



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu

CLEAN ENERGY

IN THE MATTER OF THE STATE ENERGY PROGRAM) ORDER
FOR PROGRAM YEAR JULY 1, 2015 – JUNE 30, 2016)
) DOCKET NO. QO15030381

Parties of Record:

Maurice Kaiser, Honeywell, 145 Route 46 West, Wayne, NJ 07470
Carl Teter, TRC Solutions, 900 Route 9 North, Suite 104, Woodbridge, NJ 07095
Mike Ambrosio, Applied Energy Group, 317 George Street, Suite 305, New Brunswick, NJ 08901

BY THE BOARD:

By this Order, the Board of Public Utilities (Board) considers the Office of Clean Energy’s (OCE or Staff) 2015-2016 State Energy Program (SEP) Plan for submission to the United States Department of Energy (USDOE). Staff seeks Board approval of the proposed 2015-2016 SEP Plan at a budget level of \$1,324,387.31. This budget comprises \$1,096,730.00 in new federal SEP funds allocated by USDOE, \$219,346.00 in new State matching funds, \$6,926.09 in federal SEP funds carried over from the 2014-2015 SEP Plan, and \$1,385.22 in State matching funds carried over from the 2014-2015 SEP Plan.

BACKGROUND AND PROCEDURAL HISTORY

The SEP was established in 1996 by consolidating two existing programs: (1) the State Energy Conservation Program (SECP); and (2) the Institutional Conservation Program (ICP). 61 Fed. Reg. 35,890 (July 8, 1996). Both the SECP and ICP came about during the energy crisis of the early 1970s. Events during that time period increased the nation’s awareness of its dependence on foreign oil. Congress responded with legislation that established a broad range of conservation programs, provided support for the development of new and more efficient sources of energy, and required the USDOE to lead and administer the effort. The SECP was established under the Energy Policy and Conservation Act of 1975, Pub. L. No. 94-163, 89 Stat. 901, to address energy conservation in the states. The SECP provided funding to the states for a variety of energy efficiency and renewable energy activities. 61 Fed. Reg. 35,890 (July 8, 1996). The ICP provided schools and hospitals with a technical analysis of their buildings and identified the potential savings from proposed energy conservation measures. Ibid. In creating

the SEP, the USDOE combined the SECP and ICP to make it easier for states to apply for grants, and to make it more efficient for both the USDOE and the states to manage the grants. Id. at 35,891. Thus, the USDOE currently provides federal financial assistance and technical support to the states for energy programs by means of the SEP. 10 C.F.R. § 420 et seq.

Therefore, the SEP is a joint state-federal initiative whose purpose is to promote the conservation of energy, reduce the rate of growth of energy demand, and reduce dependence on imported oil. These goals are sought to be attained through the development and implementation of comprehensive state programs that are financially supported by the USDOE. The federal laws and regulations establish criteria for participation, and define how funds may be used. 42 U.S.C. § 6321 et seq.; 10 C.F.R. § 420 et seq. States must comply with the USDOE rules governing these financial awards.

To be eligible, a state shall annually submit an application to the USDOE, due this year by April 29, 2015, that is executed by the Governor or his/her designee. The USDOE reviews the applications and amended Plans in accordance with 10 C.F.R. § 420.14. The USDOE must approve or disapprove funding within 60 days from the date of a timely filed application packet. The USDOE may request, if necessary, additional documents or an amended state plan reflecting changes in the activities the state is planning to undertake for the fiscal year concerned.

DISCUSSION AND FINDINGS

The State of New Jersey was allocated federal monies each year in support of its USDOE-approved State Plans. In accordance with the formula provided in 10 C.F.R. § 420.11, New Jersey's 2015-2016 SEP allocation is \$1,096,730.00. Specifically, the proposed 2015-2016 SEP Plan includes a budget level of \$1,324,387.31. This budget amount would comprise \$1,096,730.00 in new federal SEP funds allocated by USDOE, and \$219,346.00 in new State matching funds. Additionally, the State seeks to carry over \$6,926.09 in previous uncommitted funds and \$1,385.22 in state matching funds.

Pursuant to USDOE regulations, New Jersey is required to match this amount either through cash, in-kind contributions, or both, in an amount totaling not less than 20 percent of the federal allocation. 10 C.F.R. § 420.12. Each state can propose how it intends to use its allocated share of funds to address both national criteria and the specific environmental conditions within that state. Staff proposes that New Jersey's 20 percent match for these federal funds come from New Jersey Clean Energy Program (NJCEP) administrative costs.

