Straw Proposal: Third Triennium Regulatory Framework for Utility Energy Efficiency and Peak Demand Reduction Programs

In the Matter of the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Third Triennium of Energy Efficiency and Peak Demand Reduction Programs

The New Jersey Board of Public Utilities ("Board" or "BPU") Staff ("Staff") requests public stakeholder comments on a proposed regulatory framework in response to which each electric public utility company and gas public utility company in New Jersey will propose energy efficiency[1] ("EE") and peak demand reduction[2] ("PDR") programs for the third three (3)-year cycle of programs ("Triennium 3") implemented pursuant to the New Jersey Clean Energy Act of 2018 ("CEA").[3]

[1] As noted by the U.S. Department of Energy ("USDOE"), "[e]nergy efficiency is the use of less energy to perform the same task or produce the same result. Energy-efficient homes and buildings use less energy to heat, cool, and run appliances and electronics, and energy-efficient manufacturing facilities use less energy to produce goods. https://www.energy.gov/eere/energy-efficiency.

[2] PDR strategies aim to lower energy consumption during periods of highest demand to promote efficient energy use and cost savings.

[3] L. 2018, c. 17 (N.J.S.A. 48:3-87.8 et seq.).

Table of Contents

Glossary

- ACE: Atlantic City Electric Company
- BCA: Benefit-Cost Analysis
- BCR: Benefit-to-Cost Ratio
- BILT: Business and Industry Leadership Team
- BPU: Board of Public Utilities
- CBA: Cost-Benefit Analysis
- CBO: Community-Based Organization
- CEA: Clean Energy Act of 2018
- CIP: Conservation Incentive Program
- DER: Distributed Energy Resource
- DF: Demand Flexibility
- DLC: Direct Load Control
- DR: Demand Response
- DRIPE: Demand Reduction Induced Price Effects
- EDC: Electric Distribution Company
- EE: Energy Efficiency
- EIP: Energy Investment Plan
- EM&V: Evaluation, Measurement, and Verification
- EM&V WG: Evaluation, Measurement, and Verification Working Group
- EMP: Energy Master Plan
- E-MAAC: Eastern Mid-Atlantic Area Council
- ESIP: Energy Saving Improvement Program
- ETG: Elizabethtown Gas Company
- EUI: Energy Use Intensity
- EV: Electric Vehicle
- GDC: Gas Distribution Company
- GEB: Grid Interactive Efficient Buildings
- GWRA: Global Warming Response Act
- HVAC: Heating, Ventilation, and Air Conditioning
- JCP&L: Jersey Central Power & Light Company
- LBNL: Lawrence Berkeley National Laboratory
- LMI: Low-to-Moderate Income
- LRAM: Lost Revenue Adjustment Mechanism
- MOU: Memorandum of Understanding
- MW: Megawatt
- MWh: Megawatt Hour
- NJCEP: New Jersey’s Clean Energy Program

- NJCT: New Jersey Cost Test
- NJDOL: New Jersey Department of Labor and Workforce Development
- NJIT: New Jersey Institute of Technology
- NJNG: New Jersey Natural Gas Company
- NTG: Net-to-Gross
- NTGR: Net-to-Gross Ratio
- NPV: Net Present Value
- NWA: Non-Wires Alternative
- OBC: Overburdened Community
- OBM: Overburdened Municipality
- OBR: On-Bill Repayment
- PDR: Peak Demand Reduction
- PJM: PJM Interconnection, LLC (a regional transmission organization)
- PIM: Performance Incentive Mechanism
- POS: Point-of-Sale
- PSE&G: Public Service Electric & Gas Company
- PTLM: Program Theory and Logic Model
- PY: Program Year
- QPI: Quantitative Performance Indicator
- RECO: Rockland Electric Company
- RGGI: Regional Greenhouse Gas Initiative
- ROE: Return on Equity
- RTO: Regional Transmission Organization
- SCC: Social Cost of Carbon
- SDM: Service Delivery Model
- SJG: South Jersey Gas Company
- SWC: Statewide Coordinator
- SWE: Statewide Evaluator
- TPI: Third-Party Institution
- TRM: Technical Reference Manual
- TWh: Terawatt Hour
- UIE: Utility Independent Evaluator
- WACC: Weighted Average Cost of Capital
- WFD: Workforce Development

1. Background

1.1 Legal Authorities

1.1(a) Electric Discount and Competition Act

On February 9, 1999, Governor Whitman signed the Electric Discount and Energy Competition Act ("EDECA") into law, thereby restructuring the electric and gas utility industries in New Jersey by directing the Board to permit competition in the electric generation and gas marketplace.[4] EDECA, as amended, also directed the Board to undertake a comprehensive resource analysis ("CRA") of energy programs every four (4) years; determine the appropriate level of funding for EE, plug-in electric vehicles ("EVs") and charging infrastructure, and Class I renewable energy programs in consultation with the New Jersey Department of Environmental Protection ("NJDEP"); and determine, as a result of the CRA, the programs to be funded by a societal benefits charge ("SBC"), the utility companies' level of cost recovery and performance incentives for existing and proposed programs, and whether the recovery of demand side management costs may be reduced or extended.[5] EDECA charged the Board with making these determinations while taking into consideration existing market barriers and environmental benefits, with the objective of transforming markets, capturing lost opportunities, making energy services more affordable for low-income customers, and eliminating subsidies for programs that could be delivered in the marketplace without utility customer funding.[6]

1.1(b) Global Warming Response Act

On July 6, 2007, the State enacted the Global Warming Response Act ("GWRA"), which amended and supplemented EDECA and established a statewide goal of reducing greenhouse gas ("GHG") emissions to 80% below 2006 levels by 2050.[7] On July 23, 2019, Governor Murphy signed L. 2019, c. 197 into law, thereby reinforcing the GWRA by requiring action in the short-term to better enable the State to meet its GHG reduction goal. In October 2020, the NJDEP's *GWRA 80x50 Report* found that, without steep and permanent reductions in GHG emissions, New Jersey will increasingly experience significant adverse effects of climate change.[8] On November 10, 2021, Governor Murphy signed Executive Order No. 274, thereby setting a State policy of reducing GHG

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[4] L. 1999, c. 23 (N.J.S.A. 48:3-49 to -98).

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

[6] Ibid.

[7] L. 2007, c. 112 (N.J.S.A. 26:2C-37 to -68).

[8] New Jersey's Global Warming Response Act 80x50 Report ("GWRA 80x50 Report") (2020), at 5, *available at* https://www.nj.gov/dep/climatechange/docs/nj-gwra-80x50-report-2020.pdf.

emissions to 50% below 2006 levels by 2030, to complement the GWRA's goal.[9]

1.1(c) Regional Greenhouse Gas Initiative

On January 13, 2008, Governor Corzine signed L. 2007, c. 340 ("RGGI Act") into law to further the purposes of the GWRA and required the State's full participation in the Regional Greenhouse Gas Initiative ("RGGI") based on the New Jersey Legislature's findings that the State should implement cost-effective measures to reduce GHG emissions.[10] The Legislature found that EE and conservation measures must be essential elements of the state's energy future and that greater reliance on EE and conservation will provide significant benefits to the citizens of New Jersey.[11] The Legislature also found that public utility involvement and competition in the conservation and EE industries are essential to maximize efficiencies.[12]

Pursuant to Section 13 of the RGGI Act, codified at N.J.S.A. 48:3-98.1(a)(1), an electric or gas public utility may provide and invest in EE and conservation programs in its service territory on a regulated basis. Such investment in EE and conservation programs may be eligible for rate treatment approved by the Board, including a return on equity ("ROE"), or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas.[13] Ratemaking treatment may include placing appropriate technology and program costs investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board.[14] A utility seeking cost recovery for any EE and conservation programs pursuant to N.J.S.A. 48:3-98.1 must file a petition with the Board.[15]

1.1(d) Clean Energy Act of 2018

The CEA plays a key role in achieving the State's goal of 100% clean energy by establishing aggressive energy usage reduction requirements, among other clean energy strategies. The CEA set in motion a comprehensive redesign of the State's EE and PDR program delivery framework. It establishes an aggressive EE as a resource standard of at least 2% and 0.75% in annual energy usage reductions by customers of electric and natural gas public utilities, respectively, below what would have otherwise been used, in the prior three (3) years within five (5) years of implementation of the utilities' EE and PDR

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[9] Exec. Order No. 274 (Nov. 10, 2021), 53 N.J.R. 2105(b) (Dec. 20, 2021), ¶ 25.

[10] N.J.S.A. 26:2C-45.

[11] Ibid.

[12] Ibid.

[13] N.J.S.A. 48:3-98.1(b).

[14] Ibid.

[15] Ibid.

programs.[16] Triennium 3, which is proposed to include Program Years 7, 8, and 9, would be the first Triennium where the resource standard of 2% and 0.75% in electric and gas energy reductions are applied in all three (3) years.

The CEA requires the Board to adopt quantitative performance indicators ("QPIs") that represent reasonably achievable energy usage and PDR targets, taking into account the utilities' EE measures and other measures, including measures to support the development and implementation of building codes, appliance standards, New Jersey's Clean Energy Program ("NJCEP"), and other State-sponsored EE or PDR programs.[17] The CEA also requires the Board to ensure that the utilities' incentives or penalties are based on performance and take into account the growth of EVs, microgrids, and distributed energy resources ("DERs").[18]

Additionally, the CEA sets specific requirements for evaluation, measurement, and verification ("EM&V"), which include the following:

- The EE and PDR programs shall have a benefit-to-cost ratio ("BCR") greater than or equal to 1.0 at the portfolio level, considering both economic and environmental factors.[19] The methodology, assumptions, and data used to perform the benefit-to-cost analysis ("BCA" or "cost-benefit analysis" or "CBA") shall be based upon publicly available sources and subject to stakeholder review and comment.[20] An individual program may have a BCR of less than 1.0 but may be appropriate to include within the portfolio if implementation of the program is in the public interest, including, but not limited to, based on benefits to low-income customers or promotion of emerging EE technologies.[21]

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[16] Awards of incentives and assessments of penalties begin after the conclusion of Program Year 5 (July 2025 through June 2026) during Triennium 2. The CEA requires annual usage reductions to continue until full economic, cost-effective potential is achieved. N.J.S.A. 48:3-87.9(a). The CEA authorizes the Board to mandate amounts of reduction that exceed the minimum annual reductions based on a study of the full economic, cost-effective potential for electricity and natural gas usage reduction, as well as the potential for peak demand reduction, by utility customers and the timeframe for achieving the reductions. N.J.S.A. 48:3-87.9(b). The CEA requires the Board to review energy savings targets for each utility every three years. Ibid.

[17] N.J.S.A. 48:3-87.9(c).

[18] Ibid. DERs refer to a variety of technologies that generate or store electricity at or near the point of use. These can include renewable energy sources, energy storage systems, electric vehicles ("EVs"), and demand response ("DR") technologies. DERs "can reduce utility bills . . ., help communities meet climate and equity goals[,] and make the electric grid more resilient." World Resources Institute, "How Distributed Energy Resources Can Lower Power Bills, Raise Revenue in US Communities," www.wri.org/insights/distributed-energy-resources-explained-us.

[19] N.J.S.A. 48:3-87.9(d)(2).

[20] Ibid.

[21] Ibid.

- Each utility shall file with the Board implementation and reporting plans, as well as EM&V strategies to determine the energy usage and peak demand reductions achieved by the EE and PDR programs approved by the Board.[22] The filings are required to include details of expenditures made by the utility and the resultant reductions in energy usage and peak demand.[23]
- Each utility shall file an annual petition with the Board to demonstrate compliance with the EE and PDR programs, to demonstrate compliance with its performance targets, and for cost recovery of the programs.[24] If a utility achieves its performance targets, it shall receive an incentive as determined by the Board pursuant to N.J.S.A. 48:3-98.1 for its EE and PDR measures for the following year.[25] If a utility fails to achieve its performance targets, it shall be assessed a penalty as determined by the Board pursuant to the same statutory section.

1.1(e) Executive Order No. 316

On February 15, 2023, Governor Murphy signed an executive order relevant to EE and building decarbonization ("BD"). Executive Order No. 316 ("EO 316") directed that "[i]t is the policy of the State to advance the electrification of commercial and residential buildings with the goal that, by December 31, 2030, 400,000 additional dwelling units and 20,000 additional commercial spaces and/or public facilities statewide will be electrified, and an additional 10 percent of residential units serving households earning less than 80 percent of area median income will be made ready for electrification through the completion of necessary electrical repairs and upgrades."[26] EO 316 defined electrification as "the retrofitting or construction of a building with electric space heating and cooling and electric water heating systems."[27]

1.1(f) New Jersey's Environmental Justice Law

New Jersey's Environmental Justice Law ("EJL") addresses the disproportionate environmental and public health impacts experienced by overburdened communities ("OBCs").[28] The EJL aims to rectify historical injustices where low-income communities and communities of color have been disproportionately affected by pollution from

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[22] N.J.S.A. 48:3-87.9(d)(3).

[23] Ibid.

[24] N.J.S.A. 48:3-87.9(e)(1).

[25] N.J.S.A. 48:3-87.9(e)(2).

[26] Exec. Order No. 316 (Feb. 15, 2023), 55 N.J.R. 510(a) (Mar. 20, 2023), ¶ 17, *available at* https://nj.gov/infobank/eo/056murphy/pdf/EO-316.pdf.

[27] Ibid.

[28] L. 2020, c. 92 (N.J.S.A. 13:1D-157 to -161), *available at* https://dep.nj.gov/wp-content/uploads/ej/docs/ej-law.pdf.

industrial, commercial, and governmental facilities. It emphasizes community participation and seeks to prevent further environmental burdens on vulnerable communities. The EJL defines:

- OBCs as any census block group where at least 35% of households are low-income, 40% of residents identify as minority or members of a State-recognized tribal community, or 40% of households have limited English proficiency; and
- Environmental or public health stressors to include sources of pollution such as air pollution, contaminated sites, and conditions leading to health issues like asthma and cancer.

EE program design has to date prioritized low- and moderate-income ("LMI") and OBC populations to receive favorable incentives where they are not adequately served by other programs – primarily, New Jersey's low-income EE program, Comfort Partners.[29] Utility-run programs prioritize LMI customers who are not eligible for Comfort Partners. EE program metrics have focused on proportional investment in OBCs compared to the general population.

1.2 State Policies and Initiatives

1.2(a) Energy Master Plan[30]

On January 27, 2020, pursuant to Executive Order 28,[31] the Board released New Jersey's 2019 Energy Master Plan ("EMP"), which provided a comprehensive blueprint for an equitable and smooth transition from reliance on fossil fuels that contribute to climate change to 100% clean energy sources on or before January 1, 2050.[32] The EMP defines 100% clean energy to mean 100% carbon-neutral electricity generation and maximum electrification of the transportation and building sectors to meet or exceed the GWRA emissions reduction targets.[33]

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[29] The New Jersey Comfort Partners Program, offered by the Board and the utilities, is a free program that helps income-eligible customers reduce their utility bills through implementing cost-effective measures which save energy and money while improving their homes' safety and comfort at no cost to them. *See* https://www.njcleanenergy.com/residential/cp.

[30] On November 24, 2025, Governor Murphy announced the release of the 2024 Energy Master Plan. *See* https://nj.gov/governor/news/news/562025/approved/20251124a.shtml.

[31] Exec. Order No. 28 (May 23, 2018), 50 N.J.R. 1394(b) (June 18, 2018), ¶ 3.

[32] 2019 New Jersey Energy Master Plan: Pathway to 2050, *available at* https://www.nj.gov/emp/docs/pdf/2020_NJBPU_EMP.pdf

[33] Id. at 11. The transportation and building sectors are the primary contributors to net GHG emissions in New Jersey, comprising 39% and 26%, respectively, based on the most recent data from 2022. New Jersey Greenhouse Gas Inventory: 2025 Mid-Cycle Update Report (April 2025), *available at* https://dep.nj.gov/wp-content/uploads/ghg/ghg-inventory-mcu-2025-1.pdf.

Maximizing EE and conservation and reducing peak demand (Strategy 3) and reducing energy consumption and emissions from the building sector (Strategy 4) are among the seven (7) key strategies identified in the EMP. These strategies play an essential role in meeting the State's long-term clean energy goals, including advancing building electrification. The EMP found that building space and water heating, appliances, and industrial uses are responsible for 28% of state emissions and 62% of the State's total end-use energy consumption; identified electrification as a significantly more cost effective means of meeting emissions targets than switching to carbon-neutral fuels; and called for electrification of 90% of building space and water heating by 2050, with an early focus on new construction and the electrification of oil- and propane-fueled buildings.[34]

As noted in the Integrated Energy Plan Technical Appendix to the EMP, New Jersey can meet the GWRA and 100% clean energy goals with existing technologies, incremental costs of meeting New Jersey's emissions targets are offset by fossil fuel cost savings and cost savings associated with reduced pollution, and further action starting in the 2020s is necessary to enable New Jersey to meet 100% clean energy goals.[35]

1.2(b) Appliance Standards Law

The New Jersey Appliance Standards Law ("ASL") establishes minimum energy and water efficiency standards for specific products sold, offered for sale, or leased in the state.[36] The ASL aims to reduce energy and water waste, lower utility costs for consumers, and mitigate environmental impacts. Covered products include a range of products such as air purifiers, commercial kitchen appliances, faucets, showerheads, toilets, urinals, and water coolers. These products must meet specific efficiency standards, often aligned with the U.S. Environmental Protection Agency's ENERGY STAR® program. For any measure covered by the ASL, a public utility may only propose an incentivized measure that exceeds the efficiency standard defined in the ASL.

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[34] Id. at 13. The EMP noted that, for example, more than 85% of New Jersey homes are heated with natural gas, oil, or propane. Id. at 149. In addition, the Board's 2022 New Jersey Energy Master Plan Ratepayer Impact Study incorporated the findings of the EMP into a comprehensive model of customer rate and energy cost impacts. *See* https://www.nj.gov/bpu/pdf/boardorders/2022/20220817/8H%20Report%20BPU%20EMP%20Ratepayer%20Impact%20Study.pdf. The study found that, if New Jersey continues to follow the approach laid out in the EMP, retail natural gas sales will fall by 25% by 2030, and an average residential customer will pay 25–30% more for natural gas heat and have higher overall non-vehicle energy costs in 2030 than in 2020, while a customer adopting EE and electric heating will have lower overall non-vehicle energy costs.

[35] New Jersey 2019 Integrated Energy Plan – Technical Appendix (2019), https://www.nj.gov/emp/pdf/New_Jersey_2019_IEP_Technical_Appendix.pdf,

[36] L. 2021, c. 464 (N.J.S.A. 52:27D-141.18 to 141.24), *available at* https://pub.njleg.state.nj.us/Bills/2020/PL21/464_.PDF.

1.2(c) The Multistate Memorandum of Understanding on Accelerating the Transition to Zero-Emission Residential Buildings

The 2024 Multistate Memorandum of Understanding on Accelerating the Transition to Zero-Emission Residential Buildings, sponsored by the Northeast States for Coordinated Air Use Management ("NESCAUM"), is a collaborative agreement among various U.S. states, including New Jersey, to advance the adoption of heat pumps and other electrification technologies in residential buildings.[37] Signatory states are committed to reducing GHG and air pollutant emissions to address climate change and improve air quality.

Signatory states have committed that at least 65% of residential heating, air conditioning, and water heating equipment shipments will be zero-emission heat pump equipment by 2030, increasing to 90% by 2040.

A multistate collaboration task force will identify areas for collaboration, such as research on impacts and benefits of electrification, alignment on data collection, and leveraging federal funding for building-sector emissions reduction. The task force will develop a plan for the states to collaborate on zero-emission building codes, whole-home retrofits, and market transition strategies for building electrification technologies.

Signatory states aim to direct at least 40% of new investments in efficiency and electrification to low-income households and disadvantaged communities. Signatory states seek to establish zero-emission standards for new State buildings and promote zero-emission technologies in existing State buildings. Coordination with environmental, energy, planning, and housing agencies, as well as utilities and public utility commissions, will support adoption of zero-emission heating and water heating in residential buildings. Signatory states will explore cooperation with manufacturers, contractors, advocates, and financial institutions to accelerate building sector electrification.

1.2(d) Building Energy Codes

To reach the State's EE and GHG emission reduction goals, the BPU, in partnership with the Rutgers Center for Urban Policy Research ("Rutgers") and Northeast Energy Efficiency Partnerships ("NEEP"), facilitates a New Jersey Energy Code Collaborative ("ECC") and development of a Zero Energy Buildings ("ZEB") Roadmap.[38] The ECC is a public stakeholder group with participants including the building design and construction industry, EE contractors, representatives from labor and environmental organizations,

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[37] NESCAUM, "Accelerating the Transition to Zero-Emission Residential Buildings: Multistate Memorandum of Understanding" (Jan. 2024), https://www.nescaum.org/documents/Residential-Buildings-Multistate-MOU.pdf.

[38] New Jersey Energy Code Collaborative, https://njenergycodecollaborative.org.

municipal (building code, administration) staff, New Jersey state agencies (BPU, NJDEP, New Jersey Department of Community Affairs' Division of Codes and Standards), and university-based organizations (Rutgers, New Jersey Institute of Technology ("NJIT"), Sustainable Jersey). The ZEB Roadmap, last updated in January 2025, provides recommendations to the State, its regulatory agencies, and other interested parties on pathways with explicit actions and timing for implementing zero energy building strategies, primarily through the adoption and amendment of building codes. These pathways are designed to lead New Jersey to implement zero-energy building codes for both new construction and existing buildings by 2030 or sooner.[39] As a "living" document, the Roadmap further provides for ongoing collaboration and communication and is improved and updated based on assessment of progress-to-goals.

1.3 Relevant Federal Policies and Actions

1.3(a) IRA Home Energy Rebates

Through the federal Inflation Reduction Act ("IRA"), Pub. L. 117-169, the U.S. Department of Energy has allocated $182,962,089 in formula funding to New Jersey to administer the Home Efficiency Rebates and the Home Electrification and Appliance Rebates (collectively, the "Home Energy Rebates") programs for home upgrades in New Jersey, with specific opportunities to increase the installations of efficient, clean energy equipment in underserved and underrepresented communities.

New Jersey is in the process of rolling out IRA Home Energy Rebates through two new programs that are planned for launch in 2025 or early 2026: (i) M-RISE, which will serve LMI multifamily communities with efficiency and electrification upgrades in coordination with public utility programs (e.g., through stackable incentives) and (ii) CP-HEAR, an adder program that will provide targeted electrification to Comfort Partners participants.

1.3(b) Federal IRA Tax Credits

Due to recent federal legislation, deadlines for IRA tax credits for EE and other clean energy technologies have changed. New Jersey residents and businesses can still take advantage of existing State programs to help save money on energy bills, upgrade clean energy equipment, improve EE, improve comfort, support a stable power grid, and reduce indoor and outdoor air pollution.

1.3(c) FERC Order No. 2222

FERC issued Order No. 2222 in 2020, with updates in 2021 with the main goals of facilitating participation and competition between small-scale DERs in regional, or wholesale, electricity markets through aggregators of DERs and thereby enable the DERs

[39] *See* https://njenergycodecollaborative.org/roadmap.

to earn compensation, reducing fossil fuel emissions from power plants, maintaining electric reliability, meeting state energy and emissions goals, and lowering the overall cost of electricity in their area.[40] FERC Order No. 2222 requires each independent system operator ("ISO") and regional transmission organization ("RTO") to develop a wholesale market participation model that allows DER and demand response[41] ("DR") aggregations to provide and be compensated for wholesale market services. For PJM Interconnection, LLC ("PJM"), the RTO that coordinates the movement of wholesale electricity in all or parts of thirteen (13) states, including New Jersey and the District of Columbia, the implementation date for energy and ancillary services is February 1, 2028, and the proposed implementation timeline for the capacity market is February 1, 2027, with the auction for the 2028-2029 capacity year slated to be held in May 2026.[42]

Distribution utilities will need to evolve their DR strategies and incentives to effectively engage with DER aggregations and take advantage of the new opportunities provided by Order No. 2222. To successfully implement FERC Order No. 2222, active coordination among ISOs/RTOs, distribution utilities, transmission utilities, and DER aggregators is needed to ensure compatibility between wholesale market obligations and real-time distribution and transmission system conditions.

1.4 Procedural History

1.4(a) Triennium 1 Framework and Impacts

By Order dated June 10, 2020, following an extensive stakeholder process regarding the transition of most EE programs from the NJCEP to the utilities, the Board approved the first regulatory framework for EE programs implemented pursuant to the CEA.[43] In

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[40] Federal Energy Regulatory Commission, *FERC Order No. 2222 Explainer: Facilitating Participation in Electricity Markets by Distributed Energy Resources*, https://www.ferc.gov/ferc-order-no-2222-explainer-facilitating-participation-electricity-markets-distributed-energy.

[41] As described by the USDOE, DR "provides an opportunity for consumers to play a significant role in the operation of the electric grid by reducing or shifting their electricity usage during peak periods in response to time-based rates or other forms of financial incentives. Demand response programs are being used by some electric system planners and operators as resource options for balancing supply and demand. Such programs can lower the cost of electricity in wholesale markets, and in turn, lead to lower retail rates." USDOE, "Demand Response," www.energy.gov/oe/demand-response.

[42] Ibid.

[43] In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket Nos. QO19010040, QO19060748, and QO17091004, Order dated June 10, 2020 ("June 2020 Order"). By this Order, the Board established that the utilities would run programs for existing buildings and NJCEP would continue to run EE programs including the new construction program, Local Government Energy Audit program, Large Energy Users Program, and combined heat and power ("CHP") / fuel cells. The Board also co-manages Comfort Partners and offers the Energy Savings Improvement Program, and Community Energy Grants programs, as well as clean transportation, solar incentive, and resource adequacy programs more broadly.

