***New Jersey’s Clean Energy Program*™**

**FISCAL YEAR 2023**

**PROGRAM DESCRIPTIONS AND BUDGETS**



**DIVISION OF CLEAN ENERGY**

**Renewable Energy Programs, Energy Efficiency Programs, Distributed Energy Resources, and NJCEP Administration Activities**

**February 17, 2023**

**DRAFT FOR PUBLIC COMMENT**

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##

## Introduction

## On January 27, 2020, the 2019 Energy Master Plan (“EMP”)[[1]](#footnote-1) was unveiled following months of research, review, and stakeholder input. The EMP outlines seven key strategies to achieve 100% clean energy by 2050: reduce energy consumption and emissions from the transportation sector; accelerate deployment of renewable energy and distributed energy resources; maximize energy efficiency and conservation and reduce peak demand; reduce energy consumption and emissions from the building sector; decarbonize and modernize New Jersey’s energy system; support community energy planning and action in underserved communities; and expand the clean energy innovation economy.

## As the lead State agency tasked with the development and implementation of the 2019 EMP, the New Jersey Board of Public Utilities (“BPU” or the “Board”) and its Division of Clean Energy (“DCE”), through the New Jersey Clean Energy Program (“NJCEP”) budget, provides funding to many of the core programs that address the seven key EMP strategies. The Fiscal Year 2023 (“FY23”) Compliance Filing provides program descriptions and budgets for the NJCEP.

## The NJCEP is a signature initiative of the BPU that promotes increased energy efficiency (“EE”); the use of clean, renewable sources of energy, including solar and wind (“RE”); and distributed energy resources (“DER”). The results for New Jersey are a stronger economy, less pollution, lower costs, and reduced demand for electricity and natural gas. The NJCEP offers financial incentives, programs, and services for residential, commercial, and governmental customers.

## Additionally, in fiscal year 2021 (“FY21”), the Office of Clean Energy Equity (“OCEE”) was added to the DCE. The OCEE oversees the development and implementation of clean energy policies, technologies, and programs, including workforce development and EE programs, to better serve New Jersey’s overburdened communities (“OBCs”) and to ensure equitable participation in clean energy programs and distribution of related benefits.  Working with other BPU teams, the OCEE is ensuring that programs are developed and implemented through an equity lens, while leveraging the many existing DCE programs that aim to serve OBCs.

## EMP Strategy 1: Reduce Energy Consumption and Emissions from the Transportation Sector

## This strategy centers its attention on decarbonizing the transportation sector through vehicle electrification, reducing vehicle miles traveled, and lowering port and airport emissions. To support electric vehicle (“EV”) adoption, several key NJCEP programs have been created through Board action and State appropriation to provide incentives to individuals and local and State government agencies to offset a portion of the upfront costs of purchasing EVs. In addition to the $30 million annual appropriation, described in detail in the Charge Up New Jersey Compliance Filing, the below programs will receive funding to support the BPU’s continuing efforts to electrify transportation.

## Electric Vehicles

### EV Studies and Administrative Support

## The transition to electrified transportation will take considerable effort and will require new skill sets and studies in order to ensure we are creating an equitable, accessible EV ecosystem. This funding will allow for support for the BPU’s EV EcoSystem plans. Included in this funding is the FY22 proposal to undergo an EV Grid Assessment to better understand the impacts that EV charging will have on the grid and the necessary investments that must be made to build out a comprehensive EV EcoSystem. In addition, Staff proposes to use these funds to address the need to aggregate the data from charging stations funded by State and utility incentive programs and to create an EV incentive portal for the State of New Jersey.

### Clean Fleet Electric Vehicle Incentive Program

## In FY20 and FY21, the BPU utilized U.S. Department of Energy (“USDOE”) funds for a pilot program to incentivize EV adoption in local and State government fleets, referred to as the Clean Fleet Electric Vehicle Incentive Program (“Clean Fleet Program”). In FY22, the program was funded by both Societal Benefits Charge (“SBC”) and State General Fund appropriations. The primary goal of the Clean Fleet Program is to improve New Jersey’s air quality and assist local and State government authorities’ transition to electrically-fueled fleets.

