

Appendix A to Staff Straw Proposal on EE Triennium 2:

In the Matter of the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018
Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs
Docket No. QO19010040

In the Matter of 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
Docket No. QO23030150

In the Matter of 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
Docket No. QO17091004

MINIMUM FILING REQUIREMENTS FOR ENERGY EFFICIENCY AND RENEWABLE ENERGY
PETITIONS UNDER N.J.S.A. 48:3-98.1 AND N.J.S.A 48:3-87.9

I. General Filing Requirements

- a. The utility shall provide a table of contents for each filing.
- b. The utility shall provide with all filings, information and data pertaining to the specific program proposed, as set forth in applicable sections of N.J.A.C. 14:1-5.11 and N.J.A.C. 14:1-5.12.
- c. All filings shall contain information and financial statements for the proposed program(s) in accordance with the applicable Uniform System of Accounts that is set forth in N.J.A.C. 14:1-5.12. The utility shall provide the accounts and account numbers that will be utilized in booking the revenues, costs, expenses, and assets pertaining to each proposed program so that they can be properly separated and allocated from other regulated and/or other programs.
- d. The utility shall provide supporting explanations, assumptions, calculations, and work papers as necessary for each proposed program and cost recovery mechanism petition filed under N.J.S.A. 48:3-98.1. The utility shall provide electronic copies of such supporting information, with all inputs and formulae intact, where applicable.
- e. The filing shall include testimony supporting the petition, including all proposed programs.
- f. For any proposed program, the utility shall be subject to the requirements in this and all subsequent Sections. If compliance with Section IV and VI of these requirements would not be feasible for a particular program or sub-program, the utility may request an exemption but must demonstrate why such exemption should be granted. Pilot programs will not subject to Sections IV and VI. Examples of historical situations that have qualified for exemption include programs that had an educational or policy goal, rather than resource acquisition focus, and programs that introduced novel ideas where documentation supporting estimated costs/benefits may not be easily produced.

- g. If the utility is filing for an increase in rates, charges, etc. or for approval of a program that may increase rates/changes to ratepayers in the future, the utility shall include a draft public notice with the petition and proposed publication dates.

II. Program Description

- a. The utility shall provide a detailed description of each proposed program for which the utility seeks approval, including, if applicable:
 - i. Program description/design
 - ii. Target market segment – including eligible customers, properties, and measures/services – and eligibility requirements and processes
 - iii. Existing incentives
 - iv. Proposed incentive structure or incentive ranges, including incentive payment processes and timeframes
 - v. Customer financing options
 - vi. Contractor requirements and role: The utility shall provide a description of the extent to which the utility intends to utilize employees, contractors, or both to deliver the program(s). The utility shall also provide a description of contractor requirements, including common application elements and training requirements.
 - vii. Estimated program participants, by year
 - viii. Projections for energy savings and associated metrics for each program year relative to the quantitative performance indicators in Section VII.
 - ix. Program budget, by year
 - x. Projected program costs, by year, broken down into the following categories, as applicable:
 - capital cost;
 - utility administration;
 - marketing and outreach;
 - outside services;
 - incentives (including rebates and low- or no-interest loans);
 - inspections and quality control; and
 - evaluation.

To the extent that the Board directs New Jersey’s Clean Energy Program (“NJCEP”) to report additional categories, the utility shall provide additional categories, as applicable.

- b. The utility shall provide the following information about the proposed portfolio:
 - i. Quality assurance and control standards and remediation policies: The utility shall provide a detailed description of the process(es) for ensuring the quality of the programs and resolving any customer complaints related to the program(s).

- ii. Plan for workforce development and job training partnerships and pipelines for energy efficiency jobs, including for local, underrepresented, and disadvantaged workers. The utility will also provide a description of how the utility plans to engage with and support participation by minority-, women-, and veteran-owned and other underrepresented businesses to ensure equitable access to contracting opportunities under the proposed programs.
 - iii. Customer access to current and historic energy usage data
 - iv. Total budget summary, including an annual budget summary and joint budgets with partner utilities
 - v. Benefit-cost analysis (as defined in Section V)
 - vi. The utility shall list its forecasted average cost to achieve each unit of energy savings in each sector.
 - vii. Marketing plan: The utility shall provide a description of where and how the proposed portfolio will be marketed or promoted to the sectors served by the utility's customer base, including coordinated customer outreach on core programs with other utilities. This shall include an explanation of how the specific services, along with prices, incentives, and energy bill savings for the proposed portfolio, will be conveyed to customers, where available and applicable. The marketing plan shall also include a description of any known market barriers that may impact implementation and strategies to address known market barriers.
- c. In areas where gas and electric service territories overlap, the utility shall provide a description of the program structure for coordinated, consistent delivery of programs among utilities and allocation of costs and energy savings among the utilities. The utility shall provide a description of how the utilities coordinated their program assumptions and other factors that could influence results for each coordinated program.

