



Agenda Date: 8/18/11
Agenda Item: 8F

STATE OF NEW JERSEY
Board of Public Utilities
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CLEAN ENERGY

IN THE MATTER OF THE COMPREHENSIVE ENERGY)
EFFICIENCY AND RENEWABLE ENERGY RESOURCE)
ANALYSIS FOR THE YEARS 2009 - 2012: REVISED)
2011 PROGRAMS AND BUDGETS)

ORDER
DOCKET NOS. EO07030203
and EO10110865

Parties of Record:

Joe Gennello, Honeywell Utility Solutions
Diane Zukas, TRC Energy Services

BY THE BOARD:

This Order memorializes action taken by the Board of Public Utilities ("Board") at its August 18, 2011 public meeting, where the Board considered proposed modifications to 2011 programs and budgets for New Jersey's Clean Energy Program.

BACKGROUND AND PROCEDURAL HISTORY

On February 9, 1999, the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. ("EDECA") was signed into law. EDECA established requirements to advance energy efficiency and renewable energy in New Jersey through the societal benefits charge. N.J.S.A. 48:3-60(a)(3). EDECA further empowered the Board to initiate a proceeding and cause to be undertaken a comprehensive resource analysis ("CRA") of energy programs, which is currently referred to as the comprehensive energy efficiency ("EE") and renewable energy ("RE") resource analysis. Ibid. After notice, opportunity for public comment, public hearing, and consultation with the New Jersey Department of Environmental Protection ("DEP"), within eight months of initiating the proceeding and every four years thereafter, the Board determines the appropriate level of funding for EE and Class I RE programs that provide environmental benefits above and beyond those provided by standard offer or similar programs in effect as of February 9, 1999. These programs are now called New Jersey's Clean Energy Program (the "NJCEP").

By Order dated April 27, 2007, Docket No. EO07030203, the Board directed the Office of Clean Energy ("OCE" or "Staff") to initiate a third comprehensive EE and RE resource analysis proceeding and to schedule public hearings on program funding and funding allocations for the

years 2009 through 2012. By Order dated September 30, 2008 (the "CRA III Order"), Docket No. EO07030203, the Board concluded this proceeding and set funding levels of \$245 million for 2009, \$269 million for 2010, \$319.5 million for 2011, and \$379.25 million for 2012. By Order dated December 22, 2010, Docket Nos. EO07030203 and EO10110865, the Board approved 2011 programs and budgets for the NJCEP ("2011 Budget Order") as well as the compliance filings of Honeywell International, Inc. ("Honeywell"), TRC, Inc. ("TRC"), the OCE, and the electric and gas utilities (collectively referred to as "the Utilities"). The compliance filings included program descriptions and detailed budgets for each program.

By Orders dated April 13, 2011, June 2, 2011 and June 20, 2011 the Board approved revisions to the 2011 programs and budgets. In this order the Board will consider additional changes to the 2011 NJCEP programs and budgets.

PROPOSED CHANGES TO PROGRAMS AND BUDGETS

The OCE, Honeywell and TRC proposed a number of changes to the 2011 programs and budgets as follows:

1. Modifications to incentives for fuel cells with and without heat recovery
2. Modify Sustainable Jersey and Customer On-Site Renewal Energy ("CORE") program budgets
3. Modify the Renewable Energy Incentive Program ("REIP") detailed budget, and
4. Modify the TEACH program detailed budget

The following summarizes the proposed changes for each of the above items:

Fuel Cells

The NJCEP was approached by a solid oxide fuel cell manufacturer requesting a reevaluation of the current incentives for fuel cell systems. Based on the current 60% combined efficiency threshold (electric & gas) for combined heat and power ("CHP") systems, a fuel cell producing only electricity would not meet the current program requirement. In addition, fuel cells without waste heat utilization do not meet the definition of a CHP system and therefore do not meet the current program requirements.

Fuel cell incentives are currently available under the Pay-for-Performance program but only for CHP applications. Fuel cells must be installed with waste heat recovery capability, and must demonstrate a minimum combined electric and thermal efficiency of 60%. The existing incentive for a fuel cell with heat recovery is \$4.00 per watt capped at 60% of total project cost or \$1 million, whichever is less.

