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

STAFF STRAW PROPOSAL

Staff herein proposes a framework for implementation of the second triennium of New Jersey's energy efficiency ("EE") programs implemented pursuant to the Clean Energy Act of 2018 ("CEA").

I. PROGRAM ADMINISTRATION

A. Program Years ("PYs")

The CEA calls for the Board to approve Utility EE and peak demand reduction ("PDR") programs no later than 30 days prior to the start of the energy year, which commences on July 1 of every year. Staff proposes that the Utilities and State prepare three-year filings for the EE and PDR programs described below, for Board approval by June 1 and with each program year commencing on July 1 and ending on June 30 of the following year, in alignment with State fiscal years. Triennium 2 comprises the following three program years:

PY25: July 1, 2024–June 30, 2025

PY26: July 1, 2025–June 30, 2026

PY27: July 1, 2026–June 30, 2027

B. Utility-Led Programs

i. Utility Core Programs

Staff proposes that Utilities administer a suite of core programs that serve the following sectors and are consistently available throughout the state:

- **Residential** – The programs should provide comprehensive EE opportunities for existing residential buildings. At a minimum, the programs should include the following:

- In-depth energy assessments where appropriate;
- Incentives for whole home EE and electrification solutions;
- Efficient products, including HVAC rebates, appliance rebates, retail products via stores and online marketplaces, and appliance recycling, with online marketplaces providing a range of point-of-sale products for customers and integration of applicable rebates; and
- Behavioral solutions.

Low- and Moderate-Income ("LMI") Residential:

Residential programs should include specific opportunities for LMI customers, such as enhanced incentives or more favorable financing terms.

Staff seeks stakeholder input on how to best serve disadvantaged customers – that is, based on income (e.g., income based on federal poverty level, income based on area median income), place of residence (e.g., low and/or moderate-income census tract, overburdened community), or other criteria.

In addition to these incentive programs, Staff proposes that the Utilities administer the Comfort Partners program, which provides EE upgrades to low-income households at no cost to homeowners, with continued oversight by the State. Staff proposes that the Utilities develop a plan to deliver Comfort Partners in coordination with the Utilities' moderate-income weatherization programs. Staff proposes that the Comfort Partners program confer with the Equity Working Group to continue to develop and implement procurement protocols that encourage supplier diversity (including contractors and subcontractors) and with the Workforce Development Working Group regarding contractor coaching/mentoring of diverse business enterprises.

Residential programs should also seek to provide benefits to tenants by offering no-cost and low-cost actions or improvements and through strategies that may include educating building owners about the multiple benefits of EE improvements (e.g., energy savings, cost savings, additional non-energy benefits) to tenants and building owners and providing enhanced incentives or financing terms when building owners undertake EE improvements that benefit LMI tenants. Staff is interested in effective strategies to protect current LMI tenants from rent increases due to EE improvements.

- **Multifamily –** Multifamily programs should provide comprehensive opportunities for existing buildings, including in-depth energy assessments and whole building solutions where appropriate, with particular attention to effectively serving the affordable and/or other LMI and/or subsidized housing sectors and minimizing or eliminating as many of the barriers to EE adoption in multifamily housing as possible.

- **Commercial and Industrial** – These programs should provide comprehensive EE opportunities for existing commercial and industrial buildings; at a minimum, the programs should include the following:

    - In-depth energy assessments;
    - Prescriptive and custom incentives;
    - Incentives for whole building EE and electrification solutions; and
    - Energy management.

  C&I programs should include specific opportunities that ensure access for small commercial customers.

  C&I programs should also provide comprehensive opportunities for existing buildings of all types that are interested in whole building EE solutions, in a way that is complementary with the State's Large Energy Users Program ("LEUP").

  Furthermore, based on different requirements applicable to public entities (most notably, public schools and local, county, and State government) and non-public entities, Utilities should consider these differences when designing C&I programs and work with Staff to address any barriers to participation by public sector customers.

ii. Additional Utility Initiatives

In addition to developing and implementing core programs, Staff suggests that the Utilities propose additional initiatives, including, but not limited to, those set out below. These initiatives can be developed collaboratively and filed by all Utilities, developed and filed individually, or piloted in individual territories and eventually considered for adoption by other Utilities as additional initiatives or core programs to be administered by some or all Utilities. While these programs will be designed and filed by each Utility, Staff encourages consistency where possible but recognizes that these programs may vary by territory, particularly in the short term.