### *State Vehicle Clean Fleet Program*

## The EV Act (L. 2019, c. 362) established goals to encourage the electrification of the State’s non-emergency light-duty fleet vehicles. The EV Act calls for at least 25 percent of the fleet to be plug-in EVs by 2025 and 100 percent by 2035. Additionally, EMP Goal 1.1.5 seeks to convert the State’s light-duty fleet to EVs. To achieve these goals, the BPU will continue the program in FY23 to assist in funding the increased up-front costs associated with the adoption of light-duty EVs for the State’s fleets. By making the switch to EVs, fleets can realize the benefits of decreased fueling and maintenance costs while also decreasing their emissions and acting as a role model for local residents.

### *Local Clean Fleet Program*

## The original iteration of the local clean fleet program launched on December 1, 2019, and has, to date, assisted more than 30 government entities to purchase a battery vehicle and/or charging equipment.

## As this program directly impacts the goals set forth in the EV Act, specifically promoting EV adoption in State and local government fleets, the Clean Fleet Program will continue in FY23 under the NJCEP. Eligible entities for this incentive will be municipalities, local schools, municipal commissions, State agencies or boards, State commissions, State universities, community colleges, and county authorities.

## Through a rolling application process, applicants may apply for a $4,000 incentive for up to 10 light-duty battery EVs, as well as incentives for EV chargers for local and county entities. State entities will be eligible for up to 20 light-duty battery EVs and up to 10 EV chargers. Applicants may receive $5,000 per public charger (up to the cost of the charger), $4,000 per fleet chargers (up to the cost of the charger), and $50,000 (up to the cost of the charger) for a Direct Current Fast Charger (“DCFC”). In addition, fleet chargers are eligible for an incentive of up to 50% of the cost of the Make-ready, up to $5,000 for level 2 chargers, and up to $50,000 for DCFCs. The number of vehicles and chargers that an entity is eligible for will be determined by population size of the government the entity serves. Grants will be reviewed by Staff, assessed, and awarded on a rolling basis contingent upon program funding, with priority given to applicants who would be adding their first EV to their fleet. Eligible applicants who are in an overburdened municipality, as defined by the OCEE, are eligible for a 50 percent bonus, to be provided as either an additional incentive amount or eligibility for additional chargers and vehicles.

## Awards shall be in the form of a reimbursement, based on proof of purchase of a new eligible battery EV and/or charging equipment. All applicants will be required to complete a Grant Reimbursement Form in order to receive their grant award. Vehicles and chargers may be ordered prior to award approval but may not be purchased prior to award. The vehicle listed on the application is required to be the same year, make, and model listed on the Grant Reimbursement Form. Eligible vehicle(s) must be purchased and received in order to submit the Grant Reimbursement Form.

## All charger incentives require that the charger be Energy Star certified and a networked dual-port charger that is on a network pre-approved by the State. The Clean Fleet incentive may be stacked with utility make-ready incentives, up to the amounts allowed by the utility’s stipulation of settlement. The Clean Fleet charger incentive may not be stacked with DEP’s It Pay$ to Plug In Program for the same charger.

Multi-Unit Dwellings

## Recognizing that one of the major obstacles to EV adoption is the inability to charge at residences and acknowledging that residents of low-income and overburdened communities are more often impacted by this obstacle, the Board created the Multi-Unit Dwelling (“MUD”) EV Charger Incentive Program in 2021. The EV Act calls for at least 15 percent of all MUDs to have EV chargers by December 2025. Also, EMP Goal 1.1.2 calls for the State to focus on the best ways to deploy charging infrastructure throughout the state. Utilizing legislatively appropriated funds in FY22, the program was originally budgeted at $1 million and by May 2022 had received over $2.5 million in applications.

## The incentive provides $4,000 for the cost of a Level 2 charger (up to the cost of the charger) for up to six chargers per site. All charger incentives require that the charger be a Energy Star certified and networked dual-port charger that is on a network pre-approved by the State. The MUD incentive may be stacked with utility make-ready incentives, up to the amounts allowed by the utility’s stipulation of settlement. The MUD incentive may not be stacked with DEP’s It Pay$ to Plug In Program for the same charger.