The incentive for a fuel cell with waste heat recovery, as well as the full range of CHP incentives, was set when natural gas prices were significantly higher. Given the changing economics for natural gas, the OCE is in the process of reviewing the CHP incentives to match the significant reduction in natural gas price over the last couple of years.

TRC is proposing to offer a new stand-alone incentive for fuel cells without waste heat utilization and to lower the current incentives for fuel cells that utilize waste heat recovery. The proposed fuel cell incentives will be included as part of the Pay-for-Performance program

consistent with the current CHP program. The proposed reduction to the existing incentives for fuel cells with heat recovery is based on market research and comparison with other energy efficiency programs offering fuel cell incentives. The proposed incentive levels are shown in the following table:

| Application Type | Minimum Efficiency | Incentive | Cap |
|--|-------------------------------------|------------------|--|
| Fuel Cell with waste heat utilization | 60% (combined electric and thermal) | \$2.00/watt | 60% of total project cost or \$1 million (lesser of) |
| Fuel Cell without waste heat utilization | 45% (electric only) | \$1.00/watt | 60% of total project cost or \$1 million (lesser of) |

Incentives for stand-alone fuel cells shall only be available for fuel cells powered by natural gas. However, fuel cells powered with a renewable energy source that meets the definition of a Class I renewable energy system are eligible for renewable energy program incentives. The proposed fuel cell incentives shall maintain existing Pay-for-Performance pre-requisites. CHP incentive levels for other technology types (i.e. micro turbine, engine, etc.) will remain unchanged at this time. However, Staff has directed TRC to evaluate other CHP incentive/financing options for future inclusion in the C&I EE programs.

Modify Sustainable Jersey and CORE Program Budgets

The OCE is proposing the transfer of \$445,000 from the CORE program budget to the Sustainable Jersey budget. In 2010 the Board approved a budget of \$445,000 for Sustainable Jersey that was embedded in the budget for the Community Partners Initiative. In 2011 the Community Partners Initiative was terminated and the Board created a separate budget line for Sustainable Jersey. By Order dated April 2, 2011, Docket Nos. EO07030203 and EO10110865, the Board approved an additional budget of \$625,000 for Sustainable Jersey. However, the carry over from the 2010 Community Partners Initiative was inadvertently not transferred to the new budget line for Sustainable Jersey. Therefore, Staff is proposing to transfer \$445,000 to the Sustainable Jersey budget line to pay expenses for services provided in 2010 that will or have been invoiced in 2011. Staff is proposing to transfer the funds from the CORE program. The CORE program has been closed since 2008 and the funds are no longer required due to the cancellation of projects that previously received a rebate commitment. The proposal would correct the administrative oversight and reflect the approved Sustainable Jersey budget as \$1,070,000.

Modify the Detailed REIP Budget

Honeywell is proposing to transfer \$495,000 from the Rebate component of the REIP budget to the Rebate Processing, Inspections and Other Quality Control component of the REIP budget. The proposed increase in the processing fees is a result of a large increase in the quantity of new Solar Renewable Credit ("SREC") Registration Program ("SRP") applications that have been received and approved thus far with the expectation that this level of activity will continue into the last quarter of 2011. Project completions have also increased resulting in an increase in the number of onsite SRP inspections and SREC referrals. The total REIP budget remains unchanged at \$41,612,455.10. The budget for "Rebate Processing, Inspections and Other Quality Control" is proposed to increase by \$495,000.00 from \$2,325,666.05 to \$2,820,666.05. The additional funds for processing applications are available as a result of REIP project cancellations.

Modify the Detailed TEACH Program Budget

TRC is proposing to transfer \$50,000 from the Rebates, Grants and Other Direct Incentives budget category to the Training and Technical Support budget category of the TEACH program. The TEACH program was closed to new applicants in 2010 and the 2011 budget is for completing outstanding projects. The number of professional development workshops and end of year meetings is expected to exceed the number estimated when budgets were developed in 2010. Sufficient funds remain in the Rebates, Grants and Other Direct Incentives budget category to meet anticipated expenses. The proposal would increase the Training and Technical Support budget category from \$84,369.50 to \$134,369.50; and decrease the Rebates, Grants and Other Direct Incentives budget category from \$574,460 to \$524,460. The overall TEACH budget remains unchanged.