- ***Decarbonization Start-Up Programs [RESERVED]***

- ***Demand Response Programs*** **–** Staff proposes that electric and gas Utilities propose demand response programs as mandatory additional Utility-led initiatives. Staff proposes that these programs should utilize demand response strategies to manage customer energy usage during periods of high demand. Staff encourages Utilities to leverage advanced metering infrastructure to the extent possible.

iii. Consistency in Program Elements and Design Standards

Staff proposes that the Utilities file individual program proposals but collaborate to consistently implement the Utility core programs. Coordinated program elements for Utility core programs should include the following:

Contractors/Trade Allies

- Contractor engagement platforms;
- Processes to qualify and register trade allies, including a streamlined process to the greatest extent possible so as to avoid contractors having to undertake duplicative activity with each individual Utility;
- Processes to engage program implementation contractors, with procurement protocols including policies and practices developed in consultation with the Equity Working Group and Workforce Development Working Group that encourage supplier diversity (including contractors and subcontractors) and contractor coaching/mentoring of diverse business enterprises; and
- Training requirements;
- Clear guidelines for trade allies and program implementation contractors regarding compliance with prevailing wage law and the Public Works Contractor Registration Act for applicable projects, as well as any additional requirements applicable to public entities (e.g., public schools and local, county, and State government);
- Common forms for use by contractors; and
- Incentive payment processes and timeframes.

Customers

- Processes to engage with customers, including a streamlined process to the greatest extent possible so that customers have a clear understanding of program offerings and are able to efficiently and effectively participate in the programs;
- Customer and property eligibility requirements and processes, including alternative/automatic eligibility methods for LMI customers (e.g., based on census tracts, environmental justice communities, Urban Enterprise Zones, etc.);
- Common data elements on forms for use by customers; and
- Incentive payment processes and timeframes.

Other Elements and Design Standards

- Eligible measures;
- Incentive ranges;
- Data platforms and database sharing among program administrators, where appropriate; and
- Quality control standards and remediation policies.

Additionally, Staff proposes requiring the following common elements for both core programs and additional initiatives:

- Easy customer access to current and historic energy usage data, with reasonable protections from inappropriate release, with the data remaining the property of customers; and
- On-bill and/or third-party, including locally-based, financing options for qualified EE investments in Utility programs.

iv. 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 above, 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. As part of this approach, Staff proposes that the Utilities continue to jointly engage a Statewide Coordinator to coordinate implementation of programs in overlapping Utility territories by Lead and Partner Utilities.[1]

Staff also proposes that Utilities continue to jointly plan and coordinate budgets in overlapping Utility territories.

v. Flexibility

Staff proposes that Utilities be permitted to make certain adjustments to Utility-led programs according to the conditions below. Staff proposes that the Utilities collaborate and coordinate on proposed changes and notify Staff, the New Jersey Division of Rate Counsel ("Rate Counsel"), and any parties to the Utility filings 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
  - Commercial & Industrial
  - Multifamily
  - Other

[1] The utility that serves as the primary point of contact for customers, contractors, and trade allies for a project is considered to be the lead utility ("Lead Utility") for that project. 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 ("Partner Utility") to transfer the energy savings for their fuel and the cost of the investment for their share of the project.

- The addition of new programs, discontinuation of existing programs,[2] or major modifications that significantly alter the nature of existing program structures as approved will require Board approval.

- Budget Adjustments

    - Each Utility can shift budget(s) up to and including 25% of the total triennium budget within any 365-day period of time between individual programs within the same sector, with Staff and Rate Counsel notification; greater than 25% and up to 50% with Staff approval; and greater than 50% with Board approval.

    - Each Utility can shift budgets out of a sector up to 10% of individual Utility sector triennium budgets within any 365-day period of time 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-year program filing necessitating Staff approval shall be responded to within 30 days. In addition, Rate Counsel may object within 30 days, which will also trigger Staff's review and decision within 30 days of Rate Counsel's objection. Otherwise, if there is no response from Rate Counsel or Staff within 30 days, those requests will be automatically granted.

- Incentive Adjustments

    - Core programs: As mentioned previously, the Utilities shall propose incentive ranges as common elements for core programs within which they can adjust incentives as needed; any adjustments outside the established range requires Staff approval.

    - Additional Utility-led initiatives: The Utilities shall propose incentive ranges for additional Utility-led initiatives within which they can adjust incentives as needed; any adjustments outside the established range requires Staff approval.