## Eligible entities include apartments, condominiums, and mixed residential locations that feature a minimum of five units and have dedicated off-street parking.

## Grants will be reviewed by Staff, assessed, and awarded on a rolling basis contingent upon program funding, with priority given to applicants who would be adding their first EV to their fleet. Eligible applicants who are in an overburdened municipality, as defined by the OCEE, are eligible for a 50 percent bonus.

EV Tourism

## Range anxiety continues to be an obstacle to EV adoption, as many people are concerned that an EV will hinder their ability to take longer trips. In furtherance of EMP Goal 1.1.2, which examines ways to deploy charging infrastructure throughout the state, the Board’s EV Tourism Program was designed to encourage the building of more corridor and community chargers throughout New Jersey, reducing range anxiety for our residents and encouraging EV-driving tourists to choose New Jersey as their tourism destination. In addition, the EV Act calls for at least 20 percent of franchised locations to have EV chargers by December 2025.

## The program provides $5,000 for the cost of a Level 2 charger (up to the cost of the charger) for up to six chargers per site or $50,000 for the cost of a fast charger (up to the cost of the charger) for up to two chargers per site. All charger incentives require that the charger be Energy Star certified and a networked dual-port charger that it is on a network pre-approved by the State. The EV Tourism incentive may be stacked with utility make-ready incentives, up to the amounts allowed by the utility’s stipulation of settlement. The EV Tourism incentive may not be stacked with DEP’s It Pay$ to Plug In Program for the same charger.

## Grants will be reviewed by Staff, assessed, and awarded on a rolling basis contingent upon program funding, with priority given to applicants who would be adding their first EV to their fleet. Eligible applicants who are in an overburdened municipality, as defined by the OCEE, are eligible for a 50 percent bonus.

**EMP Strategy 2: Accelerate Deployment of Renewable Energy and Distributed Energy Resources**

## This strategy seeks to address the State’s efforts to accelerate the deployment of renewable energy (“RE”) and distributed energy resources (“DERs”). Two key components of this strategy are to maximize the development of offshore wind (“OSW”) and solar energy. As part of the NJCEP, the BPU is tasked with overseeing the OSW and solar programs that will help the State achieve Governor’s Murphy’s clean energy goals in the most equitable, cost-effective, and efficient ways.

## Renewable Energy Programs

### Offshore Wind Program

## Executive Order 8[[2]](#footnote-2) called upon all State agencies with responsibility under the Offshore Wind Economic Development Act (“OWEDA”) (statute amending L. 2007, c. 340 and L. 1999, c. 23) to work collaboratively towards achieving the goal of 3,500 MW of OSW by 2030 and to establish a vibrant offshore wind market in New Jersey and in the region. Executive Order 92, maintaining the goal of establishing a vibrant offshore wind market, increased the goal to 7,500 MW by 2035, which is consistent with EMP Goal 2.2. In September 2022, Executive Order 307 further increased the OSW goal to 11,000 MW by 2040. In November 2022, a solicitation schedule was announced laying out how New Jersey expects to meet the new goal.

## In September 2018, the Board announced the opening of a competitive solicitation for 1,100 MW, at the time the largest single state solicitation in the nation and a framework for future solicitations. A Request for Quotation (“RFQ”) was also issued in FY19 for an OSW economic consultant to assist in the review and evaluation of the applications received in response to the first solicitation, consistent with OWEDA. The consultant’s scope was to evaluate the technical feasibility of proposals, the energy producing capacity underlying project economic performance, energy pricing, cost/benefit analysis, job creation, project financing, and the public subsidy requested. The Board awarded a contract in FY19, with costs to be recovered through the OSW applicants’ application fees, as allowed under OWEDA.

## The first OSW competitive solicitation resulted in applications from three experienced OSW developers that represent multi-billion-dollar investments and hundreds of clean energy jobs for New Jersey. On June 21, 2019, the Board unanimously approved the 1,100 MW Ocean Wind Project to be developed 15 miles off the coast of Atlantic City before 2024 and projected to power an estimated 500,000 homes.