Summary of Comments

The proposed changes to the fuel cell incentives were discussed at the June 7, 2011 and July 12, 2011 meetings of the EE Committee and were circulated for comment on July 20, 2011. The proposed budget modifications were circulated for comment on July 25, 2011. Comments were received from the New Jersey Division of Rate Counsel ("Rate Counsel"), New Jersey Natural Gas Company ("NJNG"), Bevan, Mosca, Guiditta & Zarillo on behalf of Bloom Energy ("Bloom Energy"), Electro Source, Inc., and PDR Associates Energy Inc., ("PDR"). The following summarizes the comments received:

Fuel Cells

Comment: PDR stated its belief that incentives should also be provided for fuel cells that use biogas as feedstock.

Response: While the proposed incentives are for natural gas fired fuel cells only, incentives are available for fuel cells that use a renewable source of fuel, including, biomass, as part of the REIP.

Comment: Electro Source stated that it can be of assistance in offering a supply of methanol as a feedstock for fuel cells.

Response: The NJCEP does not endorse or support any specific firms or products in the promotion of clean energy technologies. Electro Source should work with customers and fuel cell suppliers to determine interest in its product.

Comment: Rate Counsel supported the proposed reduction in the incentives for fuel cells with waste heat recovery. Rate Counsel also recommended that the proposed incentive for fuel cells without heat recovery be modified as follows;

- \$1.00 per watt for fuel cell systems > 25 kW without heat recovery
- \$0.20 per kWh for systems up to 25 kW capped at \$70,000 per project and with a minimum capacity factor of 50%.

Rate Counsel proposed a separate incentive for small scale fuel cell projects for two reasons. First, performance incentives will encourage installation of fuel cells that will be used to displace

power generated by fossil fuel plants. If incentives are offered on a per watt basis, the incentives will most likely operate to promote back-up systems that run infrequently and thus, produce few environmental benefits. Second, small fuel cell systems are significantly more expensive on a per kW basis than large scale fuel cell systems.

Response: Staff thanks Rate Counsel for its support of the proposed reduction to the incentives for fuel cells without heat recovery. With regard to Rate Counsel's proposal for a higher, kWh based incentive for small scale fuel cell systems, Rate Counsel noted that small scale fuel cell systems are used primarily as back-up systems at this time. Rate Counsel addresses this concern by requiring a minimum capacity factor of 50%. However, verifying that this requirement is met would require ongoing monitoring after the system is constructed which would impose additional administrative costs on the program. Further, the existing and proposed fuel cell incentives require participation in the Pay-for-Performance program which targets the State's largest energy users. It is unlikely that these customers would be pursuing small, less than 25 kW systems. Therefore, Staff does not support a different incentive for small scale fuel cell systems at this time.

Staff notes that it is working with three gas utilities to develop a stand-alone CHP-Fuel cell program for 2012 that would provide incentives for CHP and fuel cell systems without requiring customers to participate in the Pay-for-Performance program. Staff recommends that Rate Counsel provide its recommendations regarding specific incentive levels for fuel cells at the upcoming EE Committee meetings for September through December as well as the public meeting process for the 2012 NJCEP Budget and Programs.

Comment: Bloom Energy and NJNG both supported the proposed incentives for fuel cells without heat recovery. Bloom Energy stated that providing an incentive for this type of fuel cell is long overdue and should have a significant impact in assisting NJ in reaching its EE and greenhouse gas reduction goals by encouraging consumers without a thermal load to engage in more energy efficiency projects.

NJNG noted that the US Departments of Defense and Energy recently announced a five year partnership which will result in 18 fuel cell back-up power systems being installed across the country including one at Picatinny Arsenal in New Jersey. The project is intended to test the application of fuel cells in day-to-day operations to increase the level of deployment and improve the associated economics. NJNG noted that the draft State Energy Master Plan ("EMP") views fuel cells as a promising emission free electric generation technology that can also provide electric transmission and distribution system benefits.