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

[2] In an instance where a program is expected to be shut down due to the budget being exhausted, the utilities will provide Staff and Rate Counsel with notification before the program is shut down, when possible, and will not be required to obtain Board approval to discontinue the program. However, it should be acknowledged that there may be instances where sudden market activity makes advance notice not practical; in these situations, the utilities will provide notice to Staff and Rate Counsel as soon as possible.

C. State-Led Programs and Initiatives

Staff proposes that the State administer a series of complementary programs serving the following market sectors or addressing the following areas:

- New construction for all building types through a program that is redesigned to increase EE and environmental performance and transform the new construction market into one in which most new buildings in the state will be "net zero energy."

- Commercial and Industrial – existing large energy users, not including hospitals, pursuing comprehensive projects via the LEUP;

- Combined heat and power ("CHP") / fuel cell projects;

- State and Local Government – Local Government Energy Audits ("LGEA"), Energy Savings Improvement Program ("ESIP"), and State Facilities Initiative ("SFI"); and

- Quantification of energy savings from building energy codes.

D. Workforce Development

Staff proposes that that Utilities work in collaboration with the Workforce Development Working Group to support the continued development and implementation of workforce development and job training partnerships and pipelines (e.g., with vocational institutions, community colleges, community-based organizations, non-profits, etc.) that recruit, train, and employ residents for EE jobs, including local, underrepresented, and disadvantaged workers.

To this end, Staff proposes a complementary approach between State-funded and Utility-funded initiatives, as follows.

State-funded workforce development initiatives will include provision of employment and training services for individuals interested in clean energy careers through competitive grants to community-based organizations from the New Jersey Department of Labor ("Department of Labor") in partnership with Utility companies. These grants will recruit eligible participants from New Jersey's overburdened communities to receive core employment and training services, such as workforce readiness and financial literacy instruction, wrap-around supportive services, job coaching and job placement services to facilitate entrance into the clean energy workforce.

These State-funded grants will also provide opportunities for intensive employment and training services, such as occupation skills trainings resulting in industry-recognized credentials, and needs-based on-the-job training ("OJT") placements with employers intended to provide a bridge for participants into sustainable, unsubsidized employment.

Staff also proposes that the Workforce Development Working Group explore opportunities to provide coaching for small businesses.

Utility-funded initiatives will include subsidized or no-cost training programs for workers to gain credentials, including certifications, that are required for employment in energy efficiency and decarbonization jobs. The Utilities should develop these training programs in consultation with the EE Workforce Development Working Group (see Section X).

E. Coordination Between Utility-Led and State-Led Programs

When Utility-led and State-led programs overlap in their service to the same customers, Staff proposes that the administrators of these programs coordinate and make adjustments to their respective program rules as needed to simplify the process for customers. This coordination may apply to the development of complementary, rather than duplicative, program requirements and offerings.

II. Program Funding

Staff proposes that Utility program administration costs be expensed annually, whereas program investments will be amortized over time, as explained in more detail in the "IV. Filing Requirements: C. Utility Annual Compliance and Cost Recovery Petitions" and "V. Cost Recovery" sections below. Electric Utilities must offer electric savings associated with EE investment into the capacity markets operated by PJM Interconnection, LLC, ("PJM"), as explained in more detail in the "VI. Energy Efficiency As a Resource" section below.

State-administered programs will be implemented using SBC funds, which are collected by Utilities through their rates. Staff also proposes that the State and Utilities explore and pursue additional State and federal funding that supports and complements New Jersey's existing EE programs and defrays burdens ratepayers. In addition, Staff plans to work with Utility and State program administrators and Rate Counsel to determine how to most efficiently and effectively leverage additional funding from the U.S. Department of Energy, including Inflation Reduction Act efficiency and electrification rebates, to maximize the benefits of existing programs. Staff will propose plans for how to leverage any additional funding, which may include adjustments to Utility and State program design and delivery as needed, for feedback from public stakeholders.

III. GOALS, TARGETS, PERFORMANCE INCENTIVE MECHANISM [RESERVED]

IV. FILING REQUIREMENTS

A. Utility Program Filings

The CEA states that each electric and gas public Utility shall establish EE and PDR programs to be approved by the Board no later than 30 days prior to the start of the energy year.[3] The programs adopted by each Utility shall comply with the QPIs adopted by the Board.

Staff proposes that the Board direct the Utilities to submit three-year program filings compliant with minimum filing requirements ("MFRs") by November 1, 2023 for approval by the Board by June 1, 2024 and implementation beginning July 1, 2024.

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

Utilities will also file annual compliance and cost recovery petitions, as described below.