September 2020 and from March to June 2021, the Board issued Orders approving stipulations of settlement for the utilities to implement their EE programs.[44]

The first program cycle (July 1, 2021 – December 31, 2024) achieved the following aggregated, statewide results from NJCEP EE programs, utility EE programs established pursuant to the CEA, and other utility "legacy" EE programs:[45]

- Energy savings: 3.9 million megawatt hours ("MWh") of annual electricity reductions, 10.9 million MMBtu of annual natural gas reductions, and $988 million in utility bills
- Emissions savings: 2.27 million metric tons of annual GHG emissions, equivalent to approximately 484,000 cars removed from the road per year
- Financial Incentives Paid: $1.52 billion
- Lifetime Cost to Achieve: $0.04/kWh and $0.57/therm on average for utility programs.
- Program Expenditures: $2.4 billion

1.4(b) Triennium 2 Framework

By Order dated May 24, 2023, the Board approved the following initial aspects of the Triennium 2 EE framework: program administration and design, filing and reporting

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[44] In re the Petition of Public Service Electric and Gas Company for Approval of Its Clean Energy Future – Energy Efficiency ("CEF-EE") Program on a Regulated Basis, BPU Docket Nos. GO18101112 and EO18101113, Order dated September 23, 2020; In re the Petition of New Jersey Natural Gas Company for Approval of Energy Efficiency Program and the Associated Cost Recovery Mechanism Pursuant to the Clean Energy Act, N.J.S.A. 48:3-87.8 et seq. and 48:3-98.1 et seq., BPU Docket Nos. QO19010040 and GO20090622, Order dated March 3, 2021; In re the Petition of Elizabethtown Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act and the Establishment of a Conservation Incentive Program, BPU Docket No. GO20090619, Order dated April 7, 2021; In re the Petition of South Jersey Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act, BPU Docket No. GO20090618, Order dated April 7, 2021; In re the Petition of Atlantic City Electric Company for Approval of an Energy Efficiency Program, Cost Recovery Mechanism, and Other Related Relief for Plan Years One Through Three, BPU Docket No. EO20090621, Order dated April 27, 2021; In re the Verified Petition of Jersey Central Power & Light Company for Approval of JCP&L's Energy Efficiency and Conservation Plan Including Energy and Peak Demand Reduction Programs (JCP&L EE&C), BPU Docket No. EO20090620, Order dated April 27, 2021; In re the Petition of Rockland Electric Company for Approval of Its Energy Efficiency Program and Peak Demand Reduction Programs, BPU Docket No. EO20090623, Order dated June 9, 2021 ("June 20, 2020 Board Order").

[45] The Annual Statewide Report includes more detailed results for each Program Year and is available at https://www.njcleanenergy.com/main/public-reports-and-library/financial-reports/clean-energy-program-financial-reports. Individual utility quarterly and annual reports, available on the same webpage, provide detailed information about program implementation and outcomes, including cost-effectiveness, performance targets, and equity metrics. Approved budgets for NJCEP EE programs and utility EE programs established pursuant to the CEA totaled $3.6 billion over the Triennium 1 period.

requirements, cost recovery, EE as a resource, and EM&V.[46]

By Order dated July 26, 2023, the Board approved additional aspects of the Triennium 2 framework necessary for the utilities to submit their Triennium 2 filings.[47]

By Order dated October 25, 2023, the Board extended the start of Triennium 2 to January 1, 2025, lasting until June 30, 2027, to allow thorough review and adjustments of utility filings. Triennium 1 was extended by six (6) months to December 31, 2024, with budgets and energy savings targets adjusted accordingly. The Board directed the utilities to submit updated filings and reports, with specific energy reduction targets and performance indicators. Program Year 4 was defined as six (6) months long, with compliance assessments based on prior year retail sales.

By Orders dated October 30, 2024, the Board approved petitions filed by each of the utilities proposing their Triennium 2 programs, including core EE programs and new BD start-up and DR programs.[48]

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[46] 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; In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reduction Programs; In re Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources and Offering Class I Renewable Energy Programs in Their Respective Service Territories on a Regulated Basis, Pursuant to N.J.S.A. 48:3-98.1 and N.J.S.A. 48:3-87.9 - Minimum Filing Requirements, BPU Docket Nos. QO19010040, QO23030150, and QO17091004, Order dated May 24, 2023.

[47] 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; In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reduction Programs; In re Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources and Offering Class I Renewable Energy Programs in Their Respective Service Territories on a Regulated Basis, Pursuant to N.J.S.A. 48:3-98.1 and N.J.S.A. 48:3-87.9 - Minimum Filing Requirements, BPU Docket Nos. QO19010040, QO23030150, and QO17091004, Order dated July 26, 2023 ("July 2023 Order").

[48] In re the Petition of New Jersey Natural Gas Company for Approval of New Energy Efficiency, Building Decarbonization Start-Up, and Demand Response Programs and the Associated Cost Recovery Mechanism Pursuant to the Clean Energy Act, N.J.S.A. 48:3-87.8 et seq. and 48:3-98.1 et seq. Second Triennium, BPU Docket No. QO23120868; In re the Petition of Elizabethtown Gas Company for Approval of Triennium 2 Clean Energy Programs and Associated Cost Recovery Pursuant to the Clean Energy Act, BPU Docket No. QO23120869; In re the Petition of South Jersey Gas Company for Approval of Triennium 2 Clean Energy Programs and Associated Cost Recovery Pursuant to the Clean Energy Act, Docket No. QO23120870; In re the Petition of Atlantic City Electric Company for Approval of a Portfolio of Energy Efficiency, Building Decarbonization and Demand Response Programs, a Cost Recovery Mechanism, and Other Related Relief Pursuant to the Clean Energy Act for the Period January 2025 Through June 2027 (Triennium 2), BPU Docket No. QO23120871; In re the Verified Petition of Jersey Central Power & Light Company for Approval of JCP&L's Second Energy Efficiency and Conservation Plan Including Energy Efficiency and Peak Demand Reduction Programs ("JCP&L EE&C Plan II Filing"), BPU Docket No. QO23120872; In re the Petition of Public Service Electric and Gas Company for Approval of its Clean

1.4(c) Triennium 3 Stakeholder Engagement

The BPU Energy Efficiency Triennium 3 "Looking Ahead Together" stakeholder engagement meeting took place on July 14–15, 2025 at NJIT and online. Its purpose was to gather input and discuss strategies for optimizing NJCEP as New Jersey transitions to Triennium 3. The meeting focused on key areas such as reducing ratepayer costs, improving cost-effectiveness, minimizing lost opportunities, and streamlining program delivery.

Participants included BPU representatives, utilities, government officials, industry experts, and various stakeholders involved in New Jersey's clean energy initiatives. The event featured plenary sessions, breakout sessions, and a poster session. The breakout sessions focused on three (3) major topics:

- One Stop Shop: Discussing ways to simplify customer interaction and streamline the process for EE programs.
- Ratepayer Cost Reductions: Exploring strategies to contain costs for ratepayers while maintaining effective service delivery.
- Portfolio Revisions: Considering market transformation strategies to influence the adoption of efficient technologies and reshape the BPU's future portfolio.

Participants engaged in discussions, brainstormed solutions, and provided input. Meeting organizers created visual notes and artifacts to capture the flow of conversations.

The meeting concluded with reflections and insights from participants. Key themes that emerged included ensuring affordability, optimizing cost-effectiveness, leveraging existing relationships with stakeholders and agencies, building new partnerships with midstream and upstream market actors, ensuring provision of workforce education on new technologies, and ultimately realizing efficient, customer-centric program delivery to result in increased participation and impacts across the state. Staff acknowledged that the input provided would help shape the framework for Triennium 3, ensuring that stakeholder voices were heard in the development of EE programs and policies.

Energy Future-Energy Efficiency II (CEF-EE II) Program on a Regulated Basis, BPU Docket No. QO23120874; In re the Petition of Rockland Electric Company for Approval of its Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO23120875, Orders dated October 30, 2024 ("October 30, 2024 Order"). Across all utilities, Triennium 2 budgets total $3.75 billion, including $171 million for BD programs and $59 million for DR programs. Projected cost to achieve on average for utility programs is $0.12/kWh and $0.97/therm.

1.5 Triennium 3 Strategy

1.5(a) 2050 Vision

Building on the EE and building-related strategies in the EMP, the Board envisions that a growing proportion of existing buildings and newly constructed buildings will achieve net-zero status by 2050. Contributing to this broad energy market transition are multiple clean energy activities led by the Division of Clean Energy ("DCE"), including Triennium 3 EE programs, which have the potential to significantly advance the DCE's clean energy and affordability goals more broadly. Besides incentivizing net zero in the Board's New Construction Program, the Board seeks to explore pathways for implementing zero energy building strategies for new construction, as noted in Section 1.2(d). For driving existing buildings to net zero, DCE is coordinating multiple efforts including renewable energy, behind-the-meter storage, time-of-use rate classes, grid modernization, and demand flexibility to supplement the EE, BD, and DR programs (collectively, "Clean Energy Building Programs"). A one-stop shop and call center staff ("Energy Navigators") would provide holistic educational and planning services for customers to achieve net zero.

Staff proposes a market transformation approach for the clean energy building offerings in the Triennium 3 portfolio. This approach would build upon the robust resource acquisition programs that have demonstrated success in Triennia 1 and 2. It would strategically design programs to address barriers to full economic, cost-effective market adoption of clean energy building measures with the goal of reducing barriers, facilitating adoption, and phasing out market interventions when they are no longer needed to sustain market effects.

While the BPU will continue to oversee cost-effective achievement of energy and demand savings, the longer-term vision is to coordinate clean energy building efforts with other DCE initiatives in clean transportation, resource adequacy, DERs, and equity. Successful outcomes will shield ratepayers from making overlapping investments, speed the adoption of grid flexibility services, and leverage smart technologies to enhance grid reliability.

With the longer-term alignment vision in mind, the primary driver for Triennium 3 is the call-to-action from industry stakeholders for the portfolio to be more responsive to utility customer needs, wants, and desires, which may include energy affordability, reliability, choice, and other priorities. Additionally, industry stakeholders seek to encourage utility customers to be more responsive to grid requirements. As a result, Staff proposes to focus efforts on the realization of these customer-centric ambitions.

1.5(b) Triennium 3 Focus Areas

In consideration of July 2025 stakeholder comments and to achieve the broadest possible

set of impacts from EE and DR investments, Triennium 3 could concentrate investment into four (4) focus areas:

- Energy affordability
- Energy use intensity ("EUI")
- DR program and infrastructure advancements
- Energy assurance

Regarding the first focus area, energy affordability, Staff suggests that Triennium 3 should lower utility bills and energy burdens compared to prior years' baseline charges. Utilities could leverage the deep relationships within the building industry and their understanding of consumer energy behaviors to design a suite of programs consistent with four service delivery models ("SDMs") highlighted in subsequent sections – namely, Prescriptive Rebates, Whole Premise, Energy Management, and Market Transformation. These SDMs encompass clean energy building measures that would avoid energy use and reduce peak demand, thereby lowering consumers' utility bills. Staff notes that lower or avoided utility bills lead to greater energy affordability, which in turn ties in with improved service continuity. Energy affordability therefore lies at the proposed core of design throughout Triennium 3.

Reducing EUI serves as the second proposed focus area for building investments in Triennium 3. EUI is the measure of energy use by a building or complex of buildings per unit of measure, generally square footage, occupancy, units of production, etc. Using this metric, buildings' energy performance can be measured, incentivized, and tracked in comparison to similar buildings. Proposed incentive design methodology in Section 3.3(a) suggests setting incentive levels for whole premise projects based on energy savings performance compared to a nationally-recognized standard that is EUI-based. An EUI metric is particularly useful in monitoring transformation toward a more energy efficient building stock or readiness for the adoption of clean energy generation. A building's EUI is a base by which an estimate of energy savings can be verified soon after program measures are installed.

The third focus area for Triennium 3 is to advance DR program design beyond the closed direct load control ("DLC") programs offered in Triennium 2 and deploy DR infrastructure to lay the foundation to scale DR growth and grid impacts in New Jersey. Through a DR program or programs, the utility incentivizes market adoption of connected devices (or controllable assets) that can be registered and activated to reduce grid electricity use during times of peak demand. Connected devices feature network connections that allow for direct control, or the delegation of control, of the devices via the internet to support wholesale PDR, retail PDR, and grid services, as defined in the "Triennium 3 DR Strategy" and long-term "Demand Response Roadmap for the New Jersey Board of Public Utilities"

("DR Roadmap") (summarized in Appendix D).[49] Reducing peak demand through DR programs is a critical cost-effective strategy to relieve PJM capacity constraints, meet distribution-level needs, support the implementation of FERC Order No. 2222, and establish demand flexibility ("DF") services over time.[50] These DF services could evolve to form an open market solution to address transmission and distribution ("T&D") value streams involving the aggregation of behavioral DR, thermostats, small appliance loads, battery storage, managed charging of EVs, and other DERs.

Energy assurance pertains to the well-being of building occupants and reinforces the regulatory mandate for utilities to provide reliable and resilient energy throughout the year. While building owners and operators can take some precautionary measures such as ensuring regular maintenance to help maintain essential services, backup generation is used to ensure that essential equipment remains viable in the event of a power outage. Additionally, as part of a longer-range market transformation initiative, program administrators could develop relationships with and provide non-financial incentives to manufacturers, distributors, and retailers to offer new products into the market that help ensure that all appliances function during short-lived outage events.

1.5(c) Portfolio Overview: Major Changes

1.5(c)(1) Market Transformation and Net-to-Gross Savings Reclamation

One new proposal for Triennium 3 is the formalization of a market transformation approach to realizing net-zero status for New Jersey's building stock over time. This approach would seek to support market transformation by designing programs that address informational, financial, technical, and structural barriers to market adoption. Strategies for this approach include engaging market upstream actors (product manufacturers and distributors), midstream actors (retailers and trade associations), and downstream actors (contractors and customers) to align with market transformation objectives. More detail about desired outcomes, market indicators, and market transformation activities is included in Appendix A (Section 3.1(d)).

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[49] "Demand Response Roadmap (2025)," *available at* https://www.njcleanenergy.com/main/public-reports-and-library/market-analysis-protocols/market-analysis-baseline-studies/market-an in the "Demand Response" section.

[50] Lawrence Berkeley National Laboratory ("LBNL") notes that DF, also referred to as load flexibility, "has been widely recognized as a valuable and low-cost resource for making the electric grid more reliable by reducing demand when the grid is under stress. Load shedding, load shifting and modulating are the most common forms of demand flexibility. . . . By offering energy consumers the ability to alter their electricity usage patterns, either in timing or quantity, demand flexibility accommodates grid needs as reflected in price or actionable signals. Demand flexibility also helps align energy consumption profiles with electricity generation profiles from low-cost, preferred energy resources and … therefore … makes electricity more affordable for consumers." LBNL, Building Technology & Urban Systems Division, "Demand Flexibility," https://buildings.lbl.gov/demand-flexibility.

As part of a successful market transformation approach, the utilities would be able to allocate energy savings to the market transformation portfolio at a rate equal to the difference between gross and net savings. The rationale for NTG savings reclamation is to send a market signal to midstream actors through the purchase of prioritized clean energy building measures. This naturally results in the stocking and promotion of targeted measures. Driving market demand through NTG savings reclamation will prove to be more cost-effective and timelier than spending equivalent marketing dollars to achieve the same result.

Further, adopting an NTG savings reclamation approach would allow for a full accounting of achieved energy savings and demand reductions resulting from Triennium 3. Under this approach, attributable net energy savings and associated costs would continue to accrue to the utilities' resource acquisition portfolio. At the same time, both the reclaimed savings and the costs associated with market transformation activities would be attributed to market transformation. In the CBA Workbook (see Section 2.2), the utility will report net and gross savings at the measure-level to determine potential savings attributed to market transformation.

1.5(c)(2) Workforce Development

Effective workforce development ("WFD") is a central component of successful deployment of statewide Clean Energy Building Programs. As noted in July 2025 stakeholder comments, building a trained workforce that is proficient in both existing and new technologies is crucial for increasing program participation and ensuring successful implementation of these programs. It is therefore imperative that WFD outcomes align with technical delivery outcomes. This alignment is crucial for two (2) primary reasons: first, to ensure a sufficient supply of qualified labor to meet savings targets, and second, to proactively create specific pipelines that recruit, train, and employ local, underrepresented, and disadvantaged workers.

In Triennium 3, the proposed WFD framework establishes the consultation, alignment, and performance metrics necessary to achieve this dual goal of technical success and economic opportunity. Specifically, this framework addresses the need for standardized training of contractors participating in the utility programs ("Trade Allies") as noted in July 2025 stakeholder comments.

Given the dynamic nature of the clean energy buildings industry, navigating its changes necessitates a dynamic approach to WFD. To this end, the BPU seeks to embrace market transformation strategies and prioritize close partnerships between industry and equitable WFD efforts.

The Business and Industry Leadership Team ("BILT") is a strategic, industry-led initiative that engages employers to directly inform and align technical training curricula, ensuring that EE educational programs meet current and future workforce skill demands. The BPU

and the New Jersey Department of Labor and Workforce Development ("NJDOL") jointly serve as vision partners, developing the strategic direction for this initiative. NJIT serves as the logistics and communications partner, managing operational implementation and outreach.

The BILT's mission is to:

> drive innovation and excellence in equitable workforce development by aligning technical training and education with industry demands, fostering meaningful collaborations, connecting to support services, and ensuring the successful implementation of statewide green economy initiatives.

The BPU actively facilitates these connections through quarterly BILT meetings, which serve as the direct forum where employers, educators, government agencies, and others co-lead the effort to shape training to future industry needs. This collaborative work aligns with the CEA and is further integrated with broader state and federal efforts through the NJDOL's Industry Partnerships and the guidelines of the Workforce Innovation and Opportunity Act of 2014.

The BILT platform is designed to coordinate critical training resources and can be leveraged to effectively respond to July 2025 stakeholder comments on the following: "agent boot camp training on all of NJ's EE programs," manufacturing/distributor training networks, specialized technical curricula such as on heat pumps, "new product technology education," "a more unified training toward a standard credential" for Trade Allies, and "sales tools for contractor sales teams." The BILT platform could also support the development of enabling resources and infrastructure, such as strategic educational partnerships, and "a technical assistance network."

In essence, while the Triennium 3 WFD framework sets the strategy and metrics for "braiding" WFD, the BILT is the active, multi-stakeholder *platform* that executes the strategy by continuously aligning the supply of trained workers with the evolving demand of the clean energy building market. This coordination is also the necessary step to support manufacturer and distributor training for contractors and to explore launching of key facilities.

1.5(c)(3) Utility Cost Recovery

In response to July 2025 stakeholder comments supporting cost containment and affordability, Staff proposes revising approaches by which the Board would determine appropriate utility rate of return and effective revenue incentive ("ERI") (referred to previously as lost revenue recovery) in Triennium 3. As detailed in Appendix I, Section 3.9(f), Staff proposes a performance-based return structure that aligns with the level of risks associated with EE portfolio investments. Staff also proposes an approach to revenue incentive that aligns with actual impacts of EE investments.

1.5(d) Key Program Design Elements

1.5(d)(1) Simplified Customer Interactions and Streamlined Service Delivery

Triennium 3 provides New Jersey with an opportunity to fundamentally simplify customer interactions, speed service delivery, and adopt key enabling technologies to encourage the efficient and efficacious utilization of finite energy resources.

July 2025 stakeholder comments indicate that it is currently "too confusing who to go to," there is "not enough human guidance" about the programs, and that customers wonder "where do I start?" Stakeholders also identified distrust in the government, corporations, and organizations and the importance of trusted relationships, particularly for LMI and multifamily customers.

A simplified customer experience that is responsive to customer needs and respectful of consumer priorities should drive participation rates and enhance customer satisfaction. In Triennium 3, successful implementation of new State-supported elements focusing on customers' experience and modernization of service delivery tools will help address current barriers to participation. The three (3) elements below are aimed at providing a streamlined customer experience:

1. A State-developed clean energy building website with links to utility program websites could serve as the primary online resource and a central source of education and information for customers, contractors, and other stakeholders about opportunities for clean energy building improvements, associated financial incentives, and technical assistance in New Jersey.
2. State-supported Energy Navigators could be assigned to customers upon request. They could enhance program delivery by serving as a primary point of contact and source of information, understanding customer priorities, acting as an agent for programmatic referrals, assisting with scheduling, and advocating for the resolution of unresolved problems associated with service delivery. An Energy Navigator could begin to explore opportunities that improve occupant well-being during outage events, especially within the residential and small commercial sectors. In addition to focusing on clean energy building improvements, Energy Navigators could help refer customers across all sectors to additional options to support energy assurance, including battery storage, renewable site generation, and EV tie-ins for DF services. The call center could also prioritize language access to ensure equitable outreach to New Jersey's diverse population.
3. Certain enabling technologies that assist in the complex tasks assigned to an Energy Navigator could facilitate simplified customer experiences.

   (a) Integrating a live chat feature into digital platforms could offer real-time assistance and programmatic guidance, as suggested by stakeholders.

(b) Updated audit and energy modeling software could support not only immediate actions but recommendations for longer-term energy saving measures (see Appendix A, Section 3.1 regarding the Whole Premise SDM and Energy Investment Plans [“EIP”]).

(c) Providing remote or virtual access to meeting reviews for customers with accessibility or scheduling challenges could make engagement more convenient for customers, as suggested in July 2025 stakeholder comments.

(d) Program administrators could adopt new processes and systems to share data and coordinate services to customers with Energy Navigators.

(e) Updated rebate processes could automate and streamline incentive verification and distribution, reducing administration time and costs. See Section 2.1(c) for more information about blockchain contracts. State and utility program administrators could explore integration of artificial intelligence (“AI”) and blockchain technology with QR codes to optimize digital interactions, deliver personalized experiences, automate workflows, and ensure secure consumer data handling.

A centralized approach to serving customers through a main online presence, trained call center staff, and coordination between call center staff and program administrators will reduce administrative complexity and make it easier for customers to navigate and participate in programs. The continued use and updating of transparent, automated, and secure technology solutions will help address the "LMI barriers to entry - trust, money" and reluctance to provide personal information due to fear of data misuse, as noted in July 2025 stakeholder comments.

The successful implementation of this approach is contingent upon resolving critical financial and coordination hurdles. Key stakeholder challenges center on ratepayer costs, which must be mitigated by optimizing navigator functions, leveraging AI/tools, and avoiding duplication of existing utility marketing.

1.5(d)(2) Financial Incentive Design Methodology

Often, higher efficiency products and those with the most functionality are priced higher than more mature products that have broad market adoption due to awareness of benefits by consumers. Offering financial incentives, such as rebates and loans, is therefore a key strategy to address financial barriers to adoption of more efficient, cleaner, and advanced products.

With a focus on energy affordability, however, the application of cost controls is under consideration when determining the reasonableness of financial incentives for energy and demand reductions. Staff’s objectives in developing incentive design methodology guidelines include:

- Ramping down incentive levels as clean energy building measures mature within the marketplace;
- Adopting incentive levels (including rebates and loans as applicable) that are responsive to current market barriers, spur market adoption, and drive cost-effective savings while not exceeding the incremental measure cost ("IMC") of a more advanced product;
- Limiting ratepayer impact and managing overall program costs;
- Prioritizing incentives for measures that achieve policy goals (e.g., equity, deep energy savings, emission reductions, optimal EUI, BD, DR) and eliminating incentives for measures that are mature;[51]
- Establishing a consistent approach across Triennium 3 programs, which directly addresses July 2025 stakeholder comments calling for "coordination" across the portfolio; and
- Maintaining simplicity and transparency in customer and contractor incentives to encourage participation and minimize administrative burdens. This objective is key to addressing the LMI barrier related to trust and access and driving "contractor buy-in" by reducing administrative complexity. This approach will also ensure that incentive structures are clear and efficient for all program partners, including efforts to make them "more engineer-friendly, not just contractor-friendly."

Staff therefore proposes guidelines to evaluate rebate levels and structures, including maximum rebate amounts (see Appendix C, Section 3.3). A review of the current program year TRM identified a list of measures that are prominent within the portfolio but are approaching unacceptable costs to achieve. A proposed incentive design rubric that uses the net-to-gross ratio ("NTGR") as a surrogate for market maturity will promote new products and features early in the lifecycle with incentives decreasing to $0 once the NTGR drops below 0.41.

Staff also proposes guidelines on loans to minimize ratepayer costs while prioritizing certain measures, serving target populations, and/or setting maximum loan levels, e.g., percent of project cost, percent of program budget (see Appendix E, Section 3.5).

1.5(d)(3) Service Delivery Models

Within the Triennium 3 process for utility Clean Energy Building Programs, a proposed new program design framework would begin to use SDMs to provide guidance about how

[51] Prioritizing measures to achieve policy goals responds to July 2025 stakeholder comments asking, "What is the problem we are trying to solve?" by clearly linking incentives to desired stated outcomes rather than subsidizing mature products.

to streamline and deliver these clean energy building services to customers efficiently and effectively. As is the case with program design, SDM development and refinement occurs over time.

(a) Rationale for the Use of SDMs

Built on the trust established between the utilities and their customers, utility programs have effectively engaged customers in the delivery of desired EE services. The introduction of SDMs provides utilities with flexibility to design and propose one or more programs for each of the SDMs that cross all sectors and incorporate BD and DR as part of the provision of comprehensive clean energy building measures. Staff proposes to establish four (4) SDMs: Whole Premise, Prescriptive Rebates, Energy Management, and Market Transformation (see Appendix A, Section 3.1).

