



Agenda Date: 3/27/20
Agenda Item: 8B

STATE OF NEW JERSEY
Board of Public Utilities
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Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE UNITED STATES)
DEPARTMENT OF ENERGY – STATE ENERGY) ORDER
PROGRAM – JULY 1, 2020 – JUNE 30, 2021)
) DOCKET NO. QO20020109

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Michael Ambrosio, TRC Solutions

BY THE BOARD:

By this Order, the Board of Public Utilities (“Board” or “BPU”) considers the Division of Clean Energy (“DCE” or “Staff”) 2020–2021 State Energy Program (“SEP”) Plan for submission to the United States Department of Energy (“USDOE”). Staff seeks Board approval of the proposed 2020–2021 SEP Plan at a budget level of \$1,471,080 plus \$294,216 in state matching funds. There is no carry over for this program year.

By this Order, the Board considers Staff’s program recommendation to develop three new Market Titles, which include: (1) Incorporating Health and Safety Measures into Energy Efficiency Upgrades, (2) a Building Sector Decarbonization Roadmap, and (3) a State Energy and Water Benchmarking Study. Staff also recommends the continuation of the Non-IOU Program and Staff Training and Development at the budget levels described below.

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 when there was an increase in the United States’ dependence on foreign oil. Congress responded with legislation establishing a broad range of conservation programs, supporting the development of new and more efficient sources of energy and requiring USDOE to lead and administer the conservation effort. The SECP was established under the Energy Policy and Conservation Act of 1975, which provided funding to 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. States must comply with USDOE rules governing these financial awards.

To be eligible, a state must submit an annual application to the USDOE, to be filed this year on April 7, 2020, executed by the State's Governor or his/her designee. The USDOE must approve the activities the State is planning to undertake for the fiscal year concerned.

New Jersey has allocated federal monies each year in support of its USDOE-approved State Plan. In accordance with the formula provided in 10 C.F.R. § 420.11, New Jersey's 2020–2021 SEP allocation is \$1,471,080. Pursuant to USDOE regulations, New Jersey is required to match its allocation either through cash, in-kind contribution, or both, in an amount totaling no less than 20% of the federal allocation. See 10 C.F.R. § 420.12(a). Therefore, New Jersey's required match is \$294,216. Each state can propose how it intends to use its allocated share of funds to address both the national criteria and specific environmental conditions within the state. Staff proposes that the New Jersey 20% match for these federal funds come from Staff's salaries for time spent managing the grant and from New Jersey's Clean Energy Program ("NJCEP").

PROGRAM PROPOSAL:

The 2020–2021 SEP Plan proposal aligns with both the USDOE SEP and the New Jersey Energy Master Plan goals. The proposal includes developing a program on health and safety for the low-to moderate- income sectors, and developing roadmaps to administer and implement both the benchmarking and decarbonization requirements set forth in the Clean Energy Act of 2018 and New Jersey's Energy Master Plan. Lastly, the proposed programs expand the eligibility of customers served by the NJCEP.

The Market Titles are proposed as:

Market Title: Incorporating Health and Safety Measures into Energy Efficiency Upgrades

Budget: Federal Funds: \$500,000; State Match (20% of total budget): \$100,000

Program Description: The program will expand clean energy offerings for income restricted residents, as well as address long-term health impacts, through developing a collaborative interagency approach to providing a broader array of residential health and safety concerns, that are not currently addressed through the Comfort Partners Program or the Weatherization Assistance Program. This approach allows for "Whole Home Solutions" for income restricted customers. Whole Home Solutions include both directly addressing residents' in-home energy efficiency and health and safety needs and developing an associated clearinghouse to improve coordination among the several different agencies, programs, and contractors. The program will expand upon existing programs that provide energy efficiency upgrades to also provide health and safety solutions to income-eligible residents completely free of charge. This approach will reduce administrative barriers to accessing energy efficiency services and provide residents with structural, energy efficiency, and health and safety improvements through a streamlined approach. By working collaboratively with several additional state agencies, including the New Jersey Department of Community Affairs ("NJCA"), New Jersey Department of Health ("NJDOH"), New Jersey Department of Environmental Protection ("NJDEP"), and New Jersey Department of Labor and Workforce Development ("NJLWD"), the State can leverage existing

opportunities to additionally address household determinants of long term health and expand the population of eligible households.