Minimum Filing Requirements

The CEA further states that each electric and gas public 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 approved EE and PDR programs.[4] The filings shall include details of expenditures made by the Utility and the resulting reduction in energy usage and peak demand. The Board shall determine the appropriate level of reasonable and prudent costs for each program.

Pursuant to these requirements, Staff proposes updated and revised MFRs, as provided in Appendix A.

The current MFRs for petitions under N.J.S.A. 48:3-98.1, which apply to EE and PDR program petitions, comprise requirements for program descriptions, implementation, marketing, quality assurance, QPIs, EM&V, and reporting plans.[5]

Proposed revisions to the MFRs for petitions under N.J.S.A. 48:3-98.1 and N.J.S.A. 48:3-87.9 reallocate required information between the sections describing programs and portfolios, include updates regarding EM&V, and provide reference to QPIs and reporting requirements as outlined herein.

B. State Program Filings

Staff proposes that the Board direct Staff to manage the development and submission of New Jersey's Clean Energy Program ("NJCEP")" filings, or program plans, during Triennium 2 to align with the delivery of Utility-administered EE programs. More specifically, Staff proposes that the Board direct Staff to work with NJCEP's program administrator to develop three-year NJCEP program plans in coordination with Utility program administrators and stakeholders as appropriate, file those plans with the Board every three years as part of the State's annual budget process, and file updates to each three-year plan on an annual basis to confirm each year's program budget, subject to allocations based on the comprehensive resource analysis ("CRA") process.[6] These program plans will be based on the State's performance targets, as established by the Board.

C. Utility Annual Compliance and Cost Recovery Petitions

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, and for cost recovery of the programs, including calculation of any performance incentives or penalties. Staff recommends that each Utility submit its

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

[5] *See* the Board's May 8, 2008 Order in BPU Docket No. EO08030164, as updated in the Board's October 20, 2017 Order in BPU Docket No. QO17091004.

[6] NJCEP compliance filings would be submitted for public comment by the second quarter of each applicable year for approval by the Board prior to the beginning of the each fiscal year.

compliance filing no later than 150 days following the end of each program year (with the cost recovery portion of the petition consistent with Section IV of the MFRs) and file an annual cost recovery petition. Staff recommends that the Board provide Staff with the flexibility to adjust the filing due date as appropriate.

V. COST RECOVERY

Regarding the cost recovery portion of the petition, N.J.S.A. 87.9(e)(1) provides that each Utility shall file "to recover on a full and current basis through a surcharge all reasonable and prudent costs incurred" as a result of EE and PDR programs, "including but not limited to recovery of and on capital investment, and the revenue impact of sales losses resulting from implementation" of the programs, which shall be determined by the Board pursuant to N.J.S.A. 48:3-98.1.

N.J.S.A. 48:3-98.1(b) provides that, in determining the recovery by Utilities of program costs, 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. This statutory section also provides that ratemaking treatment may include placing appropriate technology and program cost investments in the 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 N.J.S.A. 48:3-60. Finally, this statutory section provides that all Utility 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.

Generally, Staff has been guided by the concept that there are three crucial regulatory tools needed to align the Utility business model with EE: (1) recovery of program costs, (2) recovery of lost revenues due to efficiency programs, and (3) earnings consequences for efficiency investments through performance incentives and penalties. Staff's proposed cost recovery framework incorporates each aspect in order to align the state's Utility business model with the aggressive energy saving targets set forth in the CEA.

A. Program Costs

Staff proposes that program administration costs be expensed and included in a Utility's annual cost recovery petition. Program administration expenses will be examined for reasonableness and prudency in a Utility's annual petition for cost recovery.

B. Investment Treatment

i. Amortization

Staff proposes that most program investments continue to be amortized over a 10-year period. Staff believes that this amortization period strikes a balance between mitigating ratepayer bill impacts and limiting Utility earnings. Staff believes this treatment more broadly spreads rate impacts, limits carrying costs above and beyond direct program costs, and more closely aligns costs of programs with the beneficial life of measures while taking into consideration possible future bill increases from multiple new program filings.

ii. Rate Caps

In order to encourage reaching EE goals, Staff recommends that the Board not establish an absolute cap on customer distribution rates or bills associated with EE and PDR investments; instead, the Board should ensure financial discipline by requiring Utility investments to continually monitor and report on program costs, comply with cost benefit requirements, and otherwise demonstrate that the investments are prudent. Staff recommends 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.

iii. 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. Staff proposes no basis point reduction on the ROE in order to recognize EE's importance compared to traditional Utility investments.

