, to adjust to ratepayers’ economic needs and to account for changes to other social assistance programs linked to the USF program.
- The Board ordered that the program be operated on a statewide basis and funded through uniform charges on customers' electric and natural gas bills through the Societal Benefits Charge (“SBC”), pursuant to N.J.S.A. 48:3-60(a).

USF Income Limits (2025)

USF benefits are awarded to any eligible household at or below the income limits of sixty percent (60%) New Jersey State Median Income (“SMI”), which is determined by household size. Applicants must also have an active residential electric or gas account in a household member’s name.

Household Size	USF Annual Income Limit
1	\$47,896
2	\$62,633
3	\$77,370
4	\$92,108
5	\$106,845
6	\$121,582
7	\$124,345
8	\$127,109

USF Benefit Calculation

The USF benefit amounts are calculated for each individual household and each individual utility account based on an energy burden calculation. USF covers any amount spent on energy that is over a certain percentage of income (“Energy Burden Threshold”) up to a cap of \$180.00 per month for gas and electric combined.

For gas and non-heating electric customers, the Energy Burden Threshold is two percent (2%) of annual household income; for electric heating customers, the Energy Burden Threshold is four percent (4%) of annual household income.

The current monthly USF benefit amount is between a minimum \$5.00 benefit up to a cap of \$180.00.

Recommendation #1

- *Increase the USF minimum benefit from its current \$5.00 per month (\$60 per year) to \$20 per month (\$240 per year);*
- *For customers with both gas and electric accounts this would mean a minimum \$20 USF monthly credit on each account.*

Recommendation #1 (continued)

- *Increase the USF maximum benefit from \$180 per month (\$2,160 per year) to \$200 per month (\$2,400 per year).*
- *For customers with both gas and electric accounts, max benefit is for gas and electric benefits combined.*
- *If a customer received the maximum benefit on one account, the customer would default to the minimum \$20 per month on second account.*

Reasons for Changes to Benefit Level

- Customers who receive the minimum benefit have moderate incomes that make it difficult for them to meet the energy burden threshold but nevertheless experience hardship from sudden increases in electric and gas prices.
- Customers who receive the minimum benefit have reached the maximum USF benefit on one utility account and would therefore only qualify for the minimum benefit on the second account.
- Customers who receive the minimum benefit have low energy burdens made possible only through energy usage practices, such as keeping thermostats at critically low levels in cold months, to keep energy affordable.

Reasons for Changes to Benefit Level (continued)

- Increasing the maximum benefit will assist those customers experiencing energy costs beyond the energy affordability threshold.
- Increasing the minimum and maximum benefit levels would also help customers comply with the USF “Fresh Start” program, which requires the customer to pay their current monthly bills in full to receive forgiveness for overdue balances.

Recommendation #1 (Billing Impact)

Straw Proposal to Address Energy Affordability

	Current USF Annual Benefit	Proposed USF Annual Benefit	Number of Households	Annual Budget Impact
Minimum Electric	\$60	\$240	79,780	\$12,068,238
Minimum Gas	\$60	\$240	89,424	\$14,441,563
*Minimum Electric and Gas	\$120	\$480	136,991	\$26,509,801
Maximum	\$2,160	\$2,400	8,345	\$2,004,240
TOTAL BUDGET IMPACT			145,336	\$28,514,041
			64.5%	
USF Budget ("24/"25) \$236,500,000				12.06%
			Monthly Residential Ratepayer Impact	\$0.37

Roughly 2/3 of households currently receiving USF benefits would receive higher benefits.

Proposal would increase the current USF budget by approximately 12%.

Ratepayer USF contribution within the SBC would increase about \$4.40 annually.

Annual Budget Impact for minimum proposed benefit includes every individual who received benefit at or below proposed benefit amount based on 2024 season data.

Annual Budget Impact for maximum proposed benefit is an estimate based on customers who received maximum benefit based on 2024 season data.

**Minimum Electric and Gas contain the amount of households that are receiving at least one minimum USF benefit account to prevent double counting of households.*

Staff estimated increases in USF program costs if the recommendation is implemented.

*The \$4.40 annual USF bill increase is based on the average monthly household usage of 100 therms gas and 650 kWh electric.



Recommendation #2

- ***Increase Utility engagement with LMI customers through targeted outreach and enrollment efforts by requiring the utility companies to:***

A. Increase participation in USF within their service territories by a targeted percentage of:

- Five percent (5%) increase in program year one (1) compared to the prior program year of October 1, 2024-September 30, 2025 (“Base Year”);
- Three percent (3%) increase in program year two (2) compared to the prior program year of October 1, 2025-September 30, 2026; and
- Two percent (2%) increase in program year three (3) compared to the prior program year of October 1, 2026-September 30, 2027.

B. Participate in direct application intake at payment centers, outreach events, mobile units, etc.

- BPU will collaborate with the New Jersey Department of Community Affairs to provide the Utilities with access to the online USF application portal and training in USF application intake procedures.
- The Board would authorize the Utilities to recover any administrative costs incurred through the USF rate or base rates.

C. File two annual reports with the Board:

- An annual outreach plan (“Outreach Plan”) on or before September 30 of each year detailing how each utility plans to meet their enrollment targets.
- An annual outreach report (“Outreach Report”) on or before November 30 of each year detailing the company’s success in meeting its enrollment targets in the prior year.

Recommendation #3

- ***Better align energy assistance with energy efficiency efforts by requiring the Utilities to promote the USF program to households receiving Comfort Partners assistance and requiring the Utilities to promote the Comfort Partners program to USF-participating households that meet specific Comfort Partners priority targets, such as:***
 - High energy usage;
 - Income eligible;
 - Rental units of fourteen (“14”) units or less; and
 - Residing in targeted communities.

Recommendation #3 (Continued)

- Staff recommends the Utilities report the methods they will use to achieve the above in their Outreach Plan, described previously in Recommendation # 2-C.
- Staff recommends the Utilities report the following in their Outreach Report, described previously in recommendation # 2-C:
 - › The number and percentage of Comfort Partners households served in the past year that were also USF households;
 - › The number of USF households serviced for Comfort Partners in the prior year; and
 - › Energy savings achieved.

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- ☐ The Board will be accepting written comments on this matter until **5pm EDT on April 10, 2025.**
- ☐ Please submit comments directly to the specific docket listed above using the “Post Comments” button on the Board’s Public Document Search tool found at: <https://publicaccess.bpu.state.nj.us/>
- ☐ While electronic comments are preferred, written comments may also be mailed to the Secretary of the Board, at the Board of Public Utilities, 44 South Clinton Avenue, 1st Floor, P.O. Box 350, Trenton, NJ 08625-0350. Comments can also be submitted via email to: board.secretary@bpu.nj.gov



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