(b) Differences Between an SDM and a Program

An SDM centers on the customer journey and how services reach end-users through one or more programs. It articulates key service delivery milestones that map an indicative customer journey toward the adoption of targeted clean energy building technologies and desired behaviors. The SDM considers similarities in processes across all sectors and delivery channels to frame a set of customer interactions and realize desired outcomes. On the other hand, a program explores differences in target audiences to craft offerings that engage and exploit known value drivers for key market actors. Program designs feature key partnerships, delivery channels, and enabling technologies to optimize service delivery.

While Staff retains an interest in seeing a standardized set of services across sectors, industries, and demographics, utilities seek to maximize participation by customizing processes and promotions to each market niche. This sets up a dynamic that is strategically addressed by the State modeling the services to be delivered and defining the outcomes sought while allowing utilities to address each SDM with the design and offering one or more programs.

(c) Use of SDMs

Staff will review the programs proposed by the utilities to ensure that all services are addressed across the residential (including multifamily) and commercial and industrial ("C&I") sectors.[52] Sub-populations should be equitably addressed within each sector, and BD and DR initiatives should be embedded within program offerings. By inviting program designs from the utilities, Staff anticipates that participation rates and costs-to-

[52] Staff suggests that multifamily should include garden-style, mid-rise, and high-rise multifamily apartment buildings, which is consistent with plans for New Jersey's M-RISE program; *see* https://www.njcleanenergy.com/residential/m-rise-program.

achieve will substantively improve from one Triennium to the next.

SDMs reference measure classes, which pertain not only to energy conservation within a building shell (see Appendix B, Section 3.2). In addition to EE, measure classes incentivized in Triennium 3 should have the ability to lower emissions within the building structure and decrease grid dependency through referrals to solar and battery storage programs that will reduce drawdown from the grid.

(d) Equity: Customer Classes, Disadvantaged Communities

Customer class equity is an important consideration when utilities allocate budgets under each of the SDMs. The residential and C&I sectors should receive budget allocations roughly proportional to the utility's distribution of customer classes to ensure that the various classes are equitably supported.

Other equity considerations include ensuring that disadvantaged sub-populations have access to the programs made available by the utilities under each SDM. In the commercial sector, utilities should ensure that offerings are available to small businesses and entities operating in OBMs.[53] Within the residential sector, equity considerations should include the distribution of projects across single-family and multifamily households, as well as ensure access to programs by LMI customers. Program tracking and reporting should be reported and reviewed to ensure that disbursement of funds remains proportionate to these subpopulations.

1.5(e) Performance Expectations

Based on inputs from the Triennium 3 goal setting study and analysis of past performance, Staff anticipates that Triennium 3 will achieve 3.9 TWh of annual electricity savings, with EDC program budgets not exceeding $1.5 billion, yielding an overall cost-to-achieve of $0.04 per lifetime kWh savings. GDCs are expected to realize 118 million therms of annual energy savings with GDC program budgets not exceeding $720 million, yielding an overall cost-to-achieve of $0.47 per lifetime therms savings. This suggests that Triennium 3 will be implemented with a program budget not to exceed $2.22 billion for the three (3)-year period.

[53] Prioritizing OBMs would provide consistency with DCE's equity initiatives. For a description and list of OBMs, see https://www.njcleanenergy.com/residential/cep.

2. Minimum Filing Requirements

2.1 Service Delivery Models

The Board seeks comments on a proposed approach in Triennium 3 that builds upon stakeholder input received regarding the need for clear, simplified services, a streamlined approach, and greater engagement with industry associations and Trade Allies. This approach would feature service innovations that merge New Jersey's clean energy building offerings in a way that is complementary with other New Jersey clean energy strategic initiatives. As part of this approach, utilities would design programs to realize targeted service delivery milestones and adopt key enabling technologies to create efficient and unified customer experiences. These SDMs and the proposed utility programs should enhance energy affordability, improve building EUI, increase comfort, lower carbon emissions, connect devices to address peak demand, and provide greater energy assurance to building occupants.

2.1(a) Alignment of Program Proposals with Service Delivery Models

SDMs, described in Appendix A, Section 3.1, should be addressed as follows:

2.1(a)(1) The utility shall submit a narrative that:

(a) Describes how the portfolio responds to all SDMs (Whole Premise, Prescriptive Rebates, Energy Management, Market Transformation);

(b) Addresses each component of each SDM, as described in Appendix A (Service Scope, Outcomes Sought, Target Audience, Delivery Channels, Incentive Design, Customer Journey, and Performance Metrics);

(c) Describes how each proposed program aligns with one, or more, SDM(s);

(d) Explains how BD and DR are addressed in proposed programs in response to each SDM; and

(e) Describes what existing systems and resources will be leveraged to implement the proposed programs in support of the SDMs.

2.1(a)(2) The utility shall submit a table indicating which program(s) are included in each SDM.

2.1(a)(3) The utility shall submit an organizational chart showing the various market actors contributing to program planning, implementation, and evaluation. Key actors to be included are in-house and contracted entities such as program designers, program administrators, implementation contractors, subcontractors, marketers, evaluators; and outside entities such as manufacturers, distributors, retailers, trade associations, Trade Allies, marketers, trainers, educators, and

workforce development partners.

2.1(b) Approach to Supporting and Prioritizing Measure Classes

In Triennium 1 and Triennium 2, measures referred to products, such as energy efficient appliances and equipment, and services, such as installation, decommissioning, and behavioral programs. Triennium programs offered financial compensation for adoption of these measures.

In Triennium 3, as part of the transformation toward net-zero building stock across New Jersey, Staff proposes that utilities take an all-encompassing approach to transforming buildings by leveraging a hierarchy of building measure classifications that are implemented as a program design element in alignment with SDMs. See Appendix B, Section 3.2.

Staff proposes using measure classes to prioritize energy savings measures and facilitate cost-effective improvement in a building's EUI and lower emissions within the building sector, including structures and appurtenances. Using measure classes would also facilitate decreased peak electric demand through DR. This approach aligns with July 2025 stakeholder comments requesting prioritization of cost-effective measures.

Measure classes can also assist designated entities, such as an Energy Navigator, in referring customers to other clean energy programs to lower emissions within the building structure, decrease grid dependency, and increase resiliency with measures such as solar installations and battery storage that will reduce draw down from the grid.

2.1(b)(1) The utility shall submit a table that shows which measures fall into the measure classes defined in Appendix B, Section 3.2.

2.1(b)(2) The utility shall submit a table listing measure classes that would be served under each of the SDMs.

2.1(b)(3) The utility shall submit a narrative that:

(a) Describes an approach to directing customers to other programs that provide measure classes not covered in their programmatic offerings and how the Energy Navigators will be leveraged where appropriate for these referrals;

(b) Describes how measure classes will be used to categorize recommendations for customers within the EIPs that may be developed as part of their programmatic offerings; and

(c) Proposes an approach toward measure prioritization in interactions with customers under each SDM.

2.1(c) Enabling Technologies

As noted in Section 1.5(d), blockchain contracts (also called smart contracts) are self-executing digital contracts that are stored on a blockchain, a decentralized, distributed

ledger of transactions that is secure, transparent, and tamper-proof. Because each blockchain contract is unique, incentives can be personalized by stacking adders based on qualifying criteria. Blockchain ledgers preserve transactions, key customer data, and decisional metrics that ease customer referrals to other programs. Program administrators could access near-real-time accounting of energy savings, program incentive amounts, and costs-to-achieve. The availability and transparency provided by these enabling technologies is expected to produce unprecedented cost-effectiveness in the acquisition of targeted energy and demand savings. Blockchain contracts can also provide a mechanism for a feedback loop that can be used for program evaluation and to drive continuous improvement of program delivery.

2.1(c)(1) The utility shall describe its evaluation of the opportunity to use blockchain contracts to distribute and record incentives, automate and streamline incentive verification and distribution, and reduce administration time and costs.

2.1(c)(2) The utility shall describe its evaluation of the opportunity to use blockchain contracts to support a feedback loop for program evaluation and to drive continuous improvement of program delivery.

2.1(c)(3) The utility shall describe its evaluation of the opportunity to collaborate with other utilities, distributors, manufacturers, and contractors to set up a blockchain system by a feasible date to track and attribute outcomes to sponsored market transformation activities.

2.1(d) Approach to Integrating Building Decarbonization Measures

BD comprises measures that replace fossil fueled equipment with high efficiency electric measures. These measures include but are not limited to heat pumps, induction stoves, and electrification readiness initiatives, such as panel upgrades and wiring. To improve the customer experience, these measures will be offered alongside EE measures across the portfolio SDMs so that Energy Navigators and the utilities can be responsive to customer priorities in alignment with Triennium 3 focus areas.

Projects that include BD measures shall reduce total energy consumption on a fuel-neutral basis, with limited exceptions (e.g., a customer without air conditioning chooses to install an air conditioner or heat pump for space conditioning).

Hybrid heat projects that include partial displacement of fossil fuels shall not fund installation of any new gas-fired equipment, similar to the Triennium 2 offering.

The utility shall only count EE savings toward CEA targets and not include electricity increases due to BD.

2.1(d)(1) The utility shall submit a narrative describing:

(a) The offering of BD pathways across all premise types and sectors in a way that bundles and integrates rather than decouples EE and BD;

(b) How customers with electric resistance and delivered fuel customers will be prioritized in marketing and outreach of BD measures; and

(c) How marketing and customer outreach and education will include the benefits and costs of BD options, such as efficiencies of air source heat pumps ("ASHPs") versus cold climate air source heat pumps ("ccASHPs"), including any variations of ccASHPs.

2.1(d)(2) The utility shall submit a narrative describing implementation details of BD measures, including:

(a) How customers will be provided with estimated bill impact information, which could include low and high estimates, before the incentive is given and the measure is installed;

(b) How contractors and program implementers will assess the building shell and encourage customers to install weatherization measures prior to finalizing and installing heat pumps for space conditioning;

(c) How program implementers and Trade Allies will include heat pumps for space conditioning as options for early replacements to avoid equipment failure situations when identifying future opportunities for major upgrades; and

(d) How customers will be educated on the proper operation of incentivized BD measures and use of their associated controls.

2.1(d)(3) The utility shall describe the necessary training and certification required by contractors and installers that are determined to be qualified to implement BD measures.

2.1(e) Approach to Implementing Demand Response

2.1(e)(1) Demand Response Strategy

The long-term vision for DR is to have an open, retail, distribution-level, DF market that operates in parallel with an open, wholesale, transmission-level DF market articulated by FERC Order No. 2222.[54] Staff envisions a broad array of distribution-level services, such as system emergency response, seasonal peak shaving, relieving local congestion, and promoting feeder line reliability.

The near-term objective for Triennium 3 is to transition from the closed DLC and pilot programs offered in Triennium 2 to an initially closed, wholesale and retail DR market

[54] "FERC Order No. 2222 Explainer: Facilitating Participation in Electricity Markets by Distributed Energy Resources," https://www.ferc.gov/ferc-order-no-2222-explainer-facilitating-participation-electricity-markets-distributed-energy.

supported by a third-party ecosystem. Such a market would offer a broad array of connected devices and contracts with third-party providers and would develop IT infrastructure to serve both the retail / distribution and wholesale markets.

The objectives of Triennium 3 DR programs would be to:

- Immediately capture value to electric ratepayers through wholesale peak load reduction; and
- Demonstrate DR value drivers for retail peak load reduction and grid services to begin to quantify distribution network benefits that can be procured in subsequent Triennia, and in the longer term, and auctioned in open aggregator markets being discussed within the energy industry working groups.

The DR Roadmap (summarized in Appendix D, Section 3.4(b)) lays out the long-term strategic plan for this transition.

The DR programs developed over Triennium 3 would:

- Capture wholesale peak demand reductions from DR in New Jersey from a growing number and types of DERs and by leveraging EDC advanced metering infrastructure ("AMI") investments.
- Promote electricity affordability by reducing EDC load coincident with PJM system peak demand which, in turn, can mitigate the impact of PJM capacity auction prices.[55]
- Support the development of retail PDR and distribution-level grid services by deploying DR resources that may be used to promote energy affordability in retail energy procurement, provide distribution grid stabilization services, and provide information for strategies that may be used in geo-targeted programs in the future.
- Develop data systems that support achievement of Triennium 3 DR goals and lay a foundation for tracking and coordinating DER aggregations in PJM wholesale markets enabled by FERC Order No. 2222.
- Support the achievement of DR goals through performance-based contracts with third party providers, including aggregators, connected device makers, and program implementers, using subscription compensation, event participation, and dollars-per-kW models as participant incentives.

The MFRs for DR programs below are based on the DR Roadmap. These MFRs only apply to EDCs. GDCs may propose DR programs for consideration by the Board. All responses to this section should align with the DR Roadmap as well as the DR Strategy

[55] Capacity prices from PJM's recent Base Residual Auction cleared at historic highs in June 2025. See details on the results of the Base Residual Auction here: https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2026-2027/2026-2027-bra-report.pdf

above and the Triennium 3 DR Definitions in Appendix D, Section 3.4(a).

2.1(e)(2) DR Program Descriptions

The utility shall provide a narrative describing its proposed DR programs. For each proposed program, the narrative shall address:

(a) How the program aligns with the DR Strategy and DR Roadmap;

(b) How the program aligns with other DR and grid modernization workstreams underway in the state, including:

(1) How proposed activities and investments align with ongoing grid modernization efforts in New Jersey, including, but not limited to, the implications of the grid modernization rulemaking and activities of the BPU's grid modernization forum on DR;

(2) How the program will leverage grid modernization analyses, planning activities and process improvements, including, but not limited to, hosting capacity maps and analysis, proactive system upgrade and DER integration plans, and interconnection processes; and

(3) How the data infrastructure for participant tracking and participant dispatch support the utility's role in the registration and coordination of DER aggregations in PJM wholesale markets enabled by FERC Order No. 2222;

(c) The SDM that the program serves;

(d) The connected devices that the program uses, the customer segments that are eligible, the customer segments that the program targets, and how the program onboards connected devices;

(e) The selection process for third-party providers and technology/manufacturing partnerships that have the largest market potential based on DER adoption data and near-term forecasts (up to three [3] years); and

(f) The plan for using AMI and other data sources to target customers to achieve peak demand reduction goals.[56]

2.1(e)(3) Alignment of Program Design with Time-varying Rate Design

AMI has nearly reached full deployment in the state. As such, the utility shall provide a narrative that details the following:

(a) Time-varying rates that are currently available to the utility's customers;[57]

[56] These target customer groups shall include: 1) customers with controllable DERs, including EVs, battery storage and water heaters; and 2) customers with consumption patterns that align with peaking conditions for the PJM market and distribution system.

[57] Time-varying rates refer to time-of-use, critical peak pricing, variable peak pricing, and real-time pricing

(b) Plans to leverage AMI in Triennium 3 to make time-varying rates widely available, including time-of-use rates and critical peak pricing, on a default and opt-in basis

(c) The use of time-varying rates to encourage DER adoption and enrollment of existing DERs in proposed DR programs

(d) If the utility proposes to implement dynamic rates such as peak time rebates, it shall indicate whether there will be a requirement to allow the utility to control a customer's smart thermostat during DR events. If not, the utility shall explain why this is not a requirement.

2.1(e)(4) DR Timeline

The utility shall provide a detailed timeline and milestones for each proposed DR program.

2.1(e)(5) DR Metrics

The utility shall submit a table that demonstrates how the DR program(s) will scale to meet increasing wholesale peak DR and retail peak DR goals over Triennium 3. For each DR program, the table shall include the following information for each year of Triennium 3:

(a) Planned wholesale peak demand reductions, which shall be summed across the five (5) days with highest PJM daily system peak demand. Wholesale peak demand reductions shall refer to reductions in meter-level demand in the PJM load zone in which the utility operates that are coincident with PJM system daily peak demand on the five (5) days with highest PJM system daily peak demand in each year of Triennium 3.

(b) Potential retail peak demand reductions, which shall be summed across all retail peak demand connected load and approaches for each year of Triennium 3. Utility peak demand reductions shall refer to reductions in meter-level demand at specific locations of the distribution system (e.g., a specific feeder) that provides quantifiable economic benefits such as location-based energy marginal price.

(c) Planned numbers of enrolled customers

(d) Planned connected load under management

2.1(e)(6) Third Party Implementation Model

The utility shall submit a narrative describing the approach to developing and utilizing a third-party DR ecosystem in which each program that the utility proposes shall:

(a) Establish contracts and partnerships with multiple third-party provider(s) by July 31, 2027 to scale up peak demand reductions;

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rates.

(b) Prioritize contracts and partnerships with third-party provider(s) that have the largest market potential based on DER adoption data and near-term forecasts (up to three [3] years);

(c) Allow customers to participate through multiple third-party providers, including the ability to change participation options; and

(d) Allow enrolled customer DERs to be part of aggregations that participate in PJM wholesale markets, including through aggregators that are not third-party providers in utility programs.

(e) Allow enrolled customer DERs to be part of aggregations that participate in retail peak demand reduction and ancillary services events

(f) Utilize performance-based contracts and partnerships in which the utility:

(1) Considers aggregate demand reductions during events when making payments to third parties;

(2) Validates peak demand reduction commitments from third party providers using AMI data;

(3) Makes ongoing performance-based adjustments to third-party PDR commitments as events are called, including test events to ensure that resources perform under a variety of weather and system conditions; and

(4) Defines event windows for weekdays and weekends that align with PJM system peak demand.

(5) Defines event windows for retail PDR that align with locations and times of utility territory peak demand.

(6) Defines protocols and compensation for events that provide grid services to the distribution grid

2.1(e)(7) Open and Scalable Infrastructure

The utility shall submit a narrative describing the IT and other infrastructure proposed to support DR in Triennium 3. The narrative shall address how the infrastructure proposed will:

(a) Support transition to an open DF market as described in Sections 3.4 and 3.5 below;

(b) Leverage investments made in DR infrastructure in Triennium 2;

(c) Validate third-party provider performance against commitments, enforce penalties, and terminate agreements for consistent underperformance;

(d) Enable customer choice in enrollment, unenrollment, changes in third party provider, and dispatch options;

(e) Prioritize open standards (such as OpenADR) and ensure interoperability of connected devices across third party providers;

(f) Prevent conflicting or overlapping dispatches to customers enrolled in other DR programs; and

(g) Track and validate program enrollment and operational data, including, but not limited to:

(1) Account ID and Meter ID for each enrolled customer

(2) Enrollment date and un-enrollment date (if applicable) for each customer

(3) Which customers receive dispatch signals in each event

(4) The start and end times for each event

(5) Deploy DR technology(ies), including, but not limited to

(6) C&I automated DR

(7) Managed EV charging

(8) Wi-Fi thermostat DR

(9) Battery storage

(10) Thermal storage

(11) Grid-interactive water heaters

(12) Other emerging technologies

2.1(f) Financing Offerings

The utility shall aim to provide low-cost financing options to residential and small business customers, focusing on maximizing lifetime savings, aligning with equity and decarbonization policies, and minimizing administrative complexity. Financing options shall be consistent with Appendix E, below.

2.1(f)(1) The utility shall indicate whether it will have an OBR offering, a TPI offering, or no offering.

2.1(f)(2) The utility shall report the ratepayer costs and administrative costs for running the financing offerings in the CBA Workbook (see Section 2.2) that includes:

(a) Values and calculations that can be used to determine the cost to ratepayers; and

(b) Forecasts for each of the eligible measures, including loan participation rates, average loan principal, average loan length, and an estimate of the NPV of the interest rate buydown to calculate the ratepayer cost to provide the financing

offerings. The utility shall document the market interest rate assumed for the buydown.

2.1(f)(3) The utility shall describe how the loan offering will be administered and marketed to consumers and contractors.

2.1(g) Approach to Addressing LMI and OBMs

In consultation with Staff, the New Jersey Division of Rate Counsel ("Rate Counsel"), and other stakeholder groups as appropriate, the utility shall ensure equitable program design and allocation of benefits, including programs and specific opportunities for LMI customers and renters.

2.1(g)(1) The utility shall describe the approach to addressing LMI and overburdened municipality ("OBM")-located customers, including:

(a) Demonstrating that LMI and OBM program offerings serve all required customer classes: residential customers (including renters), commercial customers, qualified small businesses, multifamily buildings; and

(b) Describing the approach to qualify customers, including income verification, categorical eligibility, and alternative approaches that may streamline service provisioning.

2.1(h) Strategy for Utilizing Energy Navigators

The utility shall describe how programs will coordinate data sharing and align with Energy Navigators as described in Appendix F, Section 3.6, below.

2.1(h)(1) The utility shall describe its strategy for coordination with Energy Navigators, including how customers will be directed to Energy Navigators from the utility and the intake process for customers directed from the Energy Navigators into utility programs.

2.1(h)(2) The utility shall acknowledge that customer information and programmatic data will be synced with the Energy Navigators' information systems via policies and procedures jointly developed prior to the establishment of Energy Navigators.

2.1(h)(3) The utility shall propose a set of requirements or processes by which the integration of program touchpoints may be coordinated with the Energy Navigator and how the Energy Navigator can schedule interactions with utility service providers on behalf of the customer.

2.1(h)(4) The utility shall develop a training program specific to Energy Navigators to assist in implementing the SDMs and submit a detailed description of the training program and draft training materials.

2.1(i) Strategy for the Alignment of Workforce Development Outcomes

2.1(i)(1) WFD Strategy

(a) The utility shall submit a narrative describing the approach to WFD, including addressing:

(1) How all training programs, work-based learning ("WBL"), and their curricula shall be directly aligned with the skills and competencies required for forecasted EE and BD employment opportunities.

(2) How workforce training partnerships and pipelines will include specific strategies that actively recruit, train, and employ local, underrepresented, and disadvantaged workers for EE and BD jobs.

(3) How employment opportunities are associated with implementation contractors and their affiliated trades, who are tasked with achieving the outcomes defined in the SDMs.

(4) How training recruitment will be limited to candidates likely to pass employment screening.

(5) How all employment screening criteria will be designed with equity considerations to ensure fair and equitable access to opportunities across all job categories.

2.1(i)(2) WFD Metrics

(a) The utility shall propose WFD performance metrics that are based on reliable, verifiable job forecasts and specifically reference the established baseline metrics presented in Table 1 below.

Table 1. Workforce Development Program Performance Metrics

Measurable Outcomes - Expected Results of Training		
Performance Metric	**Target Audiences**[1]	**Planned Numeric Targets**
1.Recruitment Metrics		
Number of Partners and/or enrolled in each utility T3 WFD training program.	Contractors	
	CBOs	
	Training Partners	
2.Hiring Outcomes		
Number of hires (full-time jobs) by experience levels	Entry Level (0 yrs exp.)	
	Mid-Level (1-3 yrs exp.)	
	Senior Level (3+ yrs exp.)	
Demographic Info	Returning Citizens	
	Veterans	
	At-risk Community Members	

	Disadvantaged Communities	
	Transitional Youth	
	Disaggregated by: race, gender, disability status, veteran status, income, zip code, etc.	
Hiring Sources	Local One Stop	
	Contractors Network	
	CBOs, K-12, Higher Ed	
3.Educational Attainment	High School	
	College Degree	
4.Training Metrics		
Enrollment	New Workers	
	Existing Workers	
	Contractor Firms	
Completion	New Workers	
	Existing Workers	
	Contractor Firms	
Certification	Number of individuals receiving certifications	
	Number of Type of industry-recognized skill or business certifications mapped for skills training	
	Number of On-the-Job Training (OJT) for Contractor Firms	
	Number of Apprenticeship Programs	
Cost	Estimated cost of training per participant (by group)	
	Average Wraparound Spending Per User: (Tracks the average amount per person who use the services)	
5.Retention Metrics		
12-month retention %		
Wages paid		
Average Salary		
6.WBL Programs (# of Participants)	Apprenticeship	
	Pre-apprenticeship	
	Internships	

	Co-ops	
	On-The-Job Training	

2.1(i)(3) WFD Budget

(a) The utility shall propose annual and total WFD budgets using supporting data and the established performance metrics goals.

2.1(i)(4) WFD Evaluation - The utility shall acknowledge that it will:

(a) Develop and submit a comprehensive WFD Program Evaluation Plan within six (6) months of the starting date of Triennium 3.

(b) Develop a plan that details the methodologies, timelines, and resources dedicated to conducting both process and outcome evaluations of the WFD program and its core components, including but not limited to those found in Table 1.

(c) Execute this evaluation plan throughout the program lifecycle, in one (1)-year increments, and submit a final evaluation report that includes all findings, analysis, and recommendations for continuous improvement.

2.1(i)(5) WFD Stakeholder Coordination

(a) The utility shall submit a plan on how it will leverage the BILT initiative and consult with Staff and the NJDOL to develop, implement, and ensure all WFD strategies and planning are consistent and directly aligned with State-level EE, BD, and DR goals and labor priorities.

2.2 Energy Savings Targets, Budget, and Benefit-Cost Analysis

The CEA sets out the requirements for savings targets and cost-benefit analysis of the EE and PDR programs. The savings targets are 2.0% for electricity and 0.75% for gas of "the average energy usage in the prior three years."[58] In addition, the CEA directs the Board to conduct "a study to determine full economic, cost-effective potential by customers of each electric public utility and gas public utility."[59] Preliminary Triennium 3 goal-setting study targets for electric public utilities are 1.61%, 1.67%, and 1.67% for the three (3) program years, respectively. For the gas public utilities, the preliminary targets are 0.66%, 0.67%, and 0.67%, respectively for the program years, respectively (see Section 3.9[a], below for details).