C. <u>Lost Revenue Treatment</u>

i. Lost Revenue Adjustment Mechanism ("LRAM")

The CEA calls for Utilities to file for the revenue impact of sales losses resulting from implementation of EE and PDR programs. Staff proposes that Utilities annually be able to file for and recover lost revenues in the amount that they can demonstrate were attributable to Utility-run EE and PDR programs.

Staff proposes that Utilities be required to file a base rate case no later than five years after the commencement of an approved EE program in order to update usage projections and reset lost revenues. Staff proposes that the five-year requirement may be satisfied sooner if the Utility files a base rate case due to a prior obligation, such as one from an Infrastructure Investment Program ("IIP").

Staff also proposes an earnings test through which actual ROE shall be determined based on the actual net income of the Utility for the most recent 12-month period divided by the average of the beginning and ending common equity balances for the corresponding period. For any EE transition portfolio approved by the Board, if the calculated ROE exceeds the allowed ROE from the Utility's last base rate case by 50 basis points or more, recovery of lost revenues through the LRAM shall not be allowed for the applicable filing period.

ii. Conservation Incentive Program ("CIP")

As an alternative to the LRAM, Staff proposes that Utilities continue to be able to utilize or propose participation in the Conservation Incentive Program ("CIP"). The CIP rate mechanism provides a rate adjustment related to changes in the average use per customer when compared to a pre-established baseline value.

VI. Energy Efficiency As a Resource

Staff acknowledges that participation in the PJM forward capacity market ("FCM") benefits New Jersey customers by obtaining revenues that offset EE/PDR Program costs. Therefore, Staff recommends that the Electric Utilities continue to offer into the PJM FCM eligible EE measures and their associated peak reduction values ("EE resources") from projects that they have led.[7] The EE peak reduction values should be calculated and evaluated consistent with PJM's governing Manuals 18 and 18B. Staff proposes that the timing and execution of FCM offers by the Electric Utilities be as follows:

Staff proposes that the Board require the Electric Utilities to offer EE resources for program years within the Triennium 2 program cycle into the eligible FCM Base Residual Auctions ("BRAs"). Sell offers and/or buy bids into the Incremental Auctions or into secondary markets to true up market positions originally offered in the BRA shall be allowed as permitted under PJM market rules.

Staff also proposes that the Board permit the Electric Utilities to offer EE resources from program years that are beyond the approved three-year budget for the EE/PDR programs, to increase the revenues returned to customers. The Utilities will not have approved EE/PDR program budgets at the time of those auctions, so they should exercise their judgment on the estimated offers for resources and peak reduction values for core programs that may be installed in a program year. Estimates should be conservative to avoid over-commitments and based only on projected demand savings associated with "core" programs, as identified by the Board in the previous triennium.

The Utilities will use the Incremental Auctions or secondary markets to true up their market positions originally offered in the BRA as needed once the Utilities gain more certainty on their available resources. In the event that Board or Legislative actions taken after any BRA result in the Utilities being unable to continue a core program and satisfy their capacity obligation, or for any other instances where Utilities incur any PJM penalties or losses, Staff proposes that the Utilities petition to recover such losses or penalties incurred in a subsequent cost recovery filing, providing support that the Utilities exercised prudence in their FCM offers and acted reasonably with respect to their positions in the Incremental Auctions or in the secondary market.

Further, in order to obtain increased revenues as early as possible, Staff proposes that the Utilities be permitted to offer resources only for core programs in program years beyond their currently approved first triennium program cycle, beginning with the 2026/2027 BRA, currently scheduled to be completed in December 2023.

Staff proposes that the Electric Utilities submit confidential reports to Staff and Rate Counsel after every auction providing the offered and cleared EE resource MW values and clearing prices.

VII. EM&V [RESERVED]

VIII. REPORTING REQUIREMENTS

A. <u>Utility Reports</u>

[7] PSE&G will offer measures from projects it has led in its gas-only service territory as well.