The SEP Plan, as proposed, is a continuation of the Market Title that was approved in the 2011-2012, 2012-2013, 2013-2014, and 2014-2015 SEP Plans. The Market Title, "Energy Efficiency Programs for Non-Investor Owned Utility (non-IOU) Customers" expands the eligibility of the customers served by the NJCEP. Specifically, the Market Title expands the Clean Energy Programs titled Home Performance with Energy Star (HPwES), Heating, Ventilating and Air Conditioning (HVAC), and Direct Install (DI), to address both residential and commercial/industrial customers who do not contribute to the Societal Benefits Charge (SBC), and are therefore not eligible to participate in the NJCEP. The Market Title is designed to further State and federal energy conservation and efficiency goals. In particular, the SEP Plan, as proposed, will supplement or expand these programs to allow non-IOU electric customers, oil customers, and propane customers to achieve increased efficiencies, and for the State to realize the additional environmental benefits of more energy efficient fossil-fueled equipment.

Therefore, the 2015-2016 SEP Plan proposes programs, as described below, that will focus on the specific customers who do not contribute to the SBC, such as those that receive their electricity from a municipal electric utility, or use oil or propane. The incentives provided for these customers will be identical to those provided by the NJCEP for similar equipment. These programs will include:

- HPwES: The HPwES program recruits and trains Building Performance Institute (BPI)-certified and accredited contractors to install energy efficiency measures in existing homes. The program provides customers with up to \$5,000 in incentives and a buydown to 0% for loans up to a maximum of \$10,000 for the installation of qualifying measures. This funding will be used to rebate customers who do not contribute to the SBC and are not eligible to participate in the Clean Energy Program's existing HPwES.
- HVAC: The HVAC program promotes the purchase of efficient home heating, cooling, and water heating equipment, and the quality installation of such equipment. Its long-term goal is to make the high quality installation of high-efficiency residential HVAC equipment the norm in the New Jersey market. COOLAdvantage promotes the installation of new, energy efficient, residential central electric air conditioners and heat pumps. WARMAdvantage promotes energy efficient furnaces, boilers and water heaters for use in residential buildings. This funding will be used to rebate customers who do not contribute to the SBC and are not eligible to participate in the Clean Energy Program's existing HVAC Program.
- DI: The DI program identifies cost-effective energy efficiency opportunities, and provides incentives and direct installation of efficiency measures, such as lighting, controls, refrigeration, HVAC, and motors. This funding will be used to rebate customers who do not contribute to the SBC and are not eligible to participate in the Clean Energy Program's existing DI Program

The Board **HEREBY FINDS** that the 2015-2016 SEP Plan, as detailed above, will contribute to the conservation of energy, reduction of the rate of growth of energy demand, reduction of dependence on imported oil, and advancement of state and federal energy conservation and efficiency goals. The Board **FURTHER FINDS** that the SEP Plan, as proposed, will allow customers who do not contribute to the SBC to participate in programs that further State and federal conservation and energy efficiency goals. The Board **HEREBY APPROVES** the SEP budget of \$1,324,387.31 and **HEREBY DIRECTS** Staff to take appropriate measures to implement such programs subject to, and consistent with, USDOE approval of the plan. Based upon the foregoing recommendations of Staff, the Board **FURTHER APPROVES** the 2015-2016 SEP as proposed above, and **HEREBY AUTHORIZES** the submission of the 2015-2016 SEP Plan to the USDOE for approval.

This Order shall be effective on April 25, 2015.

DATED: 4/15/15

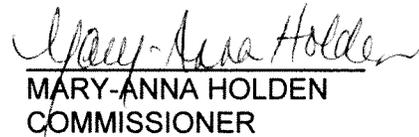
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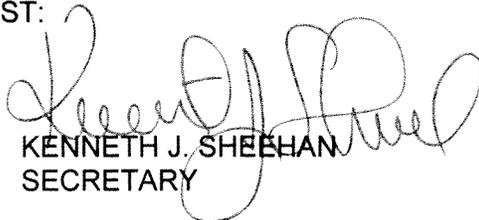


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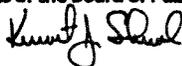
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ATTEST:



KENNETH J. SHEEHAN
SECRETARY

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



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SERVICE LIST

Carl Teter
Associate Vice President
TRC Solutions
900 Route 9 North
Woodbridge, NJ 07095

Kevin Burke
Honeywell
145 Route 46 West
Wayne, NJ 07470

Maurice Kaiser
Honeywell
145 Route 46 West
Wayne, NJ 07470

Mike Ambrosio
Applied Energy Group
317 George Street
Suite 305
New Brunswick, NJ 08901

Carolyn McIntosh
Deputy Attorney General
Division of Law
Department of Law and Public Safety
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029

Rachel Boylan, Esq.
Counsel's Office
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Kenneth J. Sheehan, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Elizabeth Ackerman, Director
Office of Clean Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Marisa Slaten, Assistant Director
Office of Clean Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Michael Greco
Office of Clean Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Elizabeth Teng
Office of Clean Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Allison E. Mitchell
Office of Clean Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350