## In FY19, the Board retained a consultant for the Offshore Wind Strategic Plan for a two-year term. The Offshore Wind Strategic Plan was started in August 2018 and includes establishing the framework for moving forward in consultation with stakeholders and strategic partners. The draft strategic plan was issued for public comment in the 5th Quarter (“Q5”) of FY20[[3]](#footnote-3) and was adopted by the Board and released to the public in September 2020.

## On February 28, 2020, the Governor announced a planned solicitation schedule for the full 7,500 MW goal for 2035 to provide transparency to the industry and to show commitment to the development of wind in New Jersey. The solicitation schedule also allows for flexibility to make adjustments to the schedule to capture the best benefits for citizens of the State on issues of cost, development of transmission, supply chain establishment, federal tax credits, and more.

## An RFQ for an OSW economic consultant was issued in FY20 for the development of the second OSW solicitation and the review and evaluation of OSW project proposals consistent with OWEDA. The review and evaluation again included evaluating the technical feasibility of proposals, the energy producing capacity underlying project economic performance, energy pricing, cost/benefit analysis, job creation, project financing, and the public subsidy requested. The Board awarded a contract in FY20, with a significant portion of the costs to be recovered through the OSW applicants’ application fees, as allowed under OWEDA.

## In September 2020, a second solicitation was issued for 1,200 to 2,400 MW of OSW (“Solicitation Two”). Evaluation of applications received from two developers in December 2020 resulted in the Board awarding two projects totaling 2,658 MW in June 2021.

## Also, in 2020, the Board requested that PJM Interconnection LLC (“PJM”) include the State’s OSW goal in its regional transmission expansion planning under a PJM process known as the State Agreement Approach (“SAA”). The Board also issued an RFQ for a consultant to assist Staff with the SAA process, and a contract was awarded to a qualified consultant.

## PJM issued a solicitation for OSW transmission solutions on behalf of the Board in April 2021, with proposals received in September 2021. Proposals were received for eighty (80) projects from thirteen OSW transmission developers. After a review and evaluation period of more than one year by Staff, a consultant, and PJM, in October 2022, the Board awarded a suite of coordinated transmission projects to enable the OSW goal of 7,500 MW to be efficiently, reliably, and cost effectively connected to the electric grid in New Jersey. The suite of projects awarded saved ratepayers approximately $900 million compared to the business as usual baseline. In its award Order, the Board directed Staff to begin to consider a second SAA to help achieve the new 11,000 MW goal.

## In 2022, Staff began to develop the State’s third OSW solicitation. A draft Solicitation Guidance Document was issued in November 2022 for public comment. The third solicitation will target 1,200 to 4,000 MW. The final guidance document is expected to be issued in the 1st Quarter (“Q1”) 2023, with Applications due in the 2nd Quarter (“Q2”) 2023, and the Board’s decision is expected in the 4th Quarter (“Q4”) 2023.

## In FY21, the Board and the South Jersey Port Corporation (“SJPC”) entered into a Memorandum of Understanding (“MOU”) to support the development of critical, first-of-their-kind manufacturing facilities to support New Jersey’s growing offshore wind industry (“SJPC MOU”). This is in furtherance of EMP Goals 2.2.2-2.2.4, which seek to develop the OSW supply chain, infrastructure, and workforce. The SJPC MOU will enable the transfer of $1.8 million in SBC funding to the SJPC, which will directly aid in the development of the Paulsboro Marine Terminal.

## FY22 funding also supported the Board’s multi-year membership in the National Offshore Wind Research and Development Consortium.

## Also in FY21, the Board entered into an MOU with the New Jersey Economic Development Authority (“EDA”) to support a portion of the development and related expenses of the New Jersey Wind Port (“Wind Port”) (“EDA MOU”). The EDA MOU enabled the transfer of $13.2 million in SBC funding, which will directly support the development of the Wind Port. The Wind Port is intended to be the first purpose-built location for marshalling and manufacturing and is expected to play a critical role in advancing the OSW industry in New Jersey, as well as being an economic engine for the State.