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 Working Group. All public reports will be available to any interested party on the BPU's website. Staff further proposes that the Board provide Staff with the flexibility to adjust the reporting due dates as appropriate.

i. ***Quarterly progress reports:*** No later than 60 days following the end of each quarter, the Utility shall submit a user-friendly, public report in spreadsheet format on the following program-level parameters compared to program projections and goals:

- Annual, lifetime, and peak energy savings
- GHG emissions reductions
- Number of program participants: total, low- to moderate-income, and small commercial
- Program expenditures

ii. ***Annual progress reports:*** No later than 150 days following the end of each program year, the Utility shall submit a user-friendly, public report, with accompanying spreadsheet(s), that includes the same program-level data as those that are included in the quarterly reports. The annual report shall show overall progress and performance of programs that are seasonal or cyclical in nature. In addition, the annual report shall include the following:

- A progress/performance narrative that provides an overview of program performance
- A narrative about customer participation and incentives paid
- The Utility program administrator's initial and final benefit-cost test results for the programs and portfolio (as defined in Section V of the MFRs)
- Assessment of the portfolio's compliance with the targets established pursuant to the QPIs (as defined in Section VII of the MFRs)
- Any proposed changes or additions for the next year or cycle

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

iii. ***Triennial progress reports:*** No later than 150 days following the end of the last year of the triennium, the Utility shall submit a public report that takes the place of the annual report for that year. This report will be identical to the annual report but will also review the portfolio's data and assess the portfolio's success over the three-year program cycle.

B. <u>State Reports</u>

Staff proposes that State program administrators submit public reports consistent with the

Utility reporting framework, as applicable to State programs.

C. Statewide Compilation Reports

Staff proposes that the State aggregate the data from Utility and State programs and produce annual public reports on the performance and progress of all EE and PDR programs.

IX. TRIENNIAL REVIEW

Pursuant to the CEA at N.J.S.A. 48:3-87.9(c), the Board shall review each QPI every three years.

Staff proposes that, every three years, ahead of each Utility filing cycle, Staff should continue to undertake a triennial review process to review and provide recommendations on the following for the subsequent triennium:

- Targets for overall Utility territory-specific annual energy use reduction of at least 2% for electricity and at least 0.75% for natural gas that will apply until such time as all cost-effective EE is achieved in the territory, pursuant to N.J.S.A. 48:3-87.9(a) (for *each Utility and each energy source)*
    - Targets for State program annual energy savings *(for each Utility territory and each energy source)*
    - Targets for Utility program annual energy savings *(for each Utility territory and each energy source)*
- QPIs *(consistent for all Utilities and the State)*
- Weighting structure of QPIs *(consistent for all Utilities)*
- Performance incentives and penalties mechanism
- Cost recovery mechanisms
- Program administration and design

X. STAKEHOLDER GROUPS

Utility Working Group ("UWG")

Staff plans on utilizing the ongoing Utility Working Group (which is comprised of members from each of the Utilities and Rate Counsel) meetings to further refine program design details. There will also be ongoing stakeholder opportunities for the public to provide feedback coordinated by Staff.

Staff also proposes continuing to utilize the following working groups and committees.

Workforce Development Working Group ("WFD WG"): The WFD WG comprises Staff, Rate Counsel, the Utilities, EE suppliers, job training institutions and organizations, equity stakeholders, other State and local agencies, and organizations and representatives from the other EE working groups as appropriate. This working group develops recommendations for coordinated and collaborative workforce development and job training pathways and pipelines statewide, with a focus on providing economic opportunities for underrepresented and socially or economically disadvantaged individuals. Underrepresented and socially or economically disadvantaged individuals may include women, people of color, veterans, disabled, and formerly incarcerated individuals, as well as those who are unemployed, underemployed, or low- and moderate-income. Programs may include contractor and subcontractor coaching and mentoring of underrepresented, disadvantaged, and small business enterprises.

Equity Working Group ("EWG"): The EWG comprises stakeholders from representative organizations across the state familiar with the intersection of energy, equity, and health issues, as well as representatives from each of the other working groups. This working group is responsible for developing recommendations for integrating equity metrics and approaches in EE and PDR programs for Utility-run and State-run programs. The EWG collaborates with the Supplier Diversity Development Council on recommendations for increasing economic development opportunities for minority-, women-, and veteran-owned businesses, including through, but not limited to, procurement policies for contractors and subcontractors.

Evaluation, Measurement, and Verification Working Group ("EM&V WG") [RESERVED]

Marketing Working Group ("MWG"): The MWG consists of the State and Utilities, as well as any relevant partners, and works to promote the programs and the benefits of participation in the programs through coordinated messaging about core programs and a simplified experience for customers and contractors. Utilities and Staff engage in a collaborative effort in branding, messaging, and promotion of all Utility- and State-led programs, including in the provision of program materials in Spanish and other languages other than English. Staff leverages State resources to promote general awareness of EE and other clean energy opportunities in New Jersey while the Utilities and State program administrator market specific programs and initiatives to customers in a more targeted fashion.