In addition, the CEA requires the portfolio-level benefit-cost ratio to be greater than or

[58] N.J.S.A. 48:3-87.9(a).

[59] N.J.S.A. 48:3-87.9(b).

equal to 1.0, considering both economic and environmental factors.[60] A program may have a benefit-cost ratio of less than 1.0 if the program is in the public interest, such as low-moderate income programs or programs promoting emerging energy efficiency technologies.[61] The June 2020 Order establishes the NJCT as the primary cost test to calculate the benefit-cost ratio. The five (5) cost tests in the California Standard Practice Manual shall also be used to calculate the benefit-cost ratio.

Staff proposes that compliance with the CEA savings target be measured with gross savings. Net savings, however, shall be used to assess benefit-cost ratios of program budgets for resource acquisition. The difference between gross and net savings shall be attributed to market transformation initiatives, referred to as NTG savings reclamation.

Budgets are expected to be built from measure-level forecasts and data up to program budgets. The budget for non-programmatic items, such as workforce development and other market transformation initiatives, shall be added to the programmatic budget to obtain a portfolio total budget. The utilities shall provide assumptions and justification for non-programmatic items. See Appendix A, Section 3.1(d) for guidance on which costs may be proposed for inclusion in the market transformation category.

The utility shall submit an Excel workbook according to the template ("CBA Workbook") developed in the EM&V WG. The CBA Workbook serves to document all savings and financial assumptions. The utility shall include the actual Excel formulas for its calculations, rather than just a numeric value. For formulas that reference or pull values or output from external workbooks, those external worksheets, workbooks, or data sources shall be referenced and included as supplementary Excel or data files. This section provides guidance on submission of the CBA Workbook, with sub-sections that match the worksheets in the CBA Workbook, where the worksheet name is in parentheses.

Staff shall review the CBA Workbook for:

- Adherence to all Board-provided assumptions, formulas, equations, and inputs;
- Baseline forecast assumptions;
- Assumptions for measure-level data on participation and savings;
- Incentives following the guidelines in Section 3.3(a), below;
- Measures screened according to cost-to-achieve and other criteria;
- Program budgets based on cost-benefit analysis and cost-to-achieve;
- Non-programmatic budgets assumptions;
- Portfolio budget based on cost-benefit analysis; and

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[60] N.J.S.A. 87.9(d)(2).

[61] Ibid.

- QPI assumptions.

2.2(a) Energy Savings Targets

The purpose of this worksheet is to determine the annual energy savings targets. The utility shall first provide historical and projected retail sales. The three (3)-year moving average of retail sales times the percentage saving targets as shown in Table 4 in Appendix H, Section 3.8(a)(1) determine the annual energy savings targets in kWh or Therms, as applicable. The utility shall:

2.2(a)(1) Submit actual and forecasted retail energy sales for the full triennial period, Triennium 1 through Triennium 3, Program Years one (1) through eight (8). Actual sales shall be submitted for Program Years one (1) through five (5). Forecasted sales shall be submitted for Program Years six (6) through eight (8). The forecasted sales shall be based on load and load growth forecasts used in recent regulatory filings, submissions to PJM, and those offered by the EIA for use in energy management. The utility shall provide the retail energy sales forecast in the CBA Workbook with the units in MWh for EDCs and units in therms for GDCs. Where a utility is responsible for both electric and gas distribution, the utility shall present the energy forecasts separately for each fuel type.

2.2(a)(2) Provide clarifying explanations and appropriate citations for responses to Section 2.2(a)(1), above, if there are variances between the retail energy sales forecast provided and prior regulatory filings or publicly available sources (e.g., EIA or PJM).

2.2(a)(3) Create a retail energy sales baseline by calculating the three (3)-year moving average for Program Year seven (7) through Program Year nine (9) from the energy sales forecast calculated in response to Section 2.2(a)(1). For each program year, the three (3)-year moving average is derived from taking the average of the three (3) prior years of retail sales. For example, Program Year seven (7) is the average of Program Years four (4) through six (6). Where a utility is responsible for both electric and gas distribution, the utility shall prepare separate energy savings targets in kWh or therms for electricity or natural gas, respectively, for each program year in Triennium 3.

2.2(a)(4) Calculate annual energy savings targets by multiplying the utility three (3)-year moving average of retail sales from Section 2.3(c)(1) by the utility share from Table 4.

2.2(b) Demand Reduction Targets

The purpose of this worksheet is to document various metrics associated with demand reduction measures by Program Year. The utility shall:

2.2(b)(1) Propose demand reduction QPI targets for DR Demand Savings, Connected DER Capacity, and DR Cost-Effectiveness per Table 8 for each program year in Triennium 3.

2.2(b)(2) Provide documentation and supporting calculations for the proposed target values. The level of capacity and energy savings for DR programs shall be based on data from programs offered by other utilities and data provided by DR program implementers. The utility shall reference the studies and reports that provide program performance data and explain how the utility uses these data to develop assumptions for their proposed programs.

2.2(b)(3) Report demand reduction targets for each program year as a total and by program in kW.

2.2(c) Measure Data (Measure PY Summary and Measure Tri Summary)

Portfolio-level savings and budget shall be built-up from measure-level projections. Note that there are two (2) worksheets: the first for program years ("Measure PY Summary") and another for triennia ("Measure Tri Summary"). These worksheets serve to provide transparent documentation of assumptions and data to evaluate the participation, cost, and savings projections and incentive levels. Estimates of net and gross savings at the measure level will be used to determine potential savings attributed to resource acquisition and market transformation. The utility shall:

2.2(c)(1) Include metrics to characterize a measure, such as participants, incentive, net and gross energy savings, and net-to-gross ratio.

2.2(c)(2) Submit proposed incentives for each measure along with annual savings, measure life, and representative energy tariffs (to evaluate bill savings), average loan principal, NPV of loan subsidy, and average project cost. The guidelines for determining incentives levels are in Appendix C, Section 3.3(a), below.

2.2(c)(3) Provide deemed savings equations for measures not currently in the TRM, along with the additional requested measure-level data.

2.2(d) Program Summary Worksheet

The measures in the Measure PY Summary Worksheet are rolled up to the Program Summary Worksheet to report program-level participation, budget, savings, and other metrics. The utility shall:

2.2(d)(1) Report at the program level component information to the

Performance Metrics Worksheet such that variations in performance metrics can be explained at the program level.

2.2(d)(2) Include metrics in the Program Summary Worksheet including components of direct costs, program-level costs, energy savings, demand savings, and cost to achieve.

2.2(d)(3) Report, to the extent possible, values on the Program Summary Worksheet that are directly calculated from the Measure PY Summary Worksheet.

2.2(e) Performance Metrics Worksheet

The purpose of this worksheet is to compare Triennia 1 and 2 data to projected Triennium 3 data. The utility shall:

2.2(e)(1) Provide, at a minimum, annual and lifetime energy savings, total budget, expenditures, and the annual and lifetime cost to achieve energy savings.

2.2(f) Program Participants & Energy Savings by Program Year (Appendix A)

The utility shall:

2.2(f)(1) Report forecasted energy savings and participation metrics by program year.

2.2(f)(2) Submit data for each program on participants, net annual kWh, and net annual therm energy savings.

Note that there are two (2) tables: one (1) for Triennium 2 data and one (1) for Triennium 3 data.

2.2(g) Budgets and Costs by Program Year (Appendix B)

This worksheet documents portfolio budgets. The budget table identifies which budget categories are expensed vs. investment. Note that there are eight (8) tables: four (4) for Triennium 2 and four (4) for Triennium 3. The utility shall:

2.2(g)(1) Report expensed and investment program costs for Program Years four (4) through nine (9) according to the following budget categories:

- Expensed Costs
    - Utility Administration
    - Marketing and Outreach
    - Workforce Development
    - Outreach to Community-Based Organizations
    - Inspections and QC

- Evaluation
- Health and Safety
- Outside Services - Administration

- Investment
  - Outside Services - Support
  - Incentives - Rebates
  - Incentives - Loan Investment
  - Market Transformation
  - Capital Cost

2.2(g)(2) Prepare a narrative to justify each non-programmatic budget category, including but not limited to the market transformation budget. For the market transformation budget narrative, describe the market transformation activities and resources involved for each activity.

2.2(h) Net Budget Transfers (Appendix C)

Net budget transfers require cooperation and transparency between the utilities. This worksheet, which includes several tables, is designed to balance out the net budget transfers (i.e., to sum to zero) and requires that all utilities submit the same set of numbers. Note that Table 1.a on this worksheet is for Triennium 2 data. The net budget transfers only include transfers for programs in which energy and costs are shared among utilities. Each utility shall:

2.2(h)(1) Collaborate with its partners to develop the transfer matrix (see Figure 1 of Section 3.8(c)(2). Staff expects this worksheet to be identical for all seven (7) utilities.

2.2(h)(2) Submit key inputs, such as the utility's transfer-In budget (the budget sent by partner utilities to pay for energy savings by the lead utility) and the transfer matrix (Table 2 on the worksheet).

2.2(h)(3) Provide a description of the program structure for coordinated, consistent delivery of programs between the utilities and estimated coordinated budgets and allocation of costs and energy savings between the utilities, in areas where gas and electric service territories overlap.

2.2(h)(4) Provide a description of how the utilities coordinated their program assumptions and other factors that could influence results for each coordinated program.

2.2(i) Forecasted Average Cost to Achieve Each Unit of Energy Savings (Appendix D)

The purpose of this worksheet is to compare lifetime cost-to-achieve between Triennium

2 and Triennium 3. All energy savings values to calculate lifetime cost-to-achieve are net lifetime values. The utility shall:

2.2(i)(1) Submit Triennium 2 actual, not filed, lifetime cost-to-achieve data at the program- and sector-levels. The Triennium 2 data shall only include achieved data through Program Year four (4) and the first half of Program Year five (5). Projected or filed data for Triennium 2 should not be used.

2.2(i)(2) Submit Triennium 3 projected lifetime cost-to-achieve data at the program- and sector-levels.

2.2(j) Benefit-Cost Tests (Appendix E)

The requirements for benefit-cost tests are described in detail in Appendix G, Section 3. The utility shall:

2.2(j)(1) Submit sufficient information to allow a thorough evaluation of the cost-effectiveness on a program-specific basis.

2.2(j)(2) Report all the cost-effectiveness tests described in the California Standard Practice Manual, namely Participant Cost Test, Program Administrator Cost Test, Ratepayer Impact Measure, Total Resource Cost Test, and Societal Cost Test, as well as the NJCT. The utility shall use the avoided cost factors defined in the NJCT Memo.[62]

2.2(j)(3) Calculate at the program-, sector-, and portfolio-level cost test values based on the avoided costs specified in the NJCT Memo. The utility shall not add any avoided cost benefits not already defined in the NJCT Memo.

2.2(a) Quantitative Performance Indicators by Program Year (Appendix F)

2.2(a)(1) The utility shall submit target values for all the QPIs for each of the Program Years as shown in Table 8 of Appendix I.

2.2(b) Documentation of Additional Performance Metrics (Appendix G)

The utility shall submit performance data outside of the standard kWh kW, and therms, wherever applicable:

2.2(b)(1) Building decarbonization metrics, such as participation, site and source savings, and emission savings.

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[62] "Energy Efficiency Triennium 3 NJ Cost Test Proposed (2025)," *available at* https://www.njcleanenergy.com/main/public-reports-and-library/market-analysis-protocols/market-analysis-baseline-studies/market-an in the "Cost Effectiveness Analysis & Avoided Cost" section.

2.2(b)(2) DR metrics, such as enrollment and aggregate peak demand reductions on the five (5) days with highest PJM system peak demand.

2.2(b)(3) CVR performance metrics, such as participation and savings

2.2(c) Measure Incentive Ranges (Appendix H)

2.2(c)(1) The utility shall provide a table of existing Triennium 2 and proposed Triennium 3 incentives, including enhanced incentives LMI and OBM customers, go-to-market incentives, and maximum incentives. This table shall be submitted both in the CBA Workbook and in the program plan.

2.2(a) Participant Bill Savings (Appendix I)

The goal of this worksheet is to evaluate bill savings per participant at the program level. The utility shall:

2.2(a)(1) Report energy savings, bill savings, and bill reductions by program.

2.2(a)(2) Report the representative electric and natural gas rate by sector.

2.3 Utility Cost Recovery

The utility incentive mechanism is described in Appendix I, Section 3.9(f).

2.3(a) Incentive Pool

2.3(a)(1) The utility shall calculate and document the maximum incentive and the incentive for average performance (i.e., the “deadband” of the performance incentive mechanism curve) based on the utility incentive mechanism described in Appendix I, Section 3.9(f).

2.3(b) Quantitative Performance Indicators

2.3(b)(1) The utility shall submit proposed target QPI values for the QPIs listed on Table 8 in Appendix I, Section 3.9(f) for consideration by the Board.

2.3(c) Return or Performance Incentive Payouts

2.3(c)(1) For purposes of evaluating the NJCT, the utility shall calculate the expected return for meeting all the QPI targets at 100%.

2.3(d) Cost Recovery

2.3(d)(1) The utility shall provide appropriate financial data for the proposed program(s), including estimated revenues, expenses, and capitalized

investments for each of the first three years of operations and at the beginning and end of each year of the three (3)-year period. The utility shall include *pro forma* income statements for the proposed program(s) for each of the first three (3) years of operations and actual or estimated balance sheets at the beginning and end of each year of the three (3)-year period.

2.3(d)(2) The utility shall provide detailed spreadsheets of the accounting treatment of the proposed cost recovery, including describing how costs will be amortized, which accounts will be debited or credited each month, and how the costs will flow through the proposed program cost recovery method.

2.3(d)(3) The utility shall provide a detailed explanation, with all supporting documentation, of the recovery mechanism it proposes to utilize for cost recovery of the proposed program(s), including proposed recovery through the SBC, a separate clause established for these programs, base rate revenue requirements, government funding reimbursement, retail margin, and/or other mechanisms.

2.3(d)(4) The utility's petition for approval, including proposed tariff sheets and other required information, shall be verified as to its accuracy and shall be accompanied by a certification of service demonstrating that the petition was served on Rate Counsel simultaneously with its submission to the Board.

2.3(d)(5) If the utility is seeking carrying costs for a proposed program, the filing shall include a description of the methodology, capital structure, and capital cost rates used by the utility. A utility seeking performance incentives shall provide all supporting justifications and rationales for the incentives, along with supporting documentation, assumptions, and calculations.

2.3(e) Bill Impacts and Rate Impacts

The utility shall provide, in both narrative and tabular format, estimated bill impacts for residential customers for various time periods in the following format:

Table 2. Estimated Bill Impacts

Utility	Estimated Usage	Initial Est Impact ($/mo)	Est Impact for Yr 1 ($/yr)	Est Max Bill Impact & Yr ($/ yr)	Est Cumulative Impact over Program Recovery Term ($, yrs)
	___ kWh/mo ___ /year				

2.3(e)(1) The utility shall also provide, in narrative and tabular format, the bill savings expected for program participants. These bill savings shall be calculated at the program level, using an indicative retail rate by rate class, the total expected savings by rate class, and the total number of program participants. The utility shall include the calculations used to arrive at bill savings in a spreadsheet with all supporting calculations.

2.3(e)(2) The utility shall provide a rate impact summary based upon a revenue requirement analysis that identifies all estimated program costs and revenues for each proposed program on an annual basis. Such rate impacts shall be calculated for each customer class. The utility shall include a spreadsheet with all supporting calculations.

2.3(e)(3) The utility shall provide, with supporting documentation, a detailed breakdown of the total costs for the proposed program(s), identified by cost segment, consistent with the program cost categories enumerated in Section 2.2(g)(1). This shall also include a detailed analysis and breakdown and separation of the embedded and incremental costs that will be incurred to provide the services under the proposed program(s), with all supporting documentation. Embedded costs are costs that are provided for in the utility's base rates or through another rate mechanism. Incremental costs are costs associated with or created by the proposed program that are not provided for in base rates or another rate mechanism.

2.3(e)(4) The utility shall provide a detailed revenue requirement analysis that clearly identifies all estimated annual program costs and revenues for the proposed program(s), including effects upon rate base and pro forma income calculations.

2.3(e)(5) The utility shall also include net participant savings, in narrative and tabular format. Net participant savings is the net result of the rate impact calculated in Section 2.3(e)(2) and the bill savings calculated in Section 2.3(e)(1).

2.4 Evaluation, Measurement and Verification

Since the start of New Jersey's EE and PDR programs established pursuant to the CEA, a key part of the regulatory framework has been the development of a consistent, standard, and transparent approach to EM&V of the programs' achievements. The EM&V WG, led by a SWE and comprising various stakeholders such as Staff, Rate Counsel, utilities, and technical contractors, develops recommendations for the Board's consideration on a standard, transparent, and replicable approach for assessing the programs.

Detailed EM&V of New Jersey's Triennium programs provides:

- Useful guidance and feedback to ensure that programs improve over time;
- Parameter values for TRM savings algorithms to reflect attributable behaviors and market conditions that are closest to actual conditions;
- Greater confidence in the achievement of desired goals, outcomes and impacts; and
- A defensible basis for evaluating the cost-effectiveness of the programs.

By Order dated September 25, 2025, the Board established the Triennium 2 EM&V Framework, which describes:

- Roles and responsibilities of the entities participating in the EM&V of Triennium 2 programs;
- Products, such as the TRM, triennial goal setting study, avoided cost memorandum, impact and process studies; and
- Activities and processes to coordinate and deliver the products.[63]

The framework is the product of the experience of the EM&V WG through Triennium 1. Overall, the EM&V Framework underscores the collaborative and adaptive approach to EM&V, integrating stakeholder input and best practices to achieve EE and demand reduction goals. The SWE will guide development of a revised EM&V Framework for Triennium 3 to adapt to the new goals of Triennium 3. Revisions may address the following:

- Market transformation and the SDM framework;
- Development of program theory and logic models for all SDMs; and
- Addressing EM&V needs for DR.

Each utility is responsible for the design, implementation, and evaluation of its programs, as well as reporting on compliance to the Board. Each utility contracts directly with its own UIEs, which provide evaluation services and support to the utilities in fulfilling their EM&V obligations. When possible, utilities should conduct evaluations jointly.

For more information about the EM&V administrative structure and EM&V WG, TRM, NTG, and evaluation studies, see Appendix J, Section 3.10.

2.4(a) Statement of Compliance with EM&V Framework

2.4(a)(1) The utility shall acknowledge that, following Board approval of the Triennium 3 portfolios, the utility shall participate in the EM&V WG to update the EM&V Framework for Triennium 3 under the guidance of the SWE.

[63] In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO23030150, Order dated September 25, 2025 ("September 2025 Order").

2.4(a)(2) The utility shall acknowledge that it will require its UIEs to comply with the most current EM&V Framework as it evolves to support the assessment of Triennium 3 SDM programmatic offerings and the utility's associated activities.

2.4(a)(3) The utility shall acknowledge that it will collaborate with the SWE to determine its list of evaluation studies for the Triennium Evaluation Studies Plan according to the timelines in the EM&V Framework.

2.5 Reporting

2.5(a) Statement of Compliance with Reporting Requirements

2.5(a)(1) The utility shall acknowledge that it will comply with the quarterly and annual performance tracking reporting requirements in Appendix K, Section 3.11.

2.6 Statement of Joint Utility Coordination

2.6(a) Collaboration with Other Utilities to Design Programs and Processes for Each SDM.

2.6(a)(1) The utility shall describe its approach to coordinate the design, development, and implementation of the enabling technologies required to share key programmatic touchpoints with Energy Navigators and exchange data between partner utilities. The write-up should include software requirements and indicative data governance rules for contractors, implementation service providers, and Trade Allies involved in the provision of program services.

2.6(a)(2) The utility shall collaborate with other utilities to agree on a set of programs to implement one (1) or more SDMs and shall identify the relevant programs and their alignment with one or more SDMs.

2.6(a)(3) The utility shall highlight those SDMs requiring an approach unique to its service territory. The text should identify the relevant programs, the challenges anticipated, and the rationale for the approach chosen.

2.6(a)(4) The utility shall identify and describe the working groups and other mechanisms used to coordinate delivery of services, incentive levels, and major marketing events.

2.6(a)(5) The utility shall collaborate with other utilities to pursue joint procurements of EM&V studies and other joint procurements that result in administrative cost reductions.

2.6(b) Collaboration with Other Utilities to Facilitate Participation by Contractors

Supporting and facilitating participation by contractors is a key aspect of successful program delivery. Intentional program design regarding contractor engagement will lower costs to contractors by lightening administrative burdens and expand contractor participation.

2.6(b)(1) The utility shall submit a narrative that describes how the utility will coordinate with other utilities to facilitate and support participation by contractors in the programs, including consideration of the following:

(a) Orientation about the utilities' program offerings, including goals, program design, incentives, processes, timelines;

(b) Option for contractors to assign rebates and incentives to third-party "aggregators" that can manage submissions on their behalf, streamline program compliance, and accelerate payments to contractors;

(c) Streamlined registration of contractors and aggregators as program Trade Allies;

(d) Standardized qualifications, including specialized certifications, and processes for Trade Allies to participate in programs;

(e) Recognition of Trade Allies who have competency with highly specialized skills, such as having experience with building decarbonization measures;

(f) Technical training and certification opportunities for contractors through the utilities' workforce development programs;

(g) Standardized analytical and communication tools and software (e.g., modeling software, presentation slides to explain programs and provide assessment results with customers);

(h) Co-operative marketing opportunities;

(i) Timely business processes, which may include the following:

(1) Negotiated lines of credit (at 0% interest) between distributors and contractors for the wholesale cost of equipment;

(2) Shortened payment cycles to contractors, preferably within thirty (30) days of invoicing; and

(3) Project milestones by which incentives are provided to contractors to improve cashflow. These milestones may include: submission of an application, installation of measures, and project completion; and

(j) Regularly scheduled Trade Ally webinars and working groups to provide program updates and solicit feedback from Trade Allies about program design, processes, and opportunities to improve supports for Trade Allies.

2.7 Stakeholder Engagement and Collaboration

2.7(a) Goals

2.7(a)(1) The utility shall propose goals and metrics for stakeholder engagement and collaboration, e.g., increasing participation in programs, engaging in market transformation efforts.

2.7(b) Plans

2.7(b)(1) The utility shall describe proposed plans for stakeholder engagement, consultation, and collaboration that link with proposed goals and metrics, addressing topics such as workshops, forums, funding opportunities, and planning, in the following areas:

(a) Workforce development such as collaborating with other utilities, Staff, the NJDOL, and other market actors to envision and implement necessary WFD requirements via BILT;

(b) Collaboration with NJCEP and Staff to coordinate program delivery;

(c) Municipal government and Sustainable Jersey should develop resource guides about the programs, explore opportunities to improve the customer journey, and explore market transformation initiatives;

(d) Community-based organizations such as developing or continuing relationships to increase participation in programs, explore market transformation initiatives;

(e) Commercial real estate organizations, lawyers, and other professionals such as developing resource guides about the programs to increase participation or exploring market transformation initiatives;

(f) Contractor associations such as exploring market transformation initiatives; and

(g) Manufacturers and distributors such as exploring market transformation initiatives.

3. Appendices

3.1 Appendix A: Service Delivery Models

3.1(a) Whole Premise

3.1(a)(1) Service Scope

The Whole Premise ("WP") SDM seeks to provide a holistic assessment of energy investment opportunities available to the customer. WP focuses on customer choice, is responsive to customer needs, and enables customers to make decisions with information about measures, costs, returns on investment, and benefits.

The WP SDM supports customers whose premises demonstrate an opportunity for multiple clean energy building measures across measure classes, including electrification readiness and grid flexibility services. The WP SDM utilizes an EIP that considers available EE, BD, and DR measures that could be deployed over the next fifteen (15) years, including referrals to other clean energy offerings (e.g., solar, storage) as well as referrals to available utility bill assistance programs.

The goals of the WP SDM are to increase comfort, lower EUIs, and better manage energy demand to be responsive to regional and local calls to action by electricity grid operators. For customers for whom lower bills are a priority, the program should connect households to behavioral programs to encourage self-rationing which may focus on HVAC opportunities, including HVAC equipment replacement, installation and commissioning of zonal controls, smart thermostats, and the use of supplemental heat pumps (e.g., mini splits or U-shaped heat pumps) for the conditioning of small spaces.

Throughout the customer journey, the utilities should provide updated information about the customer to the Energy Navigator. Enabling technology and systems integration may be necessary to ensure that Energy Navigators are able to access project files and act as agents in setting appointments on behalf of customers. The utility should propose an approach to ensure that these technologies are available at the start of Triennium 3.

3.1(a)(2) Outcomes Sought

- Equitable access to the program with proportionate participation from all sub-populations and targeted demographics
- Participation of buildings with greatest emissions reduction and energy savings potential
- C&I buildings are encouraged to benchmark their energy and water usage (e.g., through bonus incentive or fast track application pathway)

- Prioritization of weatherization (e.g., through bonus incentive or fast track application pathway)
- Lowered energy burdens (striving for <6% of income for LMI customers after implementation of comprehensive clean energy building measures)
- Installation of clean energy building technologies with EULs exceeding ten (10) years
- Significant and substantive energy savings that lower the EUI well below the average comparative building
- Installation of clean energy building measures connected to the internet that achieve PDR
- Improved tenant comfort after the measures are installed
- The highest realized costs-to-achieve across the portfolio, better than $0.03/kWh or $0.90/therm

TARGET AUDIENCE

- Building owners, operators, occupants
- All building types across all sectors
- Of special interest: LMI households, properties in OBMs, small businesses

DELIVERY CHANNELS

- Contracted implementation service providers
- Coordination with building trades: electricians, project engineers, etc.

