



State of New Jersey
DIVISION OF RATE COUNSEL
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May 6, 2015

VIA HAND DELIVERY AND ELECTRONIC MAIL

Hon. Irene Kim Asbury, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625

**Re: Comments of the New Jersey Division of Rate Counsel
CEP - Proposed Modifications to Multiple Program Budgets**

Dear Secretary Asbury :

The Division of Rate Counsel ("Rate Counsel") would like to thank the Board of Public Utilities ("BPU" or "Board") for the opportunity to present the within comments on the proposed modifications to multiple program budgets ("Budget Transfers") to the Clean Energy Program ("CEP") energy efficiency ("EE") program budgets which was submitted to stakeholders for comment by the Office of Clean Energy ("OCE") on April 29, 2015.

Enclosed please find original and ten copies of comments submitted on behalf of Rate Counsel in connection with the above-captioned matter. We are enclosing one additional copy of the comments. Please stamp and date the extra copy as 'filed' and return it in our self-addressed stamped envelope.

TRC, the CEP's Commercial and Industrial market manager, proposes to shift \$6 million in funds from Residential CEP programs to C&I CEP programs in order to fund an anticipated increase in participation in several C&I Programs. As proposed, the \$6 million transfer from Residential programs will be apportioned to the C&I EE programs as follows:

- \$2,000,000 to the SmartStart Retrofit program;
- \$1,200,000 to the Pay for Performance Existing Buildings program;
- \$1,000,000 to the Pay for Performance New Construction program;
- \$1,100,000 to the Direct Install program;
- \$200,000 to the Local Government Energy Audit program; and
- \$500,000 to the Large Energy Users program.

The sources of the \$6 million transfer are the following Residential EE programs:

- \$1,250,000 from the Residential HVAC Electric & Gas program;
- \$2,250,000 from the Residential EE Products program; and
- \$2,500,000 from the Residential New Construction program.

TRC claims that Honeywell, the CEP's Residential market manager, has indicated that the proposed decreases to these residential program budgets will have no adverse impact on its ability to meet current and future residential program commitments. TRC further claims that all of the proposed residential EE budget reductions would be from the Residential Rebates, Grants and Other Direct Incentives budget category, and all of the proposed budget increases would be applied to the C&I Rebates, Grants and Other Direct incentives budget category.

The proposed \$6 million budget transfer amounts to over 10 percent of the original Board-approved FY2015 Residential CEP budget of \$52.4 million. Of the \$6 million, \$1.25 million is from residential HVAC rebates and grants, leaving \$12.4 million available for this residential sub-program. Furthermore, Residential EE Products and New Construction sub-programs would each face over \$2 million in cuts.


Meanwhile, several New Jersey gas utilities have cases pending where they seek to extend their residential EE programs, among other programs, which are intended to serve markets not served by the CEP's existing residential programs. In light of this, Rate Counsel respectfully submits that the OCE and CEP market managers should re-visit the residential programs to see why the participation rate for the affected residential EE programs did not meet the anticipated demand and whether the programs could be redesigned to better serve their target residential market. At this juncture, Rate Counsel does not object to the proposed transfers based on the representation that there is sufficient demand for the programs to justify the proposed budget. However, going forward the residential market manager should study the shortfall in participation in the cited residential programs and, if need be, revise the affected residential programs to better serve the residential market.

Thank you for your consideration of the within comments.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

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