III. Additional Filing Information Applicable Only to Renewable Energy Projects

- a. The utility shall propose the method for treatment of Renewable Energy Certificates ("RECs"), including solar incentives, or any other renewable energy incentive developed by the Board of Public Utilities ("BPU" or "Board"), including Greenhouse Gas Emissions Portfolio and Energy Efficiency Portfolio Standards including ownership and use of the certificate revenue stream(s).
- b. The utility shall also propose the method for treatment of any air emission credits and offsets, including Regional Greenhouse Gas Initiative carbon dioxide allowances and offsets, including ownership and use of the certificate revenue stream(s). For programs that are anticipated to reduce electricity sales in its service territory, the utility shall quantify the expected associated annual savings in REC, solar incentive, and any other renewable energy incentive costs.

IV. Cost Recovery Mechanism

- a. 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-year period. The utility

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

- b. 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.
- c. 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 Societal Benefits Charge, a separate clause established for these programs, base rate revenue requirements, government funding reimbursement, retail margin, and/or other mechanisms.
- d. 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 the New Jersey Division of Rate Counsel simultaneous to its submission to the Board.
- e. The utility shall provide a rate impact summary by year for the proposed program(s) and a cumulative rate impact summary by year for all approved and proposed programs showing the impact of individual programs, 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 also provide an annual bill impact summary by year for each program, and an annual cumulative bill impact summary by year for all approved and proposed programs showing bill impacts on a typical customer for each class.
- f. The utility shall provide, with supporting documentation, a detailed breakdown of the total costs for the proposed program(s), identified by cost segment. 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.
- g. 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.
- h. The utility shall provide, with supporting documentation: (i) a calculation of its current capital structure, as well as its calculation of the capital structure approved by the Board in its most recent electric and/or gas base rate cases, and (ii) a statement as to its allowed overall rate of return approved by the Board in its most recent electric and/or gas base rate cases.
- i. 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. Utilities that have approved rate mechanisms or incentive treatment from previous cases and are not seeking a modification of such treatment through the current filing are not subject to this requirement.

V. Benefit-Cost Analysis

- a. The utility shall conduct a benefit-cost analysis of the programs and portfolio using the most recent New Jersey Cost Test, including its most recent avoided cost methodologies, as a primary test. In addition, the utility shall conduct benefit-cost analysis using the Participant Cost Test, Program Administrator Cost Test, Ratepayer Impact Measure Test, Total Resource Cost Test, and Societal Cost Test that assesses all program costs and benefits from a societal perspective i.e., that includes the combined financial costs and benefits realized by the utility and the customer as defined in the then-current version of the California Standard Practice Manual. The utility may also provide any additional benefit-cost analysis that it believes appropriate with supporting rationales and documentation.
- b. The utility must demonstrate how the results of the tests in Section V(a) support Board approval of the proposed program(s), including how the programs are designed to achieve a benefit-to-cost ratio greater than or equal to 1.0 at the portfolio level when using the New Jersey Cost Test.
- c. Renewable energy programs shall not be subject to a benefit-cost test, but the utility must estimate all direct and indirect benefits resulting from such a proposed program as well as provide the projected costs.
- d. The level of energy and capacity savings shall be calculated using the most recent Technical Reference Manual approved by the Board. To the extent that a protocol does not exist or an alternative protocol is proposed for a filed program, the utility must submit a savings methodology for the program or contemplated measure for approval by the Board.
- e. For calculation of energy and capacity savings, as well as for cost effectiveness calculations, the utility shall apply the applicable Net-to-Gross (“NTG”) ratio and realization rates provided in the current Technical Reference Manual. To the extent that a NTG value does not exist or an alternative NTG value is proposed for a filed program, the utility must submit a NTG value for the program or contemplated measure for approval by the Board.

VI. Evaluation, Measurement, and Verification (“EM&V”)

- a. The utility shall describe the methodology, processes, and strategies for monitoring and improving program and portfolio performance related to the utility’s targets established pursuant to the QPIs in Section VII. The utility shall confirm that these methodologies, processes, and strategies conform with the current New Jersey EM&V guidance documents and standards. The utility shall also provide an EM&V budget consistent with the current New Jersey EM&V guidance documents and standards.

VII. Quantitative Performance Indicators: Targets

- a. The utility shall file QPI target values based on the metrics applicable to each program year of the three-year program filing cycle.
- b. The utility shall provide a description of how the proposed portfolio achieves the targets established for each utility pursuant to the QPIs outlined in the BPU's most recent Energy Efficiency Framework Order, as applicable for each program year:

VIII. Reporting Plan: The utility shall comply with the reporting requirements as outlined in the BPU's most recent Energy Efficiency Framework Order.