NJNG stated that there is currently an inherent financial barrier that discourages customers from making the necessary up front investments in fuel cell technologies. Although significant advances in fuel cell technology over the past 10 years has already lowered costs and increased efficiency levels, the required investment is still unacceptably high to many commercial customers.

Both Bloom Energy and NJNG recommended that the proposed incentive be increased. Bloom Energy stated its belief that the proposed incentive of \$1.00 per watt is simply too low to effectively encourage potential customers to engage in this technology and that \$2.00 per watt, as is proposed for cells with heat recovery, represents a much more appropriate and equitable incentive. Bloom Energy stated that by creating parity and raising the incentive level for all fuel

cells to \$2.00 per watt, as is proposed for fuel cells with waste heat recovery, the Board would also enable all promising technologies to fairly compete towards achieving scale and commercial viability, rather than picking winners and losers.

NJNG was also concerned with the proposal to provide different incentives for fuel cells with and without heat recovery. NJNG recommended that a standard incentive level be initially established at the higher end of the range proposed and be applicable to both forms of fuel cell technology. NJNG stated that even at \$2.00 per watt, customers are likely to face a payback period in excess of five years.

Response: The proposed incentive levels were developed based on an assessment of costs and similar programs in other states and the current downward trend of the fuel cost. Further, Staff disagrees that the incentives for fuel cells both with and without heat recovery should be set at the same level. Most existing NJCEP incentives differentiate between technologies based on an assessment of both the costs of the technologies and the benefits that result from installation of such technologies. Wind rebates are higher than solar rebates, rebates for LED lighting are higher than rebates for fluorescent lighting. Fuel cells with heat recovery require additional equipment to utilize waste heat and are more efficient providing additional fuel savings and emission reductions, thus justifying a higher incentive level.

As noted above, Staff is working with three gas utilities to propose a stand-alone CHP-Fuel cell program for implementation in 2012. This new program would eliminate the current requirement that customers participate in the Pay-for-Performance program which has been identified as a barrier to the development of CHP systems. Further, as recommended in the 2011 draft State EMP, Staff is looking to develop financing programs to provide additional incentives for investing in EE and RE, including CHP and fuel cells. In order to develop a stand-alone CHP-Fuel cell program, in addition to the public process for the 2012 NJCEP Budget and Programs, Staff anticipates that the natural gas Utilities' Regional Greenhouse Gas Initiative ("RGGI") Energy Efficiency Economic ("E3") Stipulations or Filings will need to be amended.

Considering the timing for developing a proposal and amending any required filings, Staff recommends that the Board adopt an increase in the fuel cell without waste heat utilization incentive at \$1.50 per watt until the Board can consider any joint NJCEP and E3 program within the 2012 NJCEP budget process. Staff also recommends that the Board adopt the incentives level as proposed by TRC for fuel cells with waste heat utilization at \$2.00 per watt. In addition, Staff recommends that Bloom Energy and NJNG provide recommendations regarding a stand-alone CHP-Fuel cell program at the upcoming EE Committee meetings for September through December as well as the public meeting process for the 2012 NJCEP Budget and Programs.

Proposed Budget Revisions

Rate Counsel did not object to any of the proposed revisions to the NJCEP budget. No other comments were received regarding the proposed budget revisions.

STAFF RECOMMENDATIONS

Staff reviewed the proposed modifications to the fuel cell incentives. Considering the significant reduction in natural gas prices over the past several years Staff supports the proposed

reduction in the incentives for fuel cells with heat recovery. Fuel cells without heat recovery can also offer a clean energy option in certain situations and therefore Staff supports the addition of an incentive for fuel cells without heat recovery. The proposed incentives appear reasonable given the costs of the technology and are consistent with rebate levels offered in other states. Staff recommends approval of the following fuel cell incentives: \$1.50 per watt for fuel cells without waste heat utilization; and \$2.00 per watt for fuel cells with waste heat utilization.