## On August 16, 2019, Governor Phil Murphy signed Executive Order No. 79 and established a Council for the Wind Innovation and New Development (“WIND”) Institute, charged with developing and implementing a plan to create a regional hub for New Jersey’s burgeoning offshore wind industry and with building upon the Murphy Administration’s commitment to making New Jersey a national leader in offshore wind. The WIND Council includes representatives from the Office of the Secretary of Higher Education, the EDA, the BPU, the Department of Education, the DEP, and the Department of Labor and Workforce Development.

## On April 22, 2020, the WIND Council released a report detailing plans for creating the WIND Institute, which will serve as a center for education, research, innovation, and workforce training related to the development of offshore wind in New Jersey and the Northeast and Mid-Atlantic region. The WIND Institute will coordinate and galvanize cross-organizational workforce and innovation efforts to position New Jersey as a leader in offshore wind. A primary function of the WIND Institute will be to act as a centralized hub for offshore wind workforce development by coordinating across stakeholder groups and State agencies to support the development and delivery of programs and facilities that empower New Jersey students and workers to participate in the offshore wind industry. More specifically, a cross-governmental working group will collaborate with New Jersey’s higher education institutions to identify opportunities for students to successfully enter the industry and execute initiatives that will cement these pathways into the industry (e.g., apprenticeships) and address potential barriers for New Jersey workers (e.g., expanding pool of qualified instructors).

## While the process to establish the WIND Institute through legislation is ongoing, immediate action is needed to lay a cohesive groundwork for workforce development necessary to support this rapidly growing industry. In FY21, the BPU entered into an MOU with the EDA to provide funding that would support EDA initiatives, including execution of a competitive grant solicitation to develop a Global Wind Organization safety training program and facility in New Jersey; development of a best-in-class wind turbine technician training program; creation of a plan to establish pathways into the offshore wind industry for New Jersey students and workers, driven by a cross-governmental working group to be coordinated by EDA; and design and delivery of a workforce development seminar that will provide local stakeholder groups with insight into the industry’s workforce development needs to empower these stakeholder groups to build relevant workforce solutions.

## In FY22, the Board entered into a second MOU with the EDA to support the Wind Institute. The funds supported workforce and education programs that address key challenges in expanding stakeholder engagement and understanding about workforce needs and opportunities. These programs included overseeing grant challenges to New Jersey training providers in key skills gap areas, such as offshore wind welding (specifically submerged arc welding), marine transport, offshore wind marshalling, offshore wind power engineering, and/or environmental surveying and monitoring. Funding also supported the development of an offshore wind module to be included as part of STEM concentrations at New Jersey vocational schools, offshore wind seminars, and other engagement activities for businesses and other stakeholders interested in furthering offshore wind workforce development with a particular focus on driving diversity, equity, and inclusion and a workforce skills assessment to ascertain additional workforce development priority areas. In addition, funding allowed for the expansion of Wind Institute research and innovation programs that leverage New Jersey’s higher education institutions’ assets and expertise to spearhead research and innovation that unlocks market potential and/or specifically addresses challenges facing New Jersey’s offshore wind industry. Additional programming would support an industry-sponsored grant challenge with public matching funds to drive innovative research and development in the private sector. A portion of the funding was also used for administrative and staffing costs to support the launch of the Wind Institute and to position the Wind Institute as a centralized information hub for offshore wind workforce development, education, research, and innovation and for other operational needs including a space assessment for a physical location for the Wind Institute.

## A third MOU for FY23 between the Board and the EDA to support the Wind Institute was executed in October 2022. The funds provided by the BPU are expected to support the expansion of the Wind Institute Fellowship and University Initiatives’ efforts to increase industry-valued expertise at a greater number of New Jersey universities and/or with a larger number of students than the first cohort of eight (8) students at each of the four (4) universities; the continued development and execution of OSW workforce and education programs, including overseeing grant challenges, executing MOUs, or other means to establish OSW-focused training and education initiatives; in training for non-destructive testing, crane operations, maritime occupations, and manufacturing, as well as general education campaigns about OSW and career pathways; and the development and execution of initiatives that spearhead research and innovation that unlock market potential and/or specifically address challenges facing New Jersey’s OSW industry.