POLICY FACTORS

- Rebate coverage not greater than 50% of total project cost (see App. C)
- Differentiated incentive levels (e.g., for weatherization first, full vs. partial electrification, savings performance tiers, measured vs. modeled)
- Adders for removal of barriers to efficiency and electrification

INCENTIVE DESIGN

Incentives shall support overarching goals, align with QPIs, and comply with Appendix C and Appendix E guidelines. In addition:

- Deeper Energy Savings (lower energy intensity): Project-based incentives shall exceed sum of single-measure prescriptive rebates.
- Remote Connectivity and Energy Assurance: Programs shall incentivize installation of remotely connected devices and/or on-device storage and enrollment in DR initiatives.
- Equity: Programs shall provide adder incentives aligned with equity goals and priority audiences.

3.1(a)(3) Customer Journey

- **Intake**: Intake includes establishing customer and premise records, determining customer intent, and determining if a WP program is the right path for the customer. (This information is gathered through the delivery channels.)
- **Assessment:** A WP program shall include a remote and/or in-person audit, offered consistently by all utilities, to establish baseline information and assess all EE, BD, and DR opportunities within a premise across measure classes. This shall include a focus on service continuity and energy assurance.
- **Assessment:** At the end of a remote and/or in-person audit, the customer should be presented with an EIP that includes all EE, BD, and DR opportunities within a premise across measure classes. The EIP should include a focus on service continuity and energy assurance, as well as address both immediate opportunities and future opportunities. The customer should gain an understanding of the costs and benefits of recommendations to make informed decisions.
    - Immediate Opportunities: The program shall use energy modeling tools to provide information about immediate measure options that are responsive to customers' priorities and supportive of decision making and that culminates in a final project scope and funding plan
    - Future Opportunities: The program shall identify future opportunities consisting of fewer-than-five(5)-year, five (5)-year, ten (10)-year, and greater-than-fifteen (15)-year horizons to invest in major upgrades based on consideration of equipment life, including proactive, early replacements to avoid equipment failure situations, as part of an EIP.
- **Trades:** Trade contractor(s) may install the measures in the final project scope in the order defined.
- **Close-out**: The program shall support necessary close-out activities with the customer and complete the activities "behind the scenes."

3.1(a)(4) Enabling Technologies

- ❑ Software that models savings from EE, BD, and DR measures
- ❑ Interconnection and data sharing with Energy Navigator
- ❑ Blockchain contracts or shared datastore

3.1(a)(5) Supporting Processes

- ❑ Outreach and education to owners and occupants of buildings with greatest opportunities (e.g., based on Home Energy Reports data)
- ❑ Outreach and education to landlords about benefits of improvements for tenants and properties

- ❑ Accommodation of multiple intake channels
- ❑ Generation of comprehensive EIPs
- ❑ Referral to other Clean Energy programs via Energy Navigator
- ❑ Real time incentive processing
- ❑ Coordinated installation
- ❑ Customer and contractor experience surveys

3.1(b) Prescriptive Rebates

3.1(b)(1) Service Scope

Staff proposes a Prescriptive Rebates SDM to accommodate customers wishing to acquire a single measure or a small set of closely related clean energy building measures. The objective is to provision a standard financial incentive (i.e., rebate, loan) before or at the time of purchase – namely, via a private blockchain or other transactional data store. Most of these interactions will occur via the utility's online shop, at points-of-sale with participating market actors, or through the Energy Navigator.

The incentives can "stack," allowing incentive adders for qualifying purchasers – namely, LMI households, properties in OBMs, etc. Furthermore, where customers have been previously provided an EIP, perhaps through the WP SDM, it would be worthwhile to assess whether the prescriptive rebates were part of the suggested upgrades. The mechanism to allow this tracking could be electronic or paper coupons, in-app notifications, or targeted account notifications.

Where opportunities exist, customers may be encouraged to explore a broader range of energy investments or utility bill assistance options. The Energy Navigator may assist with these referrals; however, utilities are encouraged to consider what information and referral services can be embedded throughout the program interactions. This would include the promotion of enrollments to DR programs, promotion of BD measures as alternatives, or referrals to other clean energy offerings.

3.1(b)(2) Outcomes Sought

- Enhanced satisfaction of customers seeking rebates for clean energy building measures
- Streamlined processing of measure incentives and information sharing
- Broad adoption of clean energy building measures purchased through program partners across all geographic regions of the state, including the installation of a wide variety of connected devices bundled into grid flexibility services
- Equitable access to the program with proportionate participation from targeted sub-populations and demographics (e.g., LMI households, properties in OBMs, small businesses)
- Sale of clean energy building measures with EULs exceeding three (3) years

TARGET AUDIENCE

- Building owners, operators, occupants
- All building types across all sectors
- Of special interest: LMI households, properties in OBMs, small businesses
- Contractors that acquire measures on behalf of their customers

DELIVERY CHANNELS

- Partner retail outlets, authorized contractors, online stores
- Utility program administrators, Energy Navigator

POLICY FACTORS

- Differentiated incentive levels (e.g., for full vs. partial electrification, weatherization first)
- Program services should support BD and DR goals.

INCENTIVE DESIGN

Proposed incentive levels (for rebates and loans) shall follow the guidance in Appendix C and Appendix E.

- Incentive adders for equipment removal, decommissioning, or early replacement by the clean energy building technologies acquired
- Programs incentivize installation of remotely connected devices and/or on-device storage and enrollment in DR initiatives
- Programs provide adder incentives aligned with equity goals (LMI households, properties in OBMs, small businesses)
- Financing: Low or no cost on-bill repayment offered by utilities to SDM participants for the costs of the purchase; limitations on financing shall apply

3.1(b)(3) Customer Journey

- **Awareness:** Customer becomes aware that incentives are available for clean energy building measures via retail stores, websites, apps, or marketing efforts.
- **Point of Sale:** Redemption of electronic and paper coupons results in a short POS survey that activates the rebates, including any applicable adders; eligible customers may agree to on-bill repayment terms.
- **Check Out:** Customer may complete the transaction with minimal incremental effort.
- **Installation:** Measure is presumed to be installed.
- **QA & QC:** Random transactions may be selected for voluntary customer audit or satisfaction survey.

3.1(b)(4) Enabling Technologies

❑ Implementation of software via blockchain or similar data stores by key retailers and contractors authorized to sell incentivized clean energy building technologies; streamlines incentive processing and reports transactional data to the Energy Navigator

- ❑ Near-real-time sharing of transactional data with the Energy Navigator, including the premises served, participant contact details, and the zip codes of retail outlets

3.1(b)(5) Supporting Processes

- ❑ Established processes for the handling of coupons, vouchers, and other electronic rebates, including timely post-sale rebate processing
- ❑ Tracking of product adoption to the projections provided in the utility filings
- ❑ Enrollment of customers in DR services using the connected devices purchased through the program

3.1(c) Energy Management

3.1(c)(1) Service Scope

The Energy Management ("EM") SDM encourages and incentivizes customers to adopt behaviors that improve operational performance of energy systems and connected devices throughout the premise – that is, more efficiently using what is already installed. Beyond on-bill messaging and mailer inserts, Staff would like utilities to explore behavioral change apps, text messaging prompts, and targeted interactions that motivate consumers to make incremental changes that lower energy use and reduce demand. This is differentiated from promotional and outreach activities that simply drive customers to existing programs.

For customers for whom lower bills are a priority, the program should connect to a behavioral program to encourage self-rationing which may focus on HVAC opportunities, including HVAC equipment replacement, installation and commissioning of zonal controls, thermostats, and the use of supplemental heat pumps (e.g., mini splits or U-shaped heat pumps) for the conditioning of small spaces.

Occupant behavior and energy management initiatives are expected to optimize energy use and reduce peak demand. All properties are encouraged to develop pathways that provide for a variety of equipment performance improvement opportunities, including a wide range of grid flexibility services. This should include the use of AMI infrastructure to personalize calls to action and verify customer responses to those calls.

Through the Energy Navigator, customers shall be provided with available information about other clean energy incentives, including solar and storage.

3.1(c)(2) Outcomes Sought

- Integration of energy education with utility program offerings
- Equitable access to the program with proportionate participation from all sub-populations and targeted demographics
- Use of AMI data to validate actions taken by customers in response to personalized recommendations
- Attitudinal changes that demonstrate a desire to manage energy use and a willingness to explore refinements to current practices
- Attainment of new skills and knowledge regarding energy use and the deployment of clean energy building measures to realize value from the management and rationing of energy demand
- Evidence of causal influence over achieved impacts
- Statistically significant and cost-effective energy savings
- Registration of DR measures connected to the internet
- Demonstrated DR in the premise's energy use when calls to action are elicited as grid flexibility services

TARGET AUDIENCE

- Building owners, operators, occupants
- All building types across all sectors
- Of special interest: LMI households, properties in OBMs, small businesses

DELIVERY CHANNELS

- Retail outlets and online stores for programmable and connected devices
- Fairs, trade shows, and other events where households are provided devices
- Contracted implementation service providers and energy educators
- Training centers associated building trades: mechanical engineers, etc.
- App stores and gamification of control management
- Third party aggregators of DF services

POLICY FACTORS

- Program services should support BD and DR goals.

INCENTIVE DESIGN

Incentives shall support overarching goals and align with QPIs, including the following:

- *Informational Campaigns:* flyers, infographics, social media
- *Educational Assistance:* showcases, videos, workbooks, in-home energy education
- *Technical Assistance:* toolkits, savings calculators, etc.
- *Financial Assistance*: bill credits and rebates

3.1(c)(3) Customer Journey

- **Self- Install:** Online marketplace or brick and mortar retail stores
- **Telephone:** Customer calls program and is directed to either behavioral measure or measure appropriate for a behavioral add-on
- **Energy Navigator:** Referral to resourcing and coaching toward the adoption of energy saving and demand management behaviors
- **On-site:** Contractor providing new equipment or equipment repair to customer via open market. Repairs are a unique channel for occupant behavior. While equipment or systems are not being replaced, technology such as monitors, controls, and diagnostics can be installed or returned to provide cues to influence customer behavior.
- **Utility Implementation:** Utility (or utility third party provider) selects customers for specific behavioral intervention such as an app that provides event-driven energy consumption notifications, rewards, and challenges. Narrative could include self-rationing of energy use, configuration of zonal controls, use of supplemental space conditioning, and commissioning of connected devices.

3.1(c)(4) Enabling Technologies

- ❑ Interconnection and data sharing with Energy Navigator
- ❑ Energy management apps with AMI event triggered notifications
- ❑ Account identification apps/tools at large events
- ❑ Registry of self-initiated energy management initiatives

3.1(c)(5) Supporting Processes

- ❑ Generation of on-site comprehensive EIPs
- ❑ Real time incentive processing
- ❑ AMI integration with behavioral modification apps
- ❑ Referral to other clean energy programs by Energy Navigator

3.1(d) Market Transformation

3.1(d)(1) Service Scope

The Market Transformation SDM ("MT SDM") requires coordination among a broad set of market actors. This includes upstream, midstream, and downstream actors, each of whom may alter promotional, informational, and educational campaigns to focus on the adoption of prioritized clean energy building measures. Additional market actor activities may include technical and financial assistance.

Utilities are asked to coordinate and promote programmatic activities that align with and activate the following transformational theory:

> Where actor *abilities* align with relevant *attitudes*,
> the *desired behaviors* will naturally result.

To offer a new ability in the marketplace, the BPU could introduce NTG savings reclamation whereby any downstream market actor could adopt clean energy building measures with available incentives. The goal of this action would be to signal to midstream retailers, trade associations, and contractors that there is latent demand for high efficiency and feature-rich clean energy building measures. Staff expects this market signal to be much more potent than spending an equivalent amount simply to engage a small number of upstream and midstream actors for a fixed period.

Utilities are asked to work with retailers to implement POS rebate processing rules and enabling technologies to assist in tracking the value of incentives in the purchase of the higher efficiency measures in each class. Where incentives are highly weighted in the purchasing decision, then the resulting savings would accrue to the acquisition of the resource. Where buyers are willing to cover the incremental cost of high efficiency measures, then the incentives paid would accrue to market transformation efforts. It is the latter scenario that is activated in the MT SDM.

By streamlining the use of incentives, utilities encourage retailers to develop positive attitudes and experiences in the stocking, promoting, and sale of targeted clean building measures. Market transformation initiatives within Triennium 3 shall concentrate on changing specific abilities and attitudes among market actors via a narrow scope of activities. For Triennium 3, the actors are defined as including the following:

- Upstream actors are product manufacturers and distributors;
- Midstream actors are retailers, trade associations, training centers, and project design engineers who specify energy solutions; and
- Downstream actors are the buyers of clean energy building measures, such as consumers, contractors, and trades.

Market transformation activities include establishing and developing relationships with and offering non-financial incentives to upstream and midstream market actors – such as earned media, product placement, and promotion of products in field.

Upstream activities target manufacturers, distributors, wholesalers, and other entities that influence contractor purchasing decisions and midstream actors' (associations, retail stores) stocking, training, and promotional decisions. The upstream focus is to change shipping and stocking, promotion, education, and direct marketing to drive uptake of technologies and behaviors that achieve the goals of EE, remote connectivity, and energy assurance. Where successful, downstream actors will be influenced by upstream activities to desire, purchase, and install prioritized clean energy building measures.

Midstream activities target retailers, trade associations, and other entities that influence customer and contractor purchasing decisions to influence stocking practices, training of both consumers and contractors, and promotional content on the most relevant features.

As an example, the utilities should consider coordinating efforts to hire a lobby or leverage the New Jersey Utilities Association to encourage manufacturers to offer desired features in their products (e.g., remote connectivity with advanced controls, rest APIs that allow for the delegation of control to third parties, and on-device battery storage that allows for device usage during power outages).[64] Manufacturers, along with their distributors and retailers, should be incentivized to highlight desired product features in their advertising campaigns, product brochures, and training materials. By doing so, demand for these features and adoption of the highest efficiency products are elevated, thereby altering the standards of practice and advancing baselines within the prioritized measure classes.

Market transformation investments could also include those that do not directly "acquire" energy and demand savings but, rather, address important barriers that stifle the adoption of prioritized clean energy building measures. An example of this is workforce development initiatives that support contractor training and professional certifications that expand market capacity to effectively deliver strategic high priority measures. In Triennium 3, workforce development is considered part of the MT SDM.

Market transformation could also include the costs of strategically addressing health and safety barriers to weatherization for LMI households. These barriers can include mold, lead, structural issues, and other impediments that often prevent necessary upgrades to improve energy performance, such as insulation, air sealing, and HVAC system repairs. Tackling the barriers to weatherization would improve the housing stock, occupant health, and well-being while also realizing substantial energy savings and demand reductions.

[64] A REST API (REpresentational State Transfer Application Programming Interface) is a set of rules and conventions for building and interacting with web services. It allows different applications to communicate with each other over the internet using standard HTTP methods.

Expanding incentivized measure classes to include limited structural improvements can remove critical barriers to participation in EE and BD programs. This provides a "pathway in" and would "truly serve customers better" by addressing their needs holistically, as noted in the July 2025 stakeholder comments.

Market transformation investments could also include the costs of influencing the attitudes of market actors toward clean-energy-building measures through promotional and informational campaigns. These attitudinal market interventions could be made through collaboration with CBOs and other entities that have trusted relationships with residential and small commercial customers. When paired with collaborations between manufacturers, distributors, retailers, and contractors, structural outcomes allow both residential C&I customers to respond with desired behaviors.

Market transformation exhibits a shift in the product baseline and industry standards of practice, which are concurrent with the activities funded within the MT SDM. These impacts persist over time without significant reinforcement, while market spillover effects are one-time short-lived impacts that erode immediately once the market intervention ceases. Staff would like the utilities to concentrate their programs toward the outcomes sought, so that evidence of causal influence can be established.

As a whole, market transformation introduces emergent high-performing measures, helps to mature them in the marketplace, establishes them as new standards of practice, and allows the market to scale products to full maturity. Simultaneously, midstream market actors remove fully mature products from their inventory and make room for greater adoption of prioritized measures.

3.1(d)(2) Outcomes Sought

- Manufacturers offer targeted product features
    - Energy saving components and controls
    - Remote connectivity with apps that allow for both automated and manual control of equipment
    - On-device storage to allow for normal or critical features to function amidst utility system outages
    - Delegated control APIs that allow aggregation into grid flexibility services
- Upstream market actors changing promotional, informational, and educational campaigns to highlight and promote targeted product features
- Distributors stocking prioritized clean energy building measures across New Jersey to support anticipated product demand
- Midstream market actors changing stocking practices to feature and promote clean energy building measures that are connected and have on-device storage

- Trade associations certifying contractors and trades on the unique skills necessary to specify, install, configure, and maintain targeted clean energy building measures
- Placement of successful trainees into open roles at utility implementation firms
- Increased availability of prioritized clean energy building measures in retail outlets and online stores, while displacing their predecessors
- Downstream actors having increased product demand for, and positive attitudes toward, the desired features of prioritized clean energy building measures
- Contractors and trade representatives actively promoting BD and DR as part of their recommendations when promoting clean energy building measures

TARGET AUDIENCE

Upstream Actors: product manufacturers, regional distributors, and product design firms

Midstream Actors: trade associations, direct to public wholesalers, retail outlets, project engineers, and influencers that shape consumer attitudes and purchasing decisions

Downstream Actors: Facility managers, maintenance companies, tradesmen, and contractors

DELIVERY CHANNELS

Contracted lobbyists and advocacy groups

Recognition awards, featured articles, and other earned media events

Trade association meetings, conferences, and publications

Established partnerships with mid-stream and downstream actors

Direct interactions between the program administrators and market actors

Public fairs and tradeshows

POLICY FACTORS

Program services should support BD and DR goals

Market transformation should tear down barriers, not just address hurdles, impeding the introduction of the new energy technologies, incorporating desired product features, and consumer demand for the same clean energy building measures.

Need to scale incentives to be inversely related to market maturity of a measure; ultimately, adoption of highest efficiency equipment should persist beyond termination of financial assistance, with the previous technologies removed

INCENTIVE DESIGN

Non-financial compensation is offered to upstream actors in the form of earned media and product placement, offering them a competitive advantage in the market for the following actions:

- *Promotional Campaigns* that highlight targeted product features: efficiency, energy savings, remote connectivity, on-device storage.
- *Informational Campaigns* that reinforce targeted promotional activities and instructs buyers on the proper configuration and used of the targeted features.
- *Educational Assistance* provided by upstream actors on the selection, use, and maintenance of targeted product features
- *Technical Assistance* created and offered in conjunction with the educational assistance developed.

A modest expense budget is provided for collaborative utility use to develop an effective advocacy with product manufacturers and distributors. For midstream actors, utilities are expected to build upon existing relationships with only new incremental efforts to deliver the non-financial incentives eligible for inclusion.

3.1(d)(3) Customer Journey

- **Manufacturers:** Approached by utility lobbyist to communicate desirable product features, introduce opportunities for product positioning, uncover valued use cases, and encourage marketing strategies that provide earned media opportunities for compliant manufactures.
- **Distributors:** Approached by utility lobbyists to highlight demand for clean energy building measures with targeted product features, encourage supply chain improvements, and outline training and tools needed in the marketplace to address statewide priorities.
- **Trade Associations:** Work with utilities and their implantation firms to appreciate regional job openings and develop training that certifies the talent needed to fill available roles needed to support the design, specify, install, and maintain prioritized clean energy building measures
- **Retail Outlets:** Account representatives and outreach agents work with retailers to partner for the development and use of POS technologies that promote and process rebates offered to incentivize the purchase of prioritized clean energy building measures.
- **Downstream Actors:** Exposed to promotional, informational, and educational campaigns designed to enhance attitudes for the purchase, use of, and desire for high efficiency clean energy building measures that feature remote connectivity for demand response activity and on-device storage to assure the buyer of product function during utility outages.
- **Equity:** Market actors encouraged to price products for broad market adoption, LMI uptake, and localization of benefit streams within OBCs.

3.1(d)(4) Enabling Technologies

❑ N/A

3.1(d)(5) Supporting Processes

❑ Program logic model enhancements to develop causal linkages across a broad complex dynamic market

❑ Limited list of prioritized product features and measure classes upon which to focus research and evaluation work plans

❑ Partnerships and data sharing between key market actors and the BPU

❑ Develop catalog of supported non-financial incentives that can be implemented

3.2 Appendix B: Measure Classes

The most highly energy efficient measures, along with BD and DR options, are collectively referred to as clean energy building measures for the purposes of Triennium 3 program design.

Staff suggests building structures, systems, controls, and devices should support occupant wellbeing and realize process efficiencies at the lowest energy intensities possible. The broad and diverse list of clean energy building measures are catalogued in the current program year's Technical Reference Manual and categorized into the first list of prioritized classes of "Clean Energy Building Measures" below. These measure classes follow an approach "from the outside - in" when considering opportunities to optimize energy use in buildings and should be used as a reference in program design.

As a complement to clean energy building measure opportunities, Energy Navigators can assist customers who are interested in DERs, Backup Generation, and Financial Assistance by referring them to available programs and resources in these categories.

3.2(a) Clean Energy Building Measures

1a – Building Use: This measure class considers the primary purpose of and behaviors or processes within a building, which is an important first step in understanding the opportunities for optimization within the building. In industrial facilities, the focus may be on upgrading equipment, streamlining operations, and implementing advanced process controls to reduce energy consumption. By integrating high-efficiency motors, variable frequency drives, and automated systems, industrial processes can achieve significant energy savings while maintaining productivity, contributing to both cost reduction and lower emissions. In commercial and residential settings, consideration of how the building is occupied and used can similarly determine opportunities for energy savings or PDR.

1b – Building Shell/Structure: Improving the building envelope is critical for reducing energy loss and enhance occupant wellbeing. This measure class includes insulation upgrades including over-cladding, roof insulation, air sealing, and other weatherization measures to enhance thermal efficiency. To attain these savings, health and safety investments may be required. By minimizing heat loss and gain, buildings can maintain comfortable indoor environments with less reliance on heating and cooling systems with smaller sized systems. This directly reduces energy consumption and emissions within the building structure and the customer's capital and operations and maintenance ("O&M") energy costs. This measure class also includes health and safety upgrades (e.g., to address leaks, mold, asbestos, lead, etc.) that are necessary to proceed with weatherization measures.

1c – Major Systems: Major systems, such as HVAC, lighting, refrigeration, cooking, and water heating equipment, are key targets for EE, BD, and DR upgrades. This measure

class emphasizes the installation of high-efficiency systems, smart thermostats, and qualified LED lighting. Retrofitting outdated systems with modern, energy-saving technologies reduces operational costs and grid dependency while lowering the carbon footprint of buildings linked to smart building controls.

1d – Commissioning/Controls: Commissioning and advanced control systems ensure that building systems operate at peak efficiency. This measure class involves regular system O&M, tune-ups, retro-commissioning, and the integration of building management systems to optimize energy use. Smart controls enable real-time monitoring and adjustments, reducing waste and improving overall building performance.

1e – Common Area Elements: Common area elements focus on shared spaces in multi-tenant buildings, such as lobbies, hallways, and parking areas. Upgrading to energy-efficient and controllable lighting, occupancy sensors, and efficient ventilation systems in these areas reduces energy consumption. These improvements enhance tenant comfort while contributing to overall building efficiency, behind the meter energy management, and reduced emissions.

1f – Appliances and Fixtures: This measure class targets energy-efficient residential and commercial appliances, including clothes washers and dryers, dishwashers, refrigerators, freezers, dehumidifiers, room air conditioners, and water coolers. Replacing outdated appliances with ENERGY STAR-certified or Consortium for Energy Efficiency-certified and controllable models reduces energy and demand use and operational costs, supporting sustainability goals and lowering emissions.

1g – Plug Loads and Others: Plug loads encompass devices and equipment plugged into electrical outlets, such as computers, monitors, and small appliances. This measure class promotes the use of energy-efficient and controllable devices, power strips with timers, and behavior-based strategies to reduce or shift energy consumption. Addressing plug loads will minimize energy waste and supports grid stability.

3.2(b) Distributed Energy Resources (not included within Triennium 3; for referral by Energy Navigator)

These measure classes include small-scale electrical generation and/or storage systems located at or close to where electricity is being used, typically referred to as behind the meter.

2a – EV Chargers: This measure class supports the installation of Level 1 and Level 2 chargers in residential, commercial, and public spaces. By expanding charging infrastructure, EV adoption is accelerated, reducing reliance on fossil fuels and supporting emission reduction goals.

2b – Charger Configurations: This measure class focuses on optimizing EV charger

configurations, such as networked chargers, load management systems, and smart charging solutions. These configurations ensure efficient energy use, prevent grid overload, and integrate with renewable energy sources, further reducing emissions and grid dependency.

2c – Electric Vehicles: Promoting the adoption of EVs is central to reducing transportation-related emissions. This measure class incentivizes the purchase and use of EVs through rebates, tax credits, and partnerships with fleet operators. EVs contribute to cleaner air and reduced grid draw when paired with renewable energy sources.

2d – DER Solar: Behind-the-meter solar installations enable buildings to generate clean energy onsite. This measure class supports the deployment of photovoltaic ("PV") systems on residential and commercial properties, reducing the demand on grid electricity and lowering emissions. Incentives and streamlined permitting processes facilitate widespread adoption.

2e – Community Solar: Community solar projects allow multiple households or businesses to share the benefits of a single solar array. This measure class promotes equitable access to solar energy for those without suitable solar access such as rooftops, carports or canopies, reducing demand of grid electricity and emissions while fostering community-driven clean energy solutions.