Proposed Budget Modifications

The tables below show the revised budgets discussed above:

3rd Revised 2011 Funding Levels

| | Revised 2011 Budget From 4/13/11 Board Order | Line Item Transfers | 3rd Revised 2011 Funding Levels |
|-----------------------------------|---|------------------------|---------------------------------------|
| | (a) | (b) | (c)=(a)+(b)) |
| Energy Efficiency Programs | \$320,430,452.17 | \$445,000.00 | \$320,875,452.17 |
| Renewable Energy Programs | \$95,557,891.01 | (\$445,000.00) | \$95,112,891.01 |
| EDA Programs | \$57,634,153.38 | \$0.00 | \$57,634,153.38 |
| OCE Oversight | \$7,701,050.81 | \$0.00 | \$7,701,050.81 |
| TRUE Grant | \$25,000,000.00 | \$0.00 | \$25,000,000.00 |
| Total NJCEP | \$506,323,547.37 | \$0.00 | \$506,323,547.37 |
| Legislative Action | \$52,500,000.00 | \$0.00 | \$52,500,000.00 |
| Total | \$558,823,547.37 | \$0.00 | \$558,823,547.37 |

3rd Revised 2011 Energy Efficiency Program Budget

| | Revised 2011 Budget From 6/211 Board Order | Line Item Transfers | 3rd Revised 2011 Funding Levels |
|---|---|------------------------|------------------------------------|
| Programs | (a) | (b) | (c)=(a)+(b) |
| Residential EE Programs | | | |
| Residential HVAC - Electric & Gas | \$19,786,157.98 | | \$19,786,157.98 |
| Residential New Construction | \$19,943,969.50 | | \$19,943,969.50 |
| Energy Efficient Products | \$16,006,633.80 | | \$16,006,633.80 |
| Home Performance with Energy Star | \$34,885,329.29 | | \$34,885,329.29 |
| Residential Marketing | \$1,309,984.00 | | \$1,309,984.00 |
| Sub Total Residential | \$91,932,074.57 | \$0.00 | \$91,932,074.57 |
| Residential Low Income | | | |
| Comfort Partners | \$30,829,308.11 | | \$30,829,308.11 |
| Sub Total Low Income | \$30,829,308.11 | \$0.00 | \$30,829,308.11 |
| C&I EE Programs | | | |
| C&I New Construction | \$8,867,143.41 | | \$8,867,143.41 |
| C&I Retrofit | \$39,899,451.30 | | \$39,899,451.30 |
| Pay-for-Performance New Construction | \$7,471,645.96 | | \$7,471,645.96 |
| Pay-for-Performance | \$52,355,701.50 | | \$52,355,701.50 |
| CHP | \$1,002,122.83 | | \$1,002,122.83 |
| Local Government Energy Audit | \$12,115,170.97 | | \$12,115,170.97 |
| Direct Install | \$27,896,150.92 | | \$27,896,150.92 |
| TEACH | \$682,829.50 | | \$682,829.50 |
| Marketing | \$1,075,000.00 | | \$1,075,000.00 |
| Large Energy Users Pilot | \$20,000,000.00 | | \$20,000,000.00 |
| Sub Total C&I | \$171,365,216.39 | \$0.00 | \$171,365,216.39 |
| Other EE Programs | | | |
| Green Jobs and Building Code Training | \$678,853.10 | | \$678,853.10 |
| Competitive Grant-Loan Solicitation | \$30,000,000.00 | | \$30,000,000.00 |
| Sustainable Jersey | \$625,000.00 | \$445,000.00 | \$1,070,000.00 |
| Sub Total Other Energy Efficiency Programs | \$31,303,853.10 | \$445,000.00 | \$31,748,853.10 |
| Total Energy Efficiency | \$325,430,452.17 | \$445,000.00 | \$325,875,452.17 |