## Together, these efforts will enable New Jersey to create a foundation for a targeted and coordinated offshore wind workforce development approach that creates job opportunities for a wide range of New Jersey students and workers.

## FY22 funding has also allowed the Rutgers Center for Ocean Observation Leadership (“RUCOOL”) to continue the work that it began for the Board in 2017 on oceanographic and atmospheric studies of the waters off of New Jersey’s coast.

## FY23 funding for RUCOOL was approved to continue their work, and a contract was executed with a consultant to assist Staff in the development of a solicitation 3 guidance document and evaluation of solicitation 3 proposals. Continued funding of the consultant assisting Staff in the SAA evaluation is anticipated in FY23, as is retaining a consultant to update the OSW Strategic Plan. Funding is also budgeted for potential additional initiatives that may arise during FY23.

Solar

## Pursuant to the Clean Energy Act of 2018[[4]](#footnote-4) (“CEA”) (L. 2018, c. 17) and EMP Goal 2.3.2, the Board is finalizing the transition from its legacy solar incentive program (the “SREC registration program” or “SRP”) to a new successor solar program. The SREC registration program closed upon the determination of the Board that 5.1% of the kilowatt hours sold in the state comes from solar electric power generators connected to the state’s electric distribution system (5.1% milestone).

## The solar transition was conducted in two phases. Phase 1 was the implementation of a Transition Incentive (“TI”) Program to provide a bridge between the legacy SREC program and a successor incentive program. The TI Program was approved by the Board in December 2019 and was opened on May 1, 2020 to new projects and projects with a valid SRP registration that did not energize prior to the 5.1% milestone.

## Phase 2 was the design and implementation of the new Successor Solar Incentive (“SuSI”) Program. On July 28, 2021, the Board approved the new SuSI program, comprised of an Administratively Determined Incentive (“ADI”) Program for net metered residential projects, net metered non-residential project 5 MW and under, and community solar projects; and a Competitive Solar Incentive (“CSI”) Program for grid supply projects and larger net metered non-residential projects (over 5 MW). The Board also approved the closure of the TI Program to new registrations effective on August 27, 2021. The ADI Program opened to new registrations on August 28, 2021.

## The Board has set incentive levels and megawatt allocations by market segment designed to result in 450 MW per year of net metered solar and community solar. An Interim Subsection t market segment was established to provide an incentive opportunity for grid supply projects located on brownfields, properly closed sanitary landfills, and areas of historic fill following the closure of the TI Program until the Board announced the launch of the CSI Program.

 **ADI Incentives (NJ-SREC-IIs) Per Market Segment**

|  |  |  |  |
| --- | --- | --- | --- |
| **Market Segments** | **System Size MW (dc)** | **Incentive Values ($/SREC-II)** | **\*Public Entities ($20 Adder)** |
| Net-Metered Residential | All Sizes | $90 | N/A |
| Small Net-Metered Non-Residential located on Rooftop, Carport, Canopy and Floating Solar | Projects smaller than 1 MW (dc) | $100 | $120 |
| Small Net Metered Non-Residential Ground Mount | Projects smaller than 1 MW (dc) | $85 | $105 |
| Large Net Metered Non- Residential located on Rooftop, Carport, Canopy and Floating Solar | Projects 1 MW to 5 MW (dc) | $90 | $110 |
| Large Net Metered Non-Residential Ground Mount | Projects 1 MW to 5 MW (dc) | $80 | $100 |
| Community Solar LMI | Up to 5 MW (dc) | $90 | N/A |
| Community Solar Non-LMI | Up to 5 MW (dc) | $70 | N/A |
| \*\*Interim Subsection (t) Grid | All Sizes | $100 | N/A |

 **ADI Capacity Blocks by Market Segment**

|  |  |  |
| --- | --- | --- |
| **Market Segments** | **System Size** | **MW (dc) Capacity Blocks** |
| Net-Metered Residential | All Sizes | 150 MW |
| Net Metered Non-Residential | All sizes at or below 5 MW (dc) | 150 MW |
| Community Solar including LMI and