2f – Dual Use Solar: Dual-use solar, such as agrivoltaics, combines solar energy production with agricultural or other land uses. This measure class supports innovative solar installations that maximize land efficiency, generate clean energy, and reduce emissions while supporting local economies and sustainability.

2g – DER CHP and fuel cells: Small on-site generation that can provide both electric and thermal energy which can reduce the use of natural gas, thereby reducing demand and lowering emissions.

3.2(c) Behind-the-Meter Generation (not included within Triennium 3; for referral by Energy Navigator)

3a – Backup Generation: This measure encourages residential and C&I customers to invest in resiliency. Backup generation provides support for major systems and critical load when the electricity grid is down.

3b – Energy Storage Solutions: Battery storage systems store excess energy from renewable sources like solar and wind for use during peak demand or outages. This measure class promotes the installation of advanced battery systems to enhance energy resilience and reduce demand for grid electricity. This would include thermal and gravitational storage solutions.

3c – Vehicle Battery Feed-in: Vehicle-to-grid technology allows EV batteries to feed

energy back to the grid or building. This measure class supports bidirectional charging infrastructure, enabling EVs to act as distributed energy storage, reducing grid strain, and limiting carbon emissions.

3.2(d) Customer Assistance (not included in Triennium 3; for referral by Energy Navigator)

4a – Energy Assistance: Financial assistance is provided to customers who are experiencing energy affordability issues. Through these grants, service continuity is improved.

4b – Disconnect Protection: Disconnect protection measures prevent utility shutoffs for vulnerable customers, ensuring continuous access to energy. This measure class supports policies and programs that provide payment plans, safeguarding energy access while encouraging participation in energy efficiency

3.3 Appendix C: Measure Incentives

3.3(a) Determining Measure Incentives

The primary goal of the following proposed Triennium 3 financial incentive design is to cost-effectively remove barriers to adoption of clean energy building measures that achieve long-lasting benefits (e.g., energy and peak demand savings) for customers and society, with enhanced incentives for priority customers.

The starting point for financial incentive design is the difference to the customer between the pricing, including the total project cost, of standard versus high efficiency equipment, which is referred to as IMC. The general approach to incentivization in the Triennium programs has been to cover a portion of a customer's IMC through a rebate and offer a subsidized loan for the remaining cost of the purchase. The rebate plus the value of the loan for prescriptive measures or whole premise project costs thus forms the total incentive.

With incentives plus bill savings, it should make economic sense to the customer to choose high-performance equipment) over baseline equipment.

<u>Prescriptive Measure Incentives</u>

1. Proposed guidelines seek to set prescriptive rebate levels that ensure that the total lifecycle cost of the high-performance equipment is equal to or better than that of standard equipment. More specifically, the total incentive (i.e., rebate plus NPV of the loan subsidy) to the customer would be approximately equal to the IMC of high-performance equipment minus the NPV of the bill savings to the customer, as illustrated by the following equation:

$$\textit{Base Target Rebate} + \text{NPV}\textit{(loan subsidy)} = \textit{IMC} - \text{NPV}\textit{(bill savings)}$$

Where,

IMC = incremental measure cost of the high performance equipment

NPV = NPV based on the representative customer's discount rate

Bill savings = annual bill savings from energy savings for the expected useful life of the measure

Loan subsidy = interest rate buy-down from market rate to 0%[65]

2. While, generally, the total incentive should make the lifecycle cost of the high performance equipment approximately equivalent to that of the base equipment, higher incentives may be appropriate for targeted measures that achieve policy goals, such as decarbonization and LMI. Higher incentives for targeted measures may be viewed as cost-effective, not only from the customer perspective, but also from the societal perspective because the measure provides for social and emissions benefits.

3. A prescriptive rebate should also account for the measure's market maturity and policy goals. A "mature" market measure should not receive an incentive. Staff proposes considering using NTG as a proxy for maturity, where a measure with a NTG < 0.41 shall have zero incentive. For example, most LED lighting would no longer be eligible for incentives. Measures with a NTG at or above 0.41 may be offered an incentive commensurate with the measure's market maturity. Market studies may provide relevant information about whether a measure is an emerging market measure, high growth market measure, or mature market measure.

4. The proposed total incentive should be comparable in order of magnitude to existing incentive levels in Triennium 2 and in other jurisdictions to support market stability but should align with the guidance above.

5. Program administrators may also consider the acquisition cost (e.g., cost on a lifetime savings basis) for a prescriptive measure as an input into rebate level design.

<u>Whole Premise Incentives</u>

For whole-premise projects, which typically cover a certain percentage of the project cost:

- The percentage may be tied to energy savings performance tiers.
    - For smaller residential buildings (one (1)- to four (4)- unit buildings, multifamily condos), performance tiers may be tied to level of achievement

[65] Representative market interest rates would be home equity loans for residential measures and commercial real estate loans for commercial measures. As noted in Section 2.1(f)(2)(b), the utility shall document the assumed market interest rate for each measure eligible for a loan.

compared to a nationally recognized standard that is EUI-based, e.g., U.S. DOE Home Energy Score or Residential Energy Services Network ("RESNET") Home Energy Rating System Index ("HERS® Index").

  - For most commercial and five-or-more-unit residential or multifamily buildings, performance tiers may be tied to level of achievement compared to a nationally recognized standard that is EUI-based, e.g., American Society of Heating, Refrigerating and Air-Conditioning Engineers ("ASHRAE") Standard 100-2024 (i.e., top quartile of buildings for energy performance).
  - Utilities may propose other nationally recognized standards for additional building types.

- Measured savings may result in higher percentages of project cost coverage compared to modeled savings.
- Incentives may be offered along milestones or for phases of work, including planning, especially for projects with longer planning and implementation timelines (e.g., geothermal, large C&I projects).
- The maximum total incentive percentage shall not exceed 50% of project cost.

In all cases, as indicated in Section 2.2(c), the utility will develop a proposed total incentive for each measure along with the associated annual savings, measure life, representative energy tariffs (to evaluate bill savings), loan subsidy, and average project cost.

3.3(b) Go-to-Market Strategies

The utilities should coordinate to implement at the start of the Triennium a "go-to-market" strategy that may include consistent incentive levels to avoid confusion among contractors and customers. Incentives below the maximum approved incentive value at the start of the Triennium will allow the utilities to minimize incentive expenditures and provide flexibility to drive participation with "sales" or bonus incentive periods. As indicated in Section 2.2(c), the utility will provide a proposed go-to-market strategy for each proposed incentive.

3.3(c) Measure Incentive Adjustments

The utility will propose maximum incentive values for measures or projects of Clean Energy Building Programs within which they can adjust incentives as needed; any adjustments greater than the maximum incentive values require Staff approval.

Staff will respond to requests for incentive adjustments necessitating Staff approval within fifteen (15) days. In addition, Rate Counsel may object within fifteen (15) days, which will also trigger Staff's review and decision within fifteen (15) days of Rate Counsel's objection. Otherwise, if there is no response from Rate Counsel or Staff within fifteen (15) days, those requests will be automatically granted.

3.4 Appendix D: Demand Response Definitions, Roadmap Summary, Strategy, and Key Activities in Phase I of the Roadmap

3.4(a) Triennium 3 DR Definitions

For the purposes of this section:

- “Connected device” shall refer to the technology used to provide DR (e.g., a Wi-Fi thermostat, battery, EV, or building automation system).
- “DR program” shall refer to the use of a specific DR technology, measure, or strategy in a specific customer segment (e.g., residential Wi-Fi thermostat program) to reduce a customer’s peak demand. A DR program shall not refer to multiple or all DR technologies or strategies in a customer segment (e.g., residential DR), nor shall a DR program include multiple customer segments for an individual DR technology (e.g., EV managed charging for residential and business customers combined). This definition of a DR program shall not prohibit EDCs from marketing multiple DR technologies as an integrated offering and coordinating their dispatch during events.
- “DR Roadmap” shall refer to the strategy developed by the LBNL, and included herein, to guide the implementation and expansion of DR initiatives.
- “Grid services” shall refer to distribution system benefits such as system emergency response, factors that alleviate feeder line or capacity constraints, and power quality factors such as voltage control.
- “Wholesale peak demand reductions” shall refer to reductions in meter-level demand in the PJM load zone in which the utility operates that are coincident with PJM system daily peak demand (calculated on an hourly basis) on the five (5) days with highest PJM system daily peak demand (calculated on an hourly basis) in each year of Triennium 3 and verified following the EM&V plan described in these filing requirements. These reductions should be designed to provide economic benefits by lowering the PJM capacity requirement and the EDC's Network Service Peak Load.
- “Retail peak demand reductions” shall refer to reductions in meter-level demand within the EDC territory that provides demonstrable economic benefits including, but not limited to, lower location- and time-based energy prices (i.e., locational marginal prices).
- “Connected device” shall refer to the technology used to provide DR (e.g., a Wi-Fi thermostat, battery, EV, or building automation system).
- “Third-party providers” shall refer to aggregators, connected device makers, and program implementers that the utility establishes contracts or partnerships with to achieve peak demand reductions.

- "Wholesale peak demand reductions" shall refer to reductions in meter-level demand in the PJM load zone in which the utility operates that are coincident with PJM system daily peak demand (calculated on an hourly basis) on the five (5) days with highest PJM system daily peak demand (calculated on an hourly basis) in each year of Triennium 3 and verified following the EM&V plan described in these filing requirements. These reductions should be designed to provide economic benefits by lowering the PJM capacity requirement and the EDC's Network Service Peak Load.[66]

3.4(b) DR Roadmap Summary

The DR Roadmap is a comprehensive strategy developed by the LBNL to guide the implementation and expansion of DR initiatives in New Jersey.[67] Commissioned by the BPU and funded by the USDOE Office of Energy Efficiency and Renewable Energy. The DR Roadmap lays out milestones to transition from the closed DLC programs offered in Triennium 2 to an open, distribution-level, DF market that operates in parallel with an open, wholesale, transmission-level DF market envisioned by FERC Order No. 2222.

The DR Roadmap articulates a strategy for advancing Triennium 3 DR programs that:

- Are implemented by third parties,
- Address both bulk power and distribution grid needs,
- Use open communication protocols, and
- Allow flexible customer participation.

The DR Roadmap:

- Characterizes components of the BPU's vision of DR programs
- Delineates milestones for the programs' development, and
- Identifies utility investments and BPU actions that achieve those milestones.

The DR Roadmap encompasses three (3) distinct areas (retail, wholesale, and non-wire alternatives ("NWA"), each with three phases of development (laying the foundation for DR growth, establishing programs, and scaling up DR grid impacts) that unfold between approximately December 2025 and June 3030. This strategic plan utilizes LBNL's Demand Flexibility Maturity Model to delineate clear milestones for the development of robust DR programs that contribute effectively to peak electricity demand reductions.

3.4(c) Key Activities in Phase I of the DR Roadmap

Phase I ends at the start of Triennium 3, July 1, 2027.

3.4(c)(1) Grid Needs Assessment

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[66] For a list of load zones, see PJM's 2025 load forecast.

[67] "Demand Response Roadmap (2025)," *supra* note 49.

The DR Roadmap recommends that the utilities perform a grid needs assessment to evaluate investments in grid flexibility services in the distribution system. The assessment is a key step to determine locational marginal prices and hence the value of DR for distribution services.

The DR Roadmap recommends that utilities provide a narrative describing a plan to produce, by June 2027, a ten (10)-year feeder-level grid needs assessment report that will be used in the design and evaluation of retail PDR programs.

The utility would acknowledge that the assessment will consider a comprehensive set of grid needs (e.g. thermal, reliability, voltage) and include:

(1) The criteria for determining if each type of grid need exists;

(2) The methods, tools, and data used to identify grid needs;

(3) Load and peak demand forecasts used in the grid needs assessment as well as assumptions on customer growth, weather, and technology adoption made in the forecasting process;

(4) The magnitude, timing, and duration of each grid need and the conditions in which grid need occurs (i.e. normal or contingency conditions);

(5) Tabular data, organized by feeder and year;

(6) Cost estimates for traditional solutions to each grid need; and

(7) The process for prioritizing and selecting grid needs for investments over the ten (10)-year period.

3.4(c)(2) Preparing for DER Aggregations in PJM wholesale markets

Staff, through the BPU's grid modernization proceeding (*see* BPU Docket No. Q021010085), is collaborating with PJM and other stakeholders to implement FERC Order No. 2222. The DR Roadmap recommends that the Board request utility proposals by June 2027 for (1) a DER registry, (2) a DER orchestration system with open standards, and (3) frameworks for assessing safety and reliability risks of DER aggregations, avoiding double compensation and conflicting dispatches, and overriding dispatches from PJM to avoid distribution system issues. Staff proposes that the utilities develop proposals that make ratepayers whole for the investments in DR infrastructure that are used in bidding into the PJM capacity market, while allowing shareholders to profit from capacity market revenues that exceed the investments. While these efforts are underway, the DR Roadmap emphasizes that planning and investment for DR programs under the Triennium 3 proceeding should not result in sunk costs. For example, Triennium 3 investments, such as those pertaining to DER management systems, must be compatible with the PJM wholesale DR market to avoid their termination or undue delay.

3.4(c)(3) Non-Wires Alternatives Framework

As a follow up to the grid needs assessment, the DR Roadmap recommends that the Board issue an NWA framework, which would guide NWA procurement processes. The parallel development of the wholesale DR market, distribution-level DR market, and NWA is the fastest, most cost-effective path to maintain system reliability and meet growing demand.

3.4(c)(4) DR Evaluation Studies

The DR Roadmap recommends that the State perform two evaluation studies during Triennium 3.

- DR Avoided Cost Study - The existing NJCT framework and avoided costs has focused on evaluating EE. A DR avoided cost study would develop DR-specific avoided cost values using best practices from other states. The study would include a gap assessment that:
    - Identifies gaps in the energy system avoided costs and non-energy impacts used as inputs into the NJCT for Triennium 3 relative to leading practices for cost components in the demand-side cost test used in other jurisdictions
    - Compares methods for calculating energy system avoided costs and non-energy impacts used as inputs into the NJCT in Triennium 3 with leading practices in other jurisdictions
    - Describes trade-offs in different methodologies for each energy system avoided cost and non-energy impact
    - Makes recommendations regarding:
        - Changes to the energy system avoided costs and non-energy impacts used in the NJCT;
        - Changes to methods for calculating the energy system avoided costs and non-energy impacts that are currently used in the NJCT; and
        - Methods for calculating energy system avoided costs and non-energy impacts that are not currently included in the NJCT or are currently deemed/assumed values.
    - The SWE shall conduct the gap assessment at the direction of the EM&V Working Group and submit findings to the working group on or before December 31, 2026**.** Based on the gap assessment, the EM&V Working Group shall submit recommendations to the Board of Public Utilities on or before March 31, 2027 on updates to the following**:**
        - Categories of energy system avoided costs and non-energy impacts used in the NJCT
        - Methodologies used to calculate the energy system avoided costs and non-energy impacts used in the NJCT

The BPU will issue an order on these recommendations on or before June 30, 2027. The BPU will produce updated avoided cost and non-energy estimate values on or before December 31, 2027.

- DR Potential Study will estimate the economic potential of DR and Triennium 4 peak DR goals. The BPU's Evaluation Study Team, under the direction of the Statewide Evaluator, shall conduct a DR potential study on or before June 2028 that considers a range of DR strategies including but not limited to:
  - Wi-Fi smart thermostats
  - Managed electric vehicle charging (including vehicle-to-grid)
  - Battery storage
  - Water heating (grid-connected and DLC)
  - C&I DLC
  - Dynamic electricity rates

  The study shall use the updated avoided cost methodologies and values to estimate economic demand response potential and shall leverage performance data from the implementation of programs in Triennium 3 to inform study assumptions.

3.5 Appendix E: Financing Offerings

The Triennium 2 financing program provides low-cost loans, typically between zero and three percent interest, for EE projects for residential, commercial, and multifamily customers. The current financing program is costly to ratepayers due to its significant size and the return earned by utilities based upon the cost of capital. Utilities offering OBR are currently authorized a return on the unpaid principal of the loans at a rate equal to their WACC, while utilities offering loans through third-party banks pay fees to buy-down interest rates from market levels and pass-through additional fees for the cost to administer the loan program, and are similarly authorized a return on these amounts at a rate equal to their WACC. Also, the design of the loan program in Triennium 2 had the potential to misalign incentives by discouraging measures that were otherwise incentivized in the program (e.g., heat pumps) compared to fossil-fueled alternatives. Lastly, in most other states, large commercial real estate and multifamily sectors are typically excluded from the loan program due to their ready access to capital markets at competitive terms.

The goals for Triennium 3 include maximizing lifetime savings cost-efficiently, aligning loans with EE, equity, and decarbonization policies, and minimizing administrative complexity. The proposed financing program structure is as follows:

- Eligible measures or programs: Whole premise residential; whole premise small commercial; prescriptive full- and partial-displacement heat pumps; induction

stoves; and electric panel upgrades, wiring, decommissioning, and other enabling costs when installing BD measures. Other C&I is not eligible. Trade Allies shall refer customers to the Commercial Property Assessed Clean Energy ("C-PACE"), New Jersey Clean Energy Loans ("NJ-CELs"), NJ Cool, and Green Bank loan programs offered by the New Jersey Economic Development Authority ("EDA").

- The utility may choose between utility-administered OBR or TPIs, which may or may not include utility-administered payment collection by OBR.

Table 3. Loan Terms

Eligible Measure	Maximum Principal	Loan Length, yrs	Enhanced Incentives
Whole Premise Residential	<$10,000	7	For LMI households, <$25,000 principal, 10 years
Whole Premise Small Commercial	<$100,000	5	For municipalities, universities, schools, and hospitals ("MUSH") and properties in OBMs, financing available for balance of project cost after incentives for a 5-year term
Heat Pumps; Electric Panel Upgrades, Wiring, and Decommissioning for BD Measures; and Induction Stoves for LMI households	<$10,000	7	For LMI households, properties in OBMs, and MUSH customers, <$25,000 principal, 10 years

For measures eligible for financing, the utility shall calculate the net present value ("NPV") of the subsidy to buy down the interest rate from a market rate to 0% and report this value alongside the proposed incentive. The utility shall assume an average market interest rate of a ten (10)-year Treasury bill at current auction rate plus 7% and propose an average project cost to make this calculation for each eligible measure. Per the discussion in Section 3.3 about setting incentive levels, the sum of the proposed incentive level plus the NPV of the loan subsidy shall meet the incentive setting guidelines.

Regarding rate recovery, Staff notes that for OBR in Triennium 2, the utilities amortized the return over 10 years for the unpaid loan balance. For Triennium 3, the amortization period shall match the loan length. In addition, the return on the unpaid loan balance is the weighted average cost of debt from the most recent base rate case.

Similarly, the return on expenditures for a TPI-administered loan program is the weighted average cost of debt from the most recent base rate case.

3.6 Appendix F: Energy Navigators

Energy Navigators would provide customers with comprehensive resources and solutions for improving EE, lowering energy consumption and peak demand, and reducing bills. Energy Navigators would focus on streamlining the customer experience, reducing administrative burden, and improving program participation rates through simplified, coordinated service delivery.

The goal of offering Energy Navigators is to simplify the process for consumers, businesses, or organizations seeking to enhance their EE by offering a single point of access to a wide range of services and information described under SDMs in Appendix A, Section 3.1. This process does not replace or supersede any of the responsibilities or requirement of the utility as set forth in the CEA. Energy Navigators would supplement, not supplant, any utility program or processes.

The utility's existing EE and PDR programs help customers manage, and lower, their energy usage and energy costs and increase their sustainability and reliability. Other programs that are not offered under EE have comparable benefits such as DER solar, DER storage, CHP and fuel cells, EV and EV charging DF, GEB, and energy assistance. It is not efficient to have customers search for other programs that they may be interested in pursuing or that would benefit them if they had been given the appropriate information. This is especially important since the ratepayer is ultimately funding all of these programs, and having separate duplicative application and service process is not cost effective.

Energy Navigators would help to overcome this barrier to participation by making these programs available under one umbrella and instituting energy navigators to provide customers with a single point of contact for program information, eligibility screening, application submission, contractor coordination, and project tracking.

Energy navigation support could be provided by humans via telephone or web support, AI tools, or other web-based tools. The model should seamlessly integrate back-end program administration and customer relationship management while presenting customers with simplified, consistent processes regardless of the specific programs that they are utilizing, measures involved in their projects, or past history with the programs. Implementation of Energy Navigators as a resource is intended to reduce customer transaction costs and administrative complexity while improving program accessibility.

Key features of Energy Navigators may include:

1. Intake: Introducing the customer to an Energy Navigator virtually through the website or via phone, and understanding the needs of the customer. A blockchain

contract (described below) can provide a tracking mechanism to log a customer's activities with Energy Navigators.

2. Assessment: Offering energy usage assessments such as energy audits, to holistically identify areas of improvement.
3. Information and Education: Providing educational resources and information on energy-saving technologies, practices, and benefits. Assembling an EIP that provides a roadmap of what the customers can do and how they can operate those actions in the near and long term.
4. Financial Assistance: Facilitating access to incentives, rebates, and financing options to help offset the cost of installations, upgrades and behaviors.
5. Project Management: Assisting with the planning and execution of projects, including coordination with contractors and vendors.
6. Technical and Customer Support: Offering expert advice and technical support to help customers through their journey.

Energy Navigators would be established by the State and focus on delivering a streamlined customer experience and a reduced administrative burden while improving participation rates through simplified and coordinated service delivery. The utility would not be responsible for developing and implementing Energy Navigators as a service, but each utility would propose how to sync its customer data management system with Energy Navigators. Each utility would also explain how customers would be referred to Energy Navigators and how customers would be provided with access to other BPU energy services. The utility would still be responsible for developing customer service, data tracking, and reporting processes for their EE and DR programs. Energy Navigators would not change this requirement or any internal requirement to manage customers or implementing contractors. Energy Navigators would change the utility's interaction with the customer as an opportunity for a suite of energy actions not just limited to EE and DR programs.

Energy Navigators would refer customers to relevant programs. For example:

- The EDA has an RGGI-funded program for commercial customers that are retrofitting their buildings. Utility whole premise customers and prescriptive customers should be made aware of the EDA NJ Cool program by a referral to the program.
- BPU manages NJCEP, which offers audit and incentive EE programs for C&I, non-profit, and local government customers. NJCEP also offers a Combined Heat Power and Fuel Cells program.
- BPU manages EV, EV charging, DER solar, and DER storage programs for all customers. Utility whole premise customers that are upgrading their electrical

panel for EE class measure in the WP or Prescriptive Rebates SDMs should be made aware of any similar offer in the EV and DER programs.

- Federal and State income-eligible programs are available for EE and bill payment assistance. The Weatherization Assistance Program and Low-Income Home Energy Assistance Program are federal programs for EE measures and bill assistance. Comfort Partners offers whole premise EE measures at no cost to the homeowner.

3.7 Appendix G: New Jersey Cost Test

3.7(a) Overview

Per the CEA requirements, the utility must calculate benefit-cost ratios for the EE programs at the program and portfolio levels. Benefit-cost ratios for DR programs shall also be calculated at the program and portfolio levels. Market transformation costs, such as midstream and upstream programs, shall be attributed at the portfolio level.

As mentioned above, the NJCT was developed, and is used, as part of the requirements of the CEA. Specifically, the CEA directs:

> "The energy efficiency programs and peak demand reduction programs shall have a benefit-to-cost ratio greater than or equal to 1.0 at the portfolio level, considering both economic and environmental factors…"

The NJCT is the State's primary test for determining cost-effectiveness of EE and PDR programs. It shall guide plan development, approval, and evaluation assessments. The NJCT has been designed to include all costs and benefits relevant to a proposed portfolio of EE programs that are reasonably quantifiable or otherwise important considerations and that align with the policies articulated in the CEA, as well as additional public interest goals of the BPU and the State of New Jersey.

It is important to note that results from the NJCT are not used in setting program budgets or savings goals. The NJCT is a single element, of many, in the Board's decision-making framework.[68]

The Center for Urban Policy Research ("CUPR") at Rutgers University, in close consultation with the BPU Office of the Economist, developed an NJCT Memo for

[68] Other tools that the Board uses in decision-making and for cost containment include goal setting/market potential studies, which help to set budget and savings targets under various scenarios; policy and regulatory guidance, which may limit incentives to non-mature market measures or phase them out when incentives no longer drive adoption; and cost-effectiveness performance metrics, which condition utility performance incentives on achievement of key targets.

Triennium 3.[69] The NJCT Memo lays out the methodologies and, when applicable, the values for the various Avoided Costs to be included in the NJCT. Additionally, the NJCT memo memorializes the adders for Non-Energy Benefits ("NEBs") and low-income that are used in the NJCT. The EM&V WG had an opportunity to review and comment on the NJCT Memo in the summer of 2025. Staff received two (2) sets of comments related to the NJCT Memo: from the utilities and Rate Counsel. Staff and CUPR offered responses, at a high level, at a subsequent EM&V WG meeting in September 2025. Below is a summary of a few of the major items of discussion, though a full accounting of comments and responses will also be made available.

The utilities sought clarification about the general use of the memo, namely whether the utilities needed to use the values in the memo for their BCAs and when the memo would be considered final. They also noted areas where they thought separate statewide and utility-specific values should be established. The utilities suggested the inclusion of several additional benefits, including peak gas day benefit, avoided methane, economic development benefits, and avoided volatility benefits. Finally, the utilities suggested using a societal T&D benefit rather than the current participant benefit in use.