3rd Revised 2011 Renewable Energy Program Budget

| | Revised 2011 Budget From 6/211 Board Order | Line Item Transfers | 3rd Revised 2011 Funding Levels |
|---|---|------------------------|------------------------------------|
| Programs | (a) | (b) | (c)=(a)+(b) |
| Customer On-Site Renewable Energy | \$23,068,674.18 | (\$445,000.00) | \$22,623,674.18 |
| Clean Power Choice | \$68,400.00 | | \$68,400.00 |
| Offshore Wind | \$10,870,253.00 | | \$10,870,253.00 |
| Renewable Energy Program: Grid Connected (Formerly REDI) | \$11,282,831.73 | | \$11,282,831.73 |
| Renewable Energy Incentive Program | \$41,612,455.10 | | \$41,612,455.10 |
| Edison Innovation Clean Energy Fund (formerly CST) | \$3,655,277.00 | | \$3,655,277.00 |
| SUB-TOTAL Renewables | \$90,557,891.01 | (\$445,000.00) | \$90,112,891.01 |

The EDA and OCE Oversight budgets remain unchanged from those previously approved by the Board.

The following table shows the revised detailed budgets for Honeywell which incorporates the reduction to the CORE program budget and the reallocation of funds within the REIP budget as discussed above:

2011 Renewable Energy Programs - Honeywell 3rd Revised Budget

| Program | Total | Administration, IT and Program Development | Sales & Marketing | Training | Rebates, Grants, and Other Direct Incentives | Rebate Processing, Inspections and Other Quality Control | Performance Incentives | Evaluation and Related Research |
|-----------------------|-----------------|---|----------------------|----------|---|--|---------------------------|---------------------------------------|
| CORE | \$22,633,264.97 | \$0.00 | \$0.00 | \$0.00 | \$22,633,264.97 | \$0.00 | \$0.00 | \$0.00 |
| REIP | \$41,612,455.10 | \$1,376,206.92 | \$0.00 | \$0.00 | \$37,415,582.13 | \$2,820,666.05 | \$0.00 | \$0.00 |
| Sub Total RE Programs | \$64,245,720.07 | \$1,376,206.92 | \$0.00 | \$0.00 | \$60,048,847.10 | \$2,820,666.05 | \$0.00 | \$0.00 |

The following table shows the revised detailed budgets for TRC which incorporates the reallocation of funds within the TEACH program budget:

C&I Energy Efficiency Program Reporting Categories

TRC's Revised 2011 Budget

| Program | Total 2011 Budget | Admin. and Program Development | Sales, Marketing, Call Centers, Web Site | Training and Technical Support | Rebates, Grants and Other Direct Incentives | Rebate Processing, Inspections, Other Quality Control | Performance Incentives | Evaluation & Related Research |
|--|-------------------------|--------------------------------|--|--------------------------------|---|---|------------------------|-------------------------------|
| COMMERCIAL & INDUSTRIAL EE PROGRAMS | | | | | | | | |
| Commercial/Industrial Construction | | | | | | | | |
| C&I New Construction | \$ 8,867,143.41 | \$ 253,629.03 | \$ - | \$ 393,591.00 | \$ 7,977,169.00 | \$ 242,754.38 | \$ - | \$ 0 |
| C&I Retrofit | \$ 39,899,451.30 | \$ 684,012.36 | \$ - | \$ 435,295.88 | \$ 36,901,000.00 | \$ 1,879,143.06 | \$ - | \$ 0 |
| Pay for Performance New Construction | \$ 7,471,645.96 | \$ 193,192.94 | \$ - | \$ 494,610.08 | \$ 6,604,000.00 | \$ 179,842.94 | \$ - | \$ 0 |
| Pay for Performance | \$ 52,365,701.50 | \$ 539,445.79 | \$ - | \$ 510,534.64 | \$ 50,864,264.68 | \$ 441,456.39 | \$ - | \$ 0 |
| CHP | \$ 1,002,122.83 | \$ - | \$ - | \$ - | \$ 1,000,000.00 | \$ 2,122.83 | \$ - | \$ 0 |
| Local Government Energy Audit | \$ 12,115,170.97 | \$ 216,085.48 | \$ - | \$ - | \$ 10,400,000.00 | \$ 1,499,085.49 | \$ - | \$ 0 |
| Direct Install | \$ 27,896,150.92 | \$ 601,796.36 | \$ 30,025.00 | \$ 10,000.00 | \$ 26,775,000.00 | \$ 479,329.56 | \$ - | \$ 0 |
| TEACH | \$ 682,829.50 | \$ 24,000.00 | \$ - | \$ 134,369.50 | \$ 524,460.00 | \$ - | \$ - | \$ 0 |
| Large Energy Users Pilot Program | \$ 20,000,000.00 | \$ 104,911.00 | | | \$ 19,496,660.60 | \$ 398,428.40 | | |
| Marketing | \$ 1,075,000.00 | \$ - | \$ 1,075,000.00 | \$ - | \$ - | \$ - | \$ - | \$ 0 |
| Clean Energy Conference | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 0 |
| TOTAL C&I Programs | \$171,365,216.39 | \$2,617,072.96 | \$ 1,105,025.00 | \$ 1,978,401.10 | \$160,542,554.28 | \$ 5,122,163.05 | \$ - | 0.00 |