The BPU is proposing to address both administrative and structural barriers through a partnership with other state agencies and will engage with the public on ways to make sure that communities across New Jersey, in particular those that are over burdened by pollution and the effects of climate change, receive services that improve their long-term health and safety and eliminate many of the cyclical challenges faced by New Jersey's most burdened households.

Market Title: Building Sector Decarbonization Roadmap

Budget: Federal Funds: \$400,000; State Match (20% of budget): \$80,000

Program Description: Achieving New Jersey's climate goals will require the decarbonization of the state's building sector. BPU will develop a roadmap to transition the building sector away from fossil fuels that considers best practices, best available technologies, and affordability concerns. This program will work to develop the roadmap and complementary studies/reports necessary for the roadmap's development including:

- Building stock inventory;
- Beneficial electrification studies for various sectors/building uses;
- Economic and potential studies related to specific technologies (e.g., heat pumps); and
- Studies to identify needs in workforce development/education and consumer education.

Market Title: State Energy and Water Benchmarking Study

Budget: Federal Funds: \$200,000; State Match (20% of budget): \$40,000

Program Description: In 2018, New Jersey has established a foundational benchmarking requirement for all building owners and operators of commercial buildings over 25,000 square feet to benchmark energy and water using ENERGY STAR Portfolio Manager for the prior calendar year, beginning in 2023. In order to administer and implement this requirement, the State proposes to undertake a study which will provide a roadmap/needs assessment for how to: identify all properties subject to this requirement and establish a system to uniquely identify each building and its owners, notify and track compliance, facilitate and create the tools for customers to easily access their consumption data from energy and water utilities, and develop a database for managing all components of administering and implementing the benchmarking requirement. This study will focus on the water data component of the benchmarking requirement.

Market Title: Non-IOU Program

Budget: Federal Funds: \$364,080; State Match (20% of budget): \$72,816

Program Description: The Non-IOU Program complements the NJCEP by extending its offerings to customers who do not pay into the SBC and therefore do not qualify for State funded programs. The program offers incentives for energy efficiency measures for both the residential and commercial and industrial sectors.

Market Title: Training and Conference

Budget: Federal Funds: \$7,500; State Match (20% of budget): \$1,500

Program Description: Funds will be used for Staff to attend relevant training and conferences.


DISCUSSION AND FINDINGS

The Board **HEREBY FINDS** that the 2020–2021 SEP Plan, as detailed above, will contribute to conservation of energy, reduce the rate of growth of energy demand and resource dependence on oil, and advance State and Federal energy conservation and efficiency goals. The Board **HEREBY APPROVES** the SEP budget of \$1,471,080 and a state match of \$294,216 and **HEREBY DIRECTS** Staff to submit the DOE SEP Application to DOE as proposed on behalf of the Board and to take appropriate measures to implement such programs subject to and consistent with USDOE’s approval of the plan. Based upon the foregoing recommendations of Staff, the Board further **APPROVES** the 2020–2021 SEP Plan as proposed above and **HEREBY AUTHORIZES** the President of the Board or his designee to sign the necessary documents to submit as part of a complete 2020–2021 SEP Plan to the USDOE for approval.

This Order shall be effective on April 6, 2020.

DATED: March 27, 2020

BOARD OF PUBLIC UTILITIES
BY:



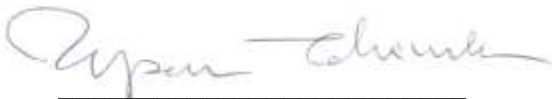
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ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

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