Rate Counsel offered additional comments that covered eight (8) main topic areas:

- Cost of investor returns: Suggested inclusion of shareholder returns, which represent a cost of deploying capital to support EE, in the NJCT.
- Inflation/discount rates: Suggested a thorough review of use of real vs. nominal dollars, in addition to use of inflation values.
- Avoided T&D: Recommended that the Board reject the use of avoided T&D benefits unless specific benefits from specific projects can be quantitatively shown.
- Emissions: Recommended use of regional emission rates, updated SO2 and NOx values, and use of the 2021 social cost of carbon ("SCC") value.
- Other Natural Gas Issues: Supported the use of the avoided end-use natural gas emissions values included in the utilities' Triennium 2 filings and opposed giving additional credits to any form of natural gas end use or end use efficiency.
- Avoided Renewable Portfolio Standard ("RPS") Costs: Conditionally supported the inclusion of avoided RPS costs in the NJCT, pending the proposed methodology.
- Demand Reduction Induced Price Effects ("DRIPE"): Recommended a considerably lower value for DRIPE impacts in the EDCs' Triennium 3 filings (approximately 1.5%–1.75%).

[69] "Energy Efficiency Triennium 3 NJ Cost Test Proposed (2025)," *supra* note 61.

- NEBs: Recommended that the Board maintain its current NEBs levels and that economic impacts and avoided volatility benefits not be included in the Triennium 3 NJCT.

Based on both internal discussions and the above comments from stakeholders, the following changes were proposed for the NJCT in Triennium 3:

3.7(b) Changes to Benefit Methodologies

The proposed updated SCC value uses the mean SCC value from a comprehensive study performed by Kevin Rennert *et al*. (2022).[70] The Rennert Study, one of the most cited and authoritative recent updates on the social cost of carbon emissions, recommends a mean value of $185/ton CO_2 in 2020 U.S. dollars, or $233/ton in September 2025 dollars. Other recent studies, Moore *et al*. (2024) for example, have suggested that most estimates of SCC should be considered lower bound estimates due to lack of complete knowledge of future damages and a focus on direct human economic impacts without fully assessing wider indirect and ecosystem impacts.[71] Previously, the NJCT used the 3% discount rate scenario, adjusted for today's dollars, as published in the 2016 version of the Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis by the Interagency Working Group on Social Cost of Greenhouse Gases. Staff recognizes that this update will increase the benefits accrued to avoided CO_2 emissions substantially, in comparison to Triennium 1 and Triennium 2, but this update will keep the SCC value consistent with best available information and other BPU BCA calculations.

Staff proposes updating the wholesale electricity avoided cost methodology to use publicly available locational marginal prices from PJM. This methodology is the same as what was used in Triennium 1.

Staff proposes updating the emission rate methodology was updated to use New Jersey-specific values rather than the national values used in previous Triennia.

Finally, Staff proposes updating the discount rate for the Societal Cost Test from 7% to 3%, which is consistent with the value used in other jurisdictions.

Upon further review of the avoided T&D benefits, Staff proposes maintaining the same methodology as was used in Triennium 2. This methodology uses the National Integration Transmission Service rate for transmission benefits and allows the utilities to

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[70] Rennert, K., Errickson, F., Prest, B.C. et al., Comprehensive evidence implies a higher social cost of CO_2, *Nature* 610, 687–692 (2022), *available at* https://doi.org/10.1038/s41586-022-05224-9 ("Rennert Study").

[71] Frances C. Moore et al., Synthesis of evidence yields high social cost of carbon due to structural model variation and uncertainties, *Proceedings of the National Academy of Sciences* (2024), *available at* https://dx.doi.org/10.1073/pnas.2410733121.

use utility-specific distribution values.

Upon further review of wholesale electricity, electric capacity, and wholesale natural gas DRIPE benefits, Staff proposes to retain the same 5% adder used in Triennium 2. Staff recognizes that there are stakeholders who both believe the value is too high and too low. DRIPE is challenging to measure because of the complexity of demand behavior, market dynamics, and regulatory structure. More accurate and current DRIPE values would require regular periodic evaluation studies, which could be planned for in the future.

The commodity-related avoided cost factors are found in the NJCT Memo and shall be uniform for all utilities, except for utility-specific transmission, distribution, loss factors, and other utility factors that are territory-specific. Each utility shall provide a detailed description and supporting documentation of the method used to calculate any utility-specific factor. The utility shall not include any avoided costs outside of those listed in the NJCT Memo.

The non-commodity-related avoided costs, namely adders for NEBs and low-income, remain unchanged from Triennium 2.

The net present value of the avoided cost benefits shall be calculated using the discount factor defined in the NJCT Memo.

3.7(c) Changes to Costs

Three (3) new costs shall be included in the NJCT in addition to those existing for Triennium 2. Per the Triennium 2 stipulations of settlement, each utility agreed to include the utility return and the cost to the ratepayer to service the loans as costs in the NJCT. Although these costs were evaluated in Triennium 2, they were not explicitly included in the NJCT CBA workbooks. For Triennium 3, these costs must also be included in the NJCT and identified in the CBA Workbooks.

A third cost to be added to the NJCT for Triennium 3 is ERI (see Appendix I, Section 3).[72]

The NPV of the utility return and ERI shall be included in the portfolio-level NJCT calculation. The NPV of all loan program costs, including fees to third-parties, administration costs, overhead, and the cost to service loans shall be included in program-level NJCT calculations for any program that offers loans, as well as being included in the portfolio-level calculation.

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[72] In re the Petition of Atlantic City Electric Company for Implementation of an Adjustment to Its Conservation Incentive Program Rate Mechanism and Associated Customer Class Rates (2022), BPU Docket No. ER22070463, Filed June 30, 2023; and In re the Petition of Public Service Electric and Gas Company for Approval of Changes in its Electric Conservation Incentive Program (2022 PSE&G Electric CIP Rate Filing), BPU Docket No. ER22020035, filed February 24, 2023.

3.8 Appendix H: Budget Guidance

3.8(a) Savings Targets

3.8(a)(1) Energy Savings Targets

The CEA emphasizes the importance of EE and PDR and calls upon New Jersey's electric and gas public utilities to play an increased role in delivering EE and PDR programs to customers. The CEA requires each utility in the state to reduce the use of electricity and natural gas in its service territory. Specifically, the CEA directs the BPU to require:

> (a) each electric public utility to achieve, within its territory by its customers, annual reductions of at least 2% of the average annual electricity usage in the prior three years within five years of implementation of its electric energy efficiency program; and
>
> (b) each natural gas public utility to achieve, within its territory by its customers, annual reductions in the use of natural gas of at least 0.75% of the average annual natural gas usage in the prior three years within five years of implementation of its gas energy efficiency program.

For the filing, the utility shall provide a retail sales forecast to calculate the three (3)-year moving average for each of the Program Years (see the MFR in Section 2.3a]). Given the recent increases in electricity demand and the variability in natural gas demand, Staff requests thorough documentation of the assumptions behind the forecast and other retail sales forecasts that have been provided in recent rate cases and other BPU proceedings.

The CEA target savings represent statewide savings, which includes savings from utility-run programs, the State-run NJCEP program, and other State initiatives, such as the Weatherization Assistance Program and the adoption of the latest energy code. The CEA states that "the board shall conduct and complete a study to determine the energy savings targets for full economic, cost-effective potential for electricity usage reduction and natural gas usage reduction as well as the potential for peak demand reduction by the customers of each electric public utility and gas public utility and the timeframe for achieving the reductions."[73] The Evaluation Study Team conducted the Triennium 3 goal-setting study to determine the proportion of the CEA target that is attributed to the utility programs. The preliminary results derived from this assessment, which include NTG savings reclamation and achievement of CEA targets, are summarized in Table 4, below.

[73] N.J.S.A. 48:3-87.9(b).

Table 4. Target Energy Savings Based on the Triennium 3 Goal Setting Study

		Utility Achievable Savings	NJCEP Achievable Savings	Other State Savings	Statewide Achievable Savings
Electric	PY7	1.70%	0.17%	0.13%	2.00%
	PY8	1.70%	0.16%	0.14%	2.00%
	PY9	1.69%	0.16%	0.15%	2.00%
Gas	PY7	0.69%	0.01%	0.05%	0.75%
	PY8	0.69%	0.01%	0.05%	0.75%
	PY9	0.69%	0.01%	0.05%	0.75%

The utility's annual savings target for CEA compliance is the utility's three (3)-year moving average retail sales multiplied by the Utility achievable savings percentage savings targets.

3.8(a)(2) Peak Demand Savings QPI Targets

While the CEA directs the Board to "determine the energy savings targets for full economic, cost-effective potential for electricity usage reduction and natural gas usage reduction as well as the potential for peak demand reduction," the CEA does not require the utilities to meet specific peak demand targets. The CEA directs that, "[n]o later than one year after the date of enactment of P.L.2018, c.17 (C.48:3-87.8 *et al*.), the board shall adopt quantitative performance indicators pursuant to the 'Administrative Procedure Act,' P.L.1968, c.410 (C.52:14B-1 *et seq*.) for each electric public utility and gas public utility, which shall establish reasonably achievable targets for energy usage reductions and peak demand reductions."

Because the scope of proposed DR programs will be determined by the utility, the utility may submit its own peak demand QPI target, using the following definition of "demand:"

> Peak demand reductions shall refer to reductions in meter-level demand in the PJM load zone in which the utility operates that are coincident with PJM system daily peak demand on the five (5) days with highest PJM system daily peak demand in each year of Triennium 3 and verified following the EM&V plan described in these filing requirements.[74]

Section 2.2(b) defines the MFRs for documenting the demand target forecast.

3.8(b) Programmatic Budget

The filings shall include details of expenditures made by the utility and the resulting

[74] For a list of load zones, see https://www.pjm.com/-/media/DotCom/library/reports-notices/load-forecast/2025-load-report.pdf.

reduction in energy usage and peak demand. The Board shall determine the appropriate level of reasonable and prudent costs for each program as part of its review of the utilities' cost recovery filings pursuant to N.J.S.A. 48:3-87.9(e)(1). Each utility shall file an annual petition with the Board to demonstrate compliance with its approved EE and PDR program plans, to demonstrate compliance with the targets established pursuant to the QPIs based on its annual program report. Staff proposes that each utility submit its annual compliance filing no later than 150 days following the end of each program year. Staff proposes that the Board provide Staff with the flexibility to adjust the filing due date when necessary.

Pursuant to these requirements, Staff proposes updated and revised MFRs, as provided in Section 2, above. The current MFRs for petitions filed pursuant to N.J.S.A. 48:3-98.1, which apply to EE and PDR program petitions, which the Board approved via the June 2020 Order, comprise requirements for program descriptions, implementation, marketing, quality assurance, QPIs, EM&V, and reporting plans. Recommended revisions to the MFRs for petition filed pursuant to N.J.S.A. 48:3-98.1 and N.J.S.A. 48:3-87.9 would reallocate required information between the sections describing programs and portfolios; require consistent use of program cost categories; provide for a separate accounting of workforce development and job training costs, health and safety costs, and costs of outreach to community-based organizations; and include updates consistent with current New Jersey evaluation guidance documents and standards. Staff proposes that utility program administration costs be expensed annually, whereas program investments should be amortized over time, as explained in more detail in Section 2.3, above.

To fully understand how the budget is determined, Staff proposes that the utilities provide clear documentation of assumptions and calculations submitted through the CBA Workbook. The CBA Workbook focuses on determining the resource acquisition budget, where it is structured such that direct measure-level costs such as outside services, incentive, and loan servicing costs are first projected. Program- and portfolio-level costs, such as administration, marketing, and EM&V would be added to the measure-level costs.

Besides the resource acquisition budget, the utility shall provide documentation and justification for all non-programmatic budgets, including, but not limited to:

- Market transformation
- EM&V
- CBO Outreach
- Workforce Development

3.8(c) Net Budget Transfers

3.8(c)(1) Overview

The utilities that share overlapping territories currently pay their partner(s) for energy savings. The utility that serves as the primary point of contact for customers, contractors, and Trade Allies for a project the "lead utility" ("Lead Utility") for that project. The Lead Utility follows the project through to completion, pays the project incentive and financing or on-bill repayment, if relevant, and then works with the non-lead utility ("Partner Utility") to transfer the energy savings for its fuel and the direct investment cost for its share of the project.

3.8(c)(2) Determining the Budget for Net Transfers

A utility, when preparing its budget for Triennium 3, will know the transfer-in budget for projects where it is the Lead Utility. However, the transfer-out budget for when it is the Partner Utility will necessarily remain unknown. The "net budget transfer" is the difference between the transfer-in minus the transfer-out budget. Determining this net budget transfer is complicated by the overlap in utility territories. A Lead Utility may have one (1) or more Partner Utilities, and vice versa.

To best estimate net budget transfers across all the utilities, Staff proposes using the matrix in Figure 1.

Figure 1. Net Budget Transfer Matrix

		ETG	SJG	NJNG	PSEG	ACE	JCPL	RECO	
Lead Utility	ETG								0%
	SJG								0%
	NJNG								0%
	PSEG								0%
	ACE								0%
	JCPL								0%
	RECO								0%

The utilities shall collaboratively determine the relative share of budget transfers with each of its partners (the yellow cells). The CBA Workbook includes additional calculations to determine the magnitude of the net budget transfers across all utilities (*See* Section 2.2h], above).

3.8(c)(3) Administration - Statewide Coordinator System

The utilities through bilateral Memoranda of Agreement set up a Statewide Coordinator system used in Triennium 2 to jointly plan and coordinate budgets in overlapping utility territories. The utilities seek to work cooperatively to identify and address budget constraints among the utilities through the Joint Budget Allocation Committee (which has been established to monitor and manage program budget coordination among the utilities). Staff proposes that the Statewide Coordinator system continue in Triennium 3.

3.8(c)(4) Reporting

Managing the net budget transfer requires transparency among partners. A utility must not, especially at the end of the Triennium, lack the budget to pay its partner. Therefore, Staff proposes mandatory quarterly reporting of net budget transfers. See Section 3.15(a) for these reporting requirements.

3.8(d) Budget Flexibility

3.8(d)(1) Budget Adjustments

Staff proposes that utilities be permitted to make certain adjustments to programs according to the conditions below. Staff proposes that the utilities collaborate and coordinate on proposed changes and that a utility notify Staff, Rate Counsel, and any parties to the utility's filing of changes to programs, budgets, or incentive ranges as defined below. Furthermore, Staff proposes adding a requirement that no shift within or between sectors can result in a program being terminated without Board approval.

Sectors shall be defined as:

- Residential (including Multifamily)
- C&I

The addition of new programs, discontinuation of existing programs, or major modifications that significantly alter the nature of existing program structures as approved will require Board approval.[75]

Budget Adjustments:

- Within any 365-day period, each utility can shift budget(s) between individual programs within the same sector up to and including 25% of the total triennium budget with Staff and Rate Counsel notification; greater than 25% and up to 50% with Staff approval; and greater than 50% with Board approval.
- Within any 365-day period, each utility can shift budget(s) out of a sector up to and including 10% of the total triennium budget with Staff and Rate Counsel notification; greater than 10% and up to 20% with Staff approval; and greater than 20% with Board approval.
- Requests for budget adjustments within the three (3)-year program filing necessitating Staff approval shall be responded to within thirty (30) days after

[75] In an instance where a utility or utilities anticipate that a program is at risk of being shut down due to the budget being exhausted, the utilities will provide Staff and Rate Counsel with notification at least thirty (30) days before the program is shut down so that the parties may work together to avoid the shutdown. However, in the event of exigent circumstances, which may include instances where sudden market activity makes thirty (30) days' advance notice impractical, the utilities will provide notice to Staff and Rate Counsel as soon as possible.

receipt of the notification by Staff and Rate Counsel. In addition, Rate Counsel may object within thirty (30) days after receipt of the notification, which will also trigger Staff's review and decision within thirty (30) days of Rate Counsel's objection. Otherwise, if there is no response from Rate Counsel or Staff within thirty (30) days, those requests will be automatically granted.

- Budget used to pay for budget transfers to partners must be counted against the sector for which the project belongs. For example, if a Lead Utility completes a whole house project, then the budget must come from the Partner Utility's residential budget.

3.8(d)(2) Carryover

The Board established the carryover mechanism via the July 2023 Order. The Energy Savings Carryover Calculations memo, included as part of the September 2025 Order, describes specific conditions and calculations used to determine carryover.

Banked savings is the achieved savings in excess of a utility's target savings for a given year. The banked savings may be carried over into the next year and added to the achieved savings in that year to avoid penalties, but not to earn an incentive payout. Given the restructuring of the PIM curves for Triennium 3 (see Section 3.13(c)), Staff clarifies that the carryover savings may only be applied to avoid earning a return below the average return as defined by the PIM curves.

3.9 Appendix I: Cost Recovery

3.9(a) Regulatory Basis for Cost Recovery

The opportunity for utilities to recover costs associated with the administration of EE and PDR programs is provided by the CEA and the Board's rules and regulations.

Utility return for administering the EE and PDR programs is set forth at N.J.S.A. 48:3-87.9(d)(3) and (e)(1) as described below:

> (d)(3): Each electric public utility and gas public utility shall file with the board implementation and reporting plans as well as evaluation, measurement, and verification strategies to determine the energy usage reductions and peak demand reductions achieved by the energy efficiency programs and peak demand reduction programs approved pursuant to this section. The filings shall include details of expenditures made by the public utility and the resultant reduction in energy usage and peak demand. The board shall determine the appropriate level of reasonable and prudent costs for each energy efficiency program and peak demand reduction program.
>
> (e)(1) Each electric public utility and gas public utility shall file an annual petition with the board to demonstrate compliance with the energy efficiency and peak

demand reduction programs, compliance with the targets established pursuant to the quantitative performance indicators, and for cost recovery of the programs, including any performance incentives or penalties, pursuant to section 13 of P.L.2007, c.340 (C.48:3-98.1). Each electric public utility and gas public utility shall file annually with the board a petition to recover on a full and current basis through a surcharge all reasonable and prudent costs incurred as a result of energy efficiency programs and peak demand reduction programs required pursuant to this section, including but not limited to recovery of and on capital investment, and the revenue impact of sales losses resulting from implementation of the energy efficiency and peak demand reduction schedules, which shall be determined by the board pursuant to section 13 of P.L. 2007, c. 340 (C.48:3-98.1).

Further, N.J.S.A. 48:3-98.1 b below sets forth the process for that recovery determination:

b. An electric public utility or a gas public utility seeking cost recovery for any program pursuant to this section shall file a petition with the board to request cost recovery. In determining the recovery by electric public utilities and gas public utilities of program costs for any program implemented pursuant to this section, the board may take into account the potential for job creation from such programs, the effect on competition for such programs, existing market barriers, environmental benefits, and the availability of such programs in the marketplace. Unless the board issues a written order within 180 days after the filing of the petition approving, modifying or denying the requested recovery, the recovery requested by the utility shall be granted effective on the 181st day after the filing without further order by the board. Ratemaking treatment may include placing appropriate technology and program cost investments in the respective utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the board, including, but not limited to, the societal benefits charge established pursuant to section 12 of P.L.1999, c.23 (C.48:3-60). All electric public utility and gas public utility investment in energy efficiency and conservation programs or Class I renewable energy programs may be eligible for rate treatment approved by the board, including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas.

Staff is considering modifying the recovery to be similar to infrastructure investment programs (“IIPs) where there is an annual filing and recovery of expenditure in the previous year.

3.9(b) PJM Long-Term Load Forecast

Per PJM’s latest update in their 2025 Long-Term Load Forecast, the PJM-wide summer annual load is projected to increase around 3% or less over their 10-to-20-year projection

timeframe.[73] However, for the Eastern Mid-Atlantic ("E-MAAC") which includes all four (4) New Jersey EDCs, the summer annual load forecast will increase year-over-year by 1% or less and the winter annual load forecast by between 2 to 3%.

Table 5. Individual EDC Forecasts

Utility	Summer 10-years	Winter 10-years	Sumer 15-years	Winter 15-years	Summer 20-years	Winter 20-years
ACE	0.1%	2.4%	0.3%	2.3%	0.4%	2.2%
JCP&L	0.5%	3.9%	0.7%	3.6%	0.8%	3.3%
PSE&G	1.3%	3.9%	1.2%	3.3%	1.1%	2.9%
RECO	0.1%	2.6%	0.4%	2.3%	0.5%	2.3%

Based on testimony provided by New Jersey utilities in Senate and Assembly hearing, PJM's increasing projected load due to growing load from data centers and AI use.[76]

In contrast, the EDCs reported flat retail sales in the quarterly tracking reports from Program Years 1 through 4, as reflected in Table 6 below. The GDCs reported decreasing sales over the same period. Due to the inconsistencies between the PJM forecast and the reported sales, Staff proposes more thorough documentation and justification of forecasted retail sales to determine savings targets.

Table 6. EDC and GDC 3-Year Moving Average Baseline Retail Sales from Quarterly Reports

MWh	PY1	PY2	PY3	PY4
ACE	9,834,156	8,673,278	8,712,503	8,800,648
JCP&L	20,312,466	20,066,366	19,950,682	20,066,176
PSE&G-E	40,538,874	40,189,145	40,203,763	40,184,270
RECO	1,578,317	1,507,281	1,496,082	1,525,924
Therms	PY1	PY2	PY3	PY4
ETG	502,194,386	496,478,219	493,178,991	491,412,100
NJNG	687,099,357	680,522,140	673,371,534	660,944,230
PSE&G-G	3,592,670,820	3,420,565,850	3,340,042,590	3,249,756,930
SJG	509,849,688	504,292,927	509,061,123	495,668,930

[76] See Senate Legislative Oversight Committee, March 25, 2025, https://pub.njleg.state.nj.us/publications/public-hearings/25/slo03032025.pdf

Table 7. Retail Sales Reported in Quarterly Tracking Reports

Electric Sales (MWh)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Rolling Avg
PY1	74,146,471	70,707,992	71,936,978	-	-	-	72,263,814
PY2	-	69,674,151	70,904,450	70,729,613	-	-	70,436,071
PY3	-	-	70,904,450	70,729,613	69,455,029	-	70,363,030
PY4	-	-	-	71,575,300	68,771,983	71,383,770	70,577,017

Gas Sales (Th)	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Rolling Avg
PY1	5,639,467,882	5,104,647,609	5,131,327,247	-	-	-	5,291,814,246
PY2	-	5,104,570,559	5,125,681,685	5,075,325,155	-	-	5,101,859,133
PY3	-	-	5,125,681,685	5,075,325,155	4,845,955,869	-	5,015,654,237
PY4	-	-	-	5,239,909,994	4,683,224,809	4,770,211,762	4,897,782,188

3.9(c) Cost Recovery

For the first and second Triennia, Staff recommended several recovery mechanisms to encourage needed alignment of the utility business model with EE and to help the utilities develop programs to meet the energy saving targets set forth in the CEA. To jump start utility-led programs, Staff recommended a very generous level and approach to utility compensation including: 1) recovery of program costs; 2) performance-based rate of return for efficiency investments; and 3) recovery of potential lost revenues due to efficiency programs. As a result, electric and gas public utilities in New Jersey have been highly successful in creating incentive programs and reducing overall energy consumption across Triennium 1 and the beginning of Triennium 2.

3.9(d) Program Costs

Staff proposes that each utility shall annually file on a full and current basis, through a surcharge, all reasonable and prudent costs incurred because of EE and PDR programs, including but not limited to recovery of and on capital investment.

As part of the annual filing required by N.J.S.A. 48:3-87.9(e)(1), Staff proposes that each utility provide a statement of energy and demand savings that is certified by an independent third-party auditor to be compliant with the TRM.

3.9(e) Investment Treatment

3.9(e)(1) Amortization

Staff proposes that most program investments be amortized over a time period that aligns with the weighted average useful life of each utility's proposed portfolio but that this period should not exceed ten (10) years. However, Staff also proposes that the parties to each utility filing and stakeholders be allowed to explore shorter amortization periods to align with the State's energy policy goals.

3.9(e)(2) Rate Caps

To encourage reaching EE goals, in prior Triennia, Staff recommended that the Board not establish an absolute cap on customer distribution rates or bills associated with EE and

PDR investments. Instead, Staff recommended that the Board ensure financial discipline by requiring utilities to continually monitor investments and report on program costs, comply with cost-benefit requirements, and otherwise demonstrate that the investments are prudent. Additionally, Staff recommended that rate impacts be closely monitored through the annual petitions for cost recovery and that the Board evaluate the need for a cap on rates or customer bill impacts during the triennial review.

For Triennium 3, Staff proposes that the Board impose caps on Triennium 3 recovery should it determine that rate caps are in the public interest. For example, to mitigate bill impacts to ratepayers when there are other cost increases outside of the Board's control, Staff proposes that the Board consider establishing rate caps that limit utility recovery and defer remaining recovery to subsequent periods.

3.9(e)(3) Return on Equity

Staff proposes that the carrying costs for program investments use the capital structure established in each utility's most recent base rate case, incorporating both the cost of debt and the ROE. The return that the utility may earn depends on the performance incentive mechanism curves presented in Section 3.9(f), below. The curves show two (2) levels of return: the first for high performance and the second for average performance. Staff proposes that the return for high performance is a 100-basis-point reduction on the WACC to reflect the lower risk and shorter time frame for EE compared to traditional utility investments. For the return for average performance, Staff proposes the utility's cost of debt from its most recent base rate case.

3.9(f) Compensation Structure on Program Investment and Performance Incentive Mechanism

Staff's position is that the annual cost recovery filing described at N.J.S.A. 48:3-87.9(e)(1) does not bind the Board to guarantee a return on investment. Literature addressing the appropriate ROE for EE programs argue that it should be lower than the ROE for typical utility capital investments.[77] The argument is based on the following:

- Lower risk:
    - EE savings are more predictable than other utility capital investments. There is still some risk due to in-service rates and realization rates.
    - EE usually returns capital and earnings faster than waiting for the next rate case.

[77] Daniel, Foelske, Kihm of RMI, "Rebalancing 'Return on Equity' to Accelerate an Affordable Clean Energy Future" (2025). Werner and Jarvis of Energy Institute at Haas, "Rate of Return Regulation Revisited" (2025).

- EE budgets are pre-approved.

- Time value of money: EE project timelines are shorter compared to investment in poles and wires.
  - In Triennium 2, the utilities earned their WACC for investment costs. The ROE matched the latest base rate case for each utility. The ROE was adjusted according to a PIM curve, where over-performance was rewarded with a maximum fifty (50) basis points addition to the ROE, while under-performance was penalized with a maximum 400 basis point deduction.

For Triennium 3, Staff proposes a modified compensation structure to incentivize the utilities to meet the following goals:

- Cost-Effective Energy Savings: Achieve long-term energy savings in a cost-effective manner.
- Cost-Effective Demand Reduction: Achieve demand savings in a cost-effective manner.
- Equity: Ensure equitable access to EE and electrification readiness, particularly for LMI households and OBMs.
- Electrification: Meet electrification goals as outlined in Executive Order 316, including electrifying premises and making LMI households electrification-ready.

The compensation structure is made up of three (3) components: a) incentive pool, b) incentive pool allocation, and c) quantitative performance indicators ("QPIs") and performance incentive mechanism ("PIM") curves.

1) Incentive Pool

The Incentive Pool is the maximum return from the investment in the Triennium 3 programs.

2) Incentive Pool Allocation:

The Incentive Pool is parsed across four categories based on set weights. For EDCs:

- Energy Savings: 35%
- Demand Savings: 35%
- Equity: 20%
- Electrification: 10%

For GDCs, the category weights are:

- Energy Savings: 65%
- Equity: 35%

For example, if the total incentive pool is $100M, then an EDC can earn up to $35M for achieving and exceeding its energy savings QPI target, but only up to $10M for exceeding its electrification QPI target.

3) Performance Indicators and Performance Incentive Mechanism Curves:

Table 8 shows the list of QPIs. For each incentive category, the overall performance metric is the weighted sum of the QPIs within the category. Staff shall assess proposed target values for each QPI based on the results of the Triennium 3 goal setting study. The performance metric for an individual QPI is therefore the actual performance divided by the target value. A utility may propose different target QPI values for any of the QPIs listed in Table 8.

Table 8. QPIs for Each Goal Category

Incentive Categories	**Category Wt**	**Category QPIs**	**Wt**	**Comments**
Energy	35% EDCs 65% GDCs	Residential whole premise lifetime savings, MMBtu	25%	Lifetime savings from residential whole premise projects
		Non-residential whole premise lifetime savings, MMBtu	25%	Lifetime savings from non-residential whole premise projects
		All other lifetime savings, MMBtu	10%	Lifetime savings from all other projects
		Cost-effectiveness, $/lifetime MMBtu	40%	$/lifetime MMBtu of all lifetime savings
Capacity	35% EDCs 0% GDCs	Wholesale peak demand reductions, MW	30%	Active peak demand reduction, expressed in MW as an average across 5 highest peak days, reported annually No demand reduction from EE measures
		Enrolled Capacity, MW	30%	Rated integration capacity for connected DER assets enrolled in programs
		Cost-effectiveness, $/MW	40%	$/MW of wholesale peak demand reduction

Equity	20% EDCs 35% GDCs	LMI/OBM lifetime energy savings, MMBtu	67%	Residential savings
		LMI homes electrification-ready	33%	Electrical panel and circuits upgraded for full electric heating load
Electrification	10% EDCs 0% GDCs	Residential HPs installed for space conditioning	67%	Includes multifamily. Sized for full electric heating load. Fuel switching only.
		Commercial HPs installed for space conditioning	33%	Non-residential. Sized for full electric heating load. Fuel switching only.

The overall performance for an incentive category is determined from the PIM curves shown in Figure 2, below. The weighted QPI score is the input to the PIM curve. Below a threshold of 60% QPI performance, the utility earns zero return. In the mid-range, from 80% to 120%, the return is a fraction of the maximum return. For overperformance, greater than 150%, the utility earns the maximum ROE.

Figure 2. Illustrative PIM Curves by Incentive Category for EDCs

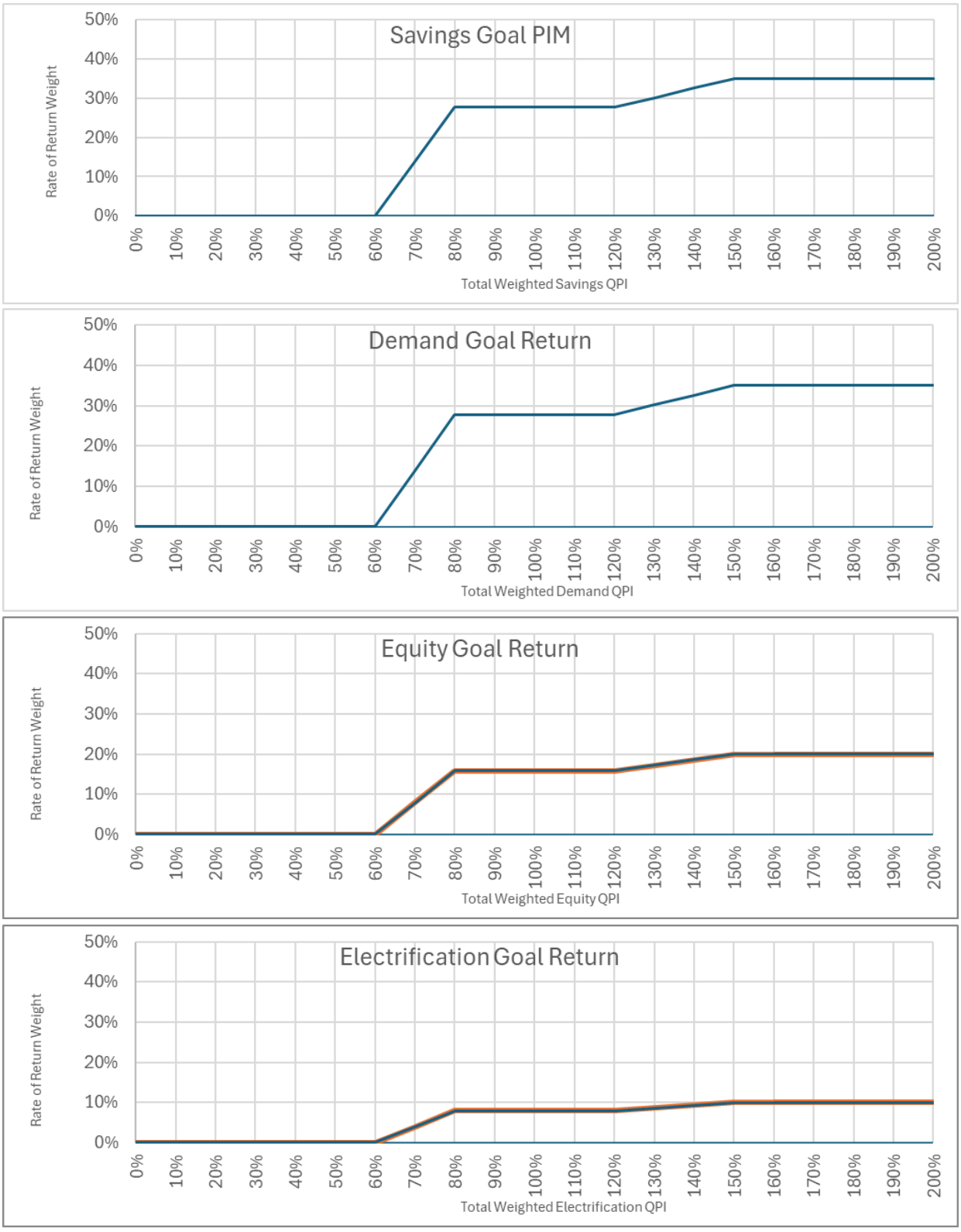
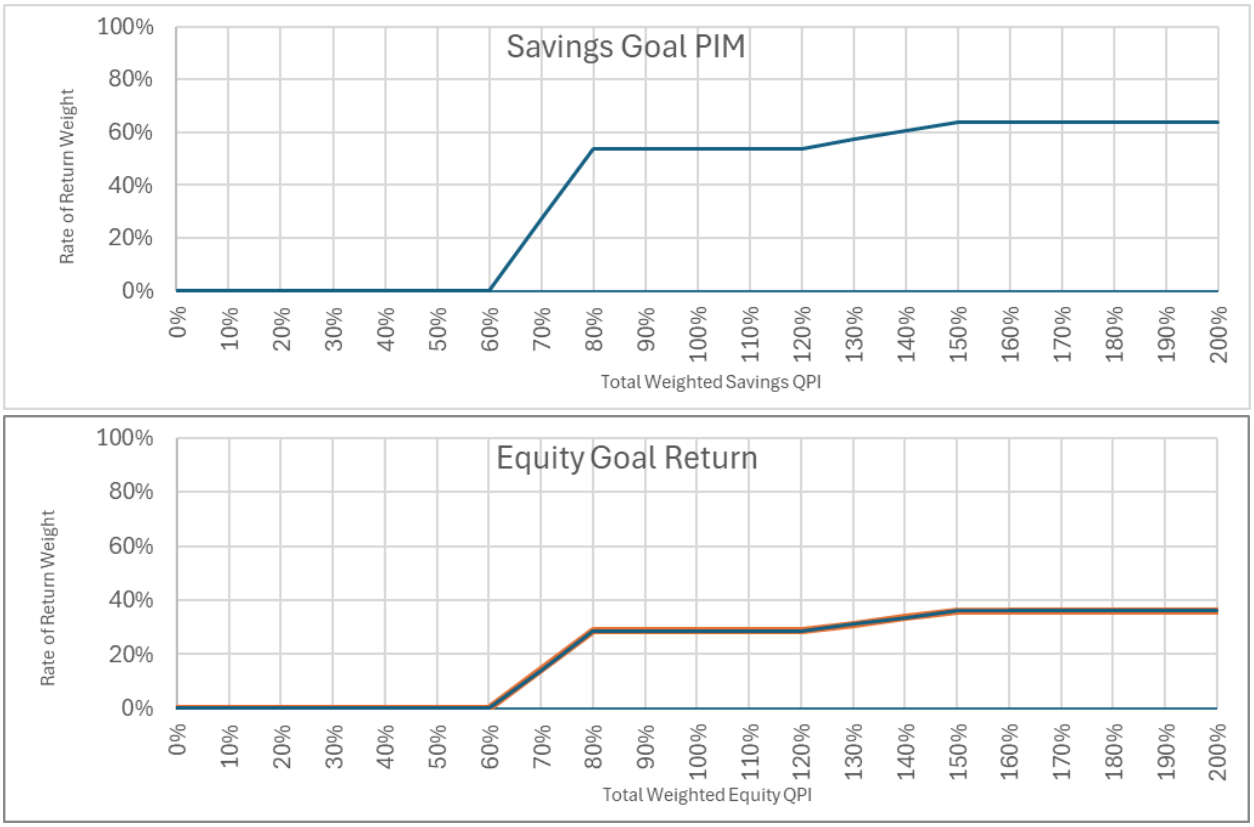


Figure 3. Illustrative PIM Curves by Incentive Category for GDCs.



The PIM curves are comprised of three (3) sections:

- Poor performance – results in no return
- Average performance – results in a return greater than the cost of capital
- High performance – results in the maximum EE-specific return

3.9(f)(1) Return on the Outstanding Balance of OBR Loans

In addition to proposing limits on eligibility for OBR loans in in Section 3.5, Staff proposes that the utilities offering OBR loans earn an annual rate of return on the outstanding balance of the loan principal at the same level of their performance-based return (see Section 3.9(f)), while those using TPIs will earn an annual rate of return based on their performance-based return as applied to the cost for the TPI administration of loans including the interest rate buydown. This compensation must be included as a cost in the NJCT, as well as certain other cost tests as required in the NJCT Cost Memo. When preparing budgets and cost-benefit analysis, the performance-based return can be estimated at a value based on the middle, or "dead band" level of the PIM curves.

3.9(g) Effective Revenue Incentive

3.9(g)(1) Regulatory Basis for EDCs and GDCs to Request an Effective Revenue Incentive

Pursuant to N.J.S.A. 48:3-98(1)(b), "[a]n electric public utility or a gas public utility seeking cost recovery for any program pursuant to this section shall file a petition with the board to request cost recovery." Further, pursuant to N.J.S.A. 48:3-87.9(e)(1),

> [e]ach electric public utility and gas public utility shall file annually with the board a petition to recover on a full and current basis through a surcharge all reasonable and prudent costs incurred as a result of energy efficiency programs and peak demand reduction programs required pursuant to this section, including but not limited to recovery of and on capital investment, and the revenue impact of sales losses resulting from implementation of the energy efficiency and peak demand reduction schedules . . .

Although the utilities can file for the impact of sales that might have occurred but for the implementation of EE and PDR programs (lost revenues) along with other cost recovery, the Board must assess and determine the appropriate level of incentives and overall return that it deems prudent and reasonable.

3.9(g)(2) Effective Revenue Incentive

As with return on investment, Staff's position is that the annual cost recovery filing described at N.J.S.A. 48:3-87.9(e)(1) does not bind the Board to guarantee recovery of the revenue impact of sales losses resulting from implementation of the programs. In past Triennia, Staff viewed lost revenue recovery as an effective regulatory tool to encourage utilities to establish and implement the transition to utility-led programs pursuant to the CEA.

In Triennium 3, Staff suggests that it is no longer in the public interest for utilities to recover claimed lost revenues when sales volumes are increasing. Staff also suggests that utilities' recovery of claimed lost revenues should more closely reflect actual EE savings.

Staff therefore proposes the following new methodology for ERI in lieu of LRAM and CIP.

(a) Use existing weather normalization formulas to adjust sales volumes to account for the impact of weather on sales.

(b) Calculate the three (3)-year weather-adjusted moving average.

(c) Gating criterion: ERI is only permitted for years in which the total sales volume is ***below*** the average sales volume for the prior three years.

(d) If ERI is permissible based on the gating criterion, calculate the effective recoverable volume using the recovery factor.

  (1) The recovery factor is the actual percent kWh savings (as reported to and verified by DCE) divided by the specific savings goal in kWh or therms for electric and gas utilities, respectively.

(2) The effective recovery volume is the verified annual electric or gas savings multiplied by the recovery factor

(e) Calculate the ERI by multiplying the effective recoverable volume by the weighted average rate ($/KWh), where weighted average rate is volume-weighted across customer classes.

3.10 Appendix J: Evaluation, Measurement, and Verification

3.10(a) EM&V Administrative Structure and Working Group

By the June 2020 Order, the Board called for establishment of an EM&V WG. Facilitated by the SWE, the EM&V WG brings together Staff, Rate Counsel, and the utilities – with technical evaluation contractors, program implementation contractors, and representatives from the other EE working groups as appropriate to provide guidance and input on relevant issues – to collaborate to develop a standard, transparent, and replicable approach for evaluating, measuring, and verifying the results of EE and PDR programs implemented pursuant to the CEA. As part of this standard statewide approach, the State and utilities are held to the same accountability standards through collaboratively developed plans, schedules, procedures, guidelines, and requirements for program administrators. The EM&V WG shares associated data, as appropriate; considers best practices from other jurisdictions; and facilitates the necessary stakeholder processes related to the State's EM&V policies. The EM&V WG is highly deliberative and advisory regarding key EM&V plans and recommendations, and provides recommendations to Staff, with the Board retaining ultimate decision-making authority.

The EM&V WG establishes committees as needed on targeted issues. The current committees are the TRM Committee, NJCT Committee, and Guidelines Committee with each comprising various members of the EM&V WG.

3.10(b) Adapting Key EM&V Products for Triennium 3

3.10(b)(1) Technical Reference Manual

The TRM is the compendium of algorithms and parameter assumptions to calculate resource savings – including electricity, natural gas, and other resource savings – and energy and capacity and peak demand savings for technologies and measures. In addition, it is the repository of NTG ratios, realization rates, in-service rates, and incremental measure costs. The TRM is used consistently across State- and utility-run EE and PDR programs. For the utility-run programs, the savings estimates from the TRM, also known as deemed savings, are used for the Triennium program filings, evaluating compliance in meeting the energy savings goals in the CEA, and determining the utility performance-based return on achievement of targets.

By Order dated December 18, 2024, the Board approved Staff's recommendation for the

TRM to be updated annually instead of triennially.[78] The Annual TRM in effect at the time of filing program plans shall be used to determine energy and demand savings, NTG ratios, realization rates, and IMCs.

For Triennium 3, Staff proposes the following adaptations:

- Evaluating peak demand savings from DR assets and DERs;
- Consider developing an e-TRM to facilitate annual revisions.

3.10(b)(2) Net-to-Gross Factors

NTG ratios estimate the savings attributable to specific programs or measures, not including free riders or spillover effects. For Triennium 1, based on the CEA's call for all attributable energy savings to be calculated, as well as Staff's recommendation that using net savings to measure and evaluate energy savings is appropriate, the Board adopted Staff's recommendation that, in (1) calculating energy reductions resulting from EE and PDR programs and (2) applying other permissible savings, State and utility program administrators shall report energy savings in both gross and net savings, and use net savings for all aspects of program review, including compliance and cost-effectiveness testing.

While the Board accepted a NTG value of 1.0 for all programs in Triennium 1, the Board also adopted Staff's recommendation to establish accurate NTG ratios to ensure that program administrators are incented to design programs that maximize savings attributable to those programs and account for free ridership and spillover effects. Based on Board guidance, Staff and the EM&V WG coordinated a study for recommended NTG ratios to calculate net savings and inform planning for Triennium 2 programs ("NTG study"). This NTG study, "New Jersey Recommended Net-to-Gross Ratios Overall Report," submitted by NMR Group, Inc., is available on the NJCEP website.

3.10(b)(3) Evaluation Studies

Evaluation studies are critical for providing strategic insights. As described in more detail in the September 10, 2025 Order, the SWE develops an "Evaluation Studies List and Plan for Triennium 2." A similar list will be developed for Triennium 3 based on changing priorities and new study and topic needs and in accordance with the Triennium 3 EM&V Framework. In particular, market transformation, DR, and SDMs will be new areas to evaluate. New program logic models will guide evaluation study development in these areas.

[78] In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reductions Programs, Order Adopting an Updated Technical Manual Process for the Energy Efficiency Programs, BPU Docket No. QO23030150, Order dated December 18, 2024.

3.10(c) Evaluating Demand Savings (EDCs only)

3.10(c)(1) DR Evaluation Plan

The utility shall provide a DR Evaluation Plan for the evaluation, measurement, and verification of DR programs in each year of the Triennium 3. The utility shall use this plan to provide performance summaries in Annual Progress Reports, Quarterly Progress Reports, and post-event reports. The utility shall evaluate the peak demand impacts of each program in each year of the Triennium period. For each demand response program, the utility shall describe their approach to end-of-year program EM&V, including but not limited to the use of comparison groups, regression models, statistics on regression models and demand reduction estimates, and the use of AMI data.

To evaluate DR programs, the utility shall:

- For programs that have many non-participants with similar load profiles, use difference-in-differences with randomized control trials when possible and comparison groups where randomized trials are not possible (i.e. residential and small-business customers)
- Construct comparison groups based on load data in similar non-event days among other variables
- For programs that serve customers that lack a large number of non-participants available with similar load profiles for developing an accurate comparison group, use customer-level regressions
- Use AMI data as well as sub-metered device data and telemetry data when available
- Account for participation in other programs by identifying dual-enrolled customers using the DER registry to adjust for overlapping capacity of other DR programs
- Account for participation of demand response program participants in PJM wholesale markets

In their proposed DR EM&V plans, the utility shall also describe:

- The rationale for EM&V budget
- Ongoing monitoring and evaluation plans that follow best practices, including sufficient participation targets and control group sizes

3.10(c)(2) Annual DR EM&V reports

The utility shall submit an annual EM&V report, which addresses the following:

- Estimate 15-minute changes in demand during the event window and in hours preceding and follow the event using validated AMI data for customers who

received a dispatch relative to a comparison/control group that did not receive a dispatch

- Explain the selection and construction randomized control trials and comparison groups for each program
- Explain the choice of customer-level regression or difference-in-differences for each program
- Report statistics on a) the differences in comparison group load and dispatched program participant load on days used for selecting comparison group and b) the differences between prediction and observed load for days used to develop single-customer regressions that are most similar to event days, including but not limited to:
    - Average error
    - RMSE (root mean squared error)
    - MAE (mean absolute error)
    - MAPE (mean absolute percentage error)
    - SSE (sum of squared errors)

In their annual EM&V reports, the utility shall describe:

- Key leading indicators such as enrollment rates
- Contingencies on program performance tied to results for key leading indicators
- How the evaluation results inform cost-effectively scaling during and after Triennium 3

3.11 Appendix K: Reporting

Staff proposes that the utilities submit public reports to the Board according to the reporting framework outlined below. Staff proposes that Staff issue standard report formats in collaboration with the utilities through the EM&V WG. All public reports will be available to any interested party on the NJCEP website.[79] Staff further proposes that the Board provide Staff with the flexibility to adjust the reporting due dates when necessary.

3.11(a) Quarterly Reports

No later than sixty (60) days following the end of each quarter, the utility shall submit a user-friendly quarterly performance tracking report in spreadsheet format including, but

[79] www.njcleanenergy.com.

not limited to, the following performance metrics:

(a) Compliance with CEA annual savings goals

(b) Sector- and program-level metrics on participants, expenditures, and energy savings

(c) OBM metrics on participants, expenditures, and energy savings

The first quarterly report of a new program year shall have a revised forecast of retail sales, which in turn determines the savings target for the program year.

3.11(b) Annual Reports

No later than 150 days following the end of each program year, the utility shall submit an annual performance tracking report. The annual report is comprised of two (2) components: a narrative overview of the year's performance and a spreadsheet. The narrative shall include:

- A narrative that provides an overview of program performance
- A narrative about customer participation and incentives paid
- Any proposed changes or additions for the next year or cycle

The annual report spreadsheet follows the same template as the quarterly report with the addition of the following data tables:

- The utility's initial and final benefit-cost test results for the programs and portfolio
- Assessment of the portfolio's compliance with the utility's QPIs, as certified by a third-party auditor
- Net budget transfers with partners

If requested, the utilities will provide end use, measure level, and/or other program data within thirty (30) days to Staff.

3.11(c) DR Reporting Requirements

3.11(c)(1) Annual Progress Reports

In Annual Progress Reports, the EDC shall document the performance for each demand response program by consolidating performance metrics from post-event reports in a tabular format. The EDC also shall summarize results of the end-of-year evaluations and compare them to program performance in post-event reports for each program, providing a narrative explanation of any discrepancies.

Annual Progress Reports shall summarize spending for each demand response program by the following cost categories:

- Administration/program implementation
- Customer incentives
- Marketing
- Evaluation, measurement, and verification
- Other costs that do not map to the other categories

Annual Progress Reports also shall provide the following performance metrics for each program:

- Customers enrolled
- Peak demand reductions by event
- Aggregate peak demand reductions on the five (5) days with highest PJM system peak demand

Finally, Annual Progress Reports shall identify performance issues and describe strategies that the EDC can take to address those issues.

The level of capacity and energy savings for demand response programs used in benefit cost analyses for Annual Progress Reports shall be based on the results of end-of-year impact evaluations.

3.11(c)(2) Post-event Reports

For each program, the utility shall also provide post-event reports. In each program-specific report, the utility shall report the following metrics:

- The number of customers
  - Enrolled at the time of the event
  - With active devices at the time of the event
  - Who received a dispatch
  - Who participated in the event
  - Who opted out of the event
- The share of customers enrolled at the time of the event
  - With active devices at the time of the event
  - Who received a dispatch
  - Who participated in the event

        - Who opted out of the event
    - Fifteen (15)-minute changes in demand during the event window and in hours preceding and following the event using validated AMI data for customers who received a dispatch relative to a control group that did not receive a dispatch
        - Customers who received a dispatch shall be inclusive of any customers who opted out from the event after receiving a dispatch signal
    - Comparisons of the fifteen (15)-minute changes in demand to capacity committed or projected by third party provider

When a program involves more than one third-party provider, the utility shall report impacts by each provider. The utility shall propose a day-matching baseline method to be used to calculate demand reductions in post-event reports. The utility shall share these post-event reports with the Board, PJM, and program providers within ten (10) business days of an event.

3.12 Appendix L: Joint Utility Coordination

In areas where gas and electric service territories overlap, in addition to establishing programs that include agreed-upon program design standards, as described in Section 2.7, Staff proposes that the utilities design a program structure that results in coordinated, consistent delivery of programs among all of the utilities and allocates costs and energy savings appropriately based on the fuel type(s) treated by EE measures. The utilities shall ensure that customers do not face confusion as a result of overlapping territories and can access both electric and gas measures simultaneously, where appropriate.

The Lead Utility follows the project through to completion, pays the project incentive and financing/on-bill repayment, if relevant, and then works with the Partner Utility to transfer the energy savings for their fuel and the cost of the investment for their share of the project. Staff proposes that the utilities continue to jointly engage a Statewide Coordinator system to facilitate the exchange of information and coordinate implementation of programs in overlapping utility territories by Lead Utilities and Partner Utilities.