The proposed modifications to the budgets are reasonable and required to meet anticipated program expenses and activity levels. Staff recommends approval of each of the proposed modifications shown in the tables above.

DISCUSSION AND FINDINGS

The OCE coordinated with the Market Managers, the NJCEP Program Coordinator and other stakeholders to develop proposed modifications to the 2011 NJCEP programs and budgets. On July 20 and July 25, 2011 the OCE circulated proposed changes to the programs and budgets to the public for comment. Written comments were due by July 29 and August 1, 2011 and the proposed changes to the fuel cell incentives were discussed at the June 7, 2011 and July 12, 2011 meetings of the EE Committee. Accordingly, the Board **FINDS** that the process utilized in developing the revised 2011 programs and budgets was appropriate and provided stakeholders and interested members of the public the opportunity to comment.

The Board has reviewed the changes to the programs and budgets as well as the comments received regarding the proposed changes. The Board believes that the proposed changes to the programs are reasonable and will support the State's goal of promoting the installation of cost-effective energy efficiency and renewable energy measures. The Board also believes that the proposed changes to the budget are reasonable and required to meet anticipated program participation levels.


Based on the above, the Board **HEREBY FINDS** that the revised budgets and programs set out above are reasonable. Therefore, the Board **HEREBY APPROVES** the revised 2011 budgets

recommended by Staff in the tables above. The Board **FURTHER FINDS** that the budget and program changes discussed above are incorporated into the revised compliance filing submitted by TRC to the Board for approval and the revised budgets submitted by Honeywell and the OCE. Therefore, the Board **HEREBY APPROVES** the revised 2011 compliance filing and budget filed by TRC dated August 5, 2011, the revised budget submitted by Honeywell dated August 4, 2011, and the revised OCE budget set out above.

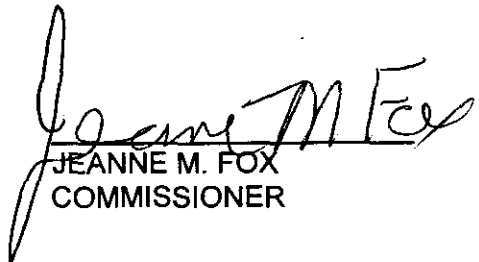
The Board **HEREBY AUTHORIZES** the program managers to implement the budget and program changes set out in the filings as soon as practicable and upon proper notice.

DATED: 8/18/11

BOARD OF PUBLIC UTILITIES
BY:



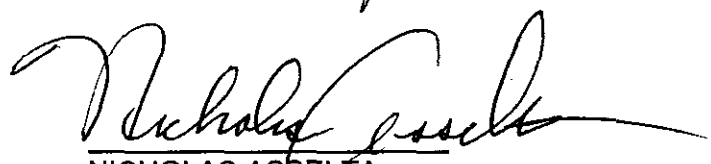
LEE A. SOLOMON
PRESIDENT



JEANNE M. FOX
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER



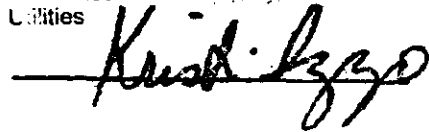
NICHOLAS ASSELTA
COMMISSIONER

ATTEST:



CARMEN DIAZ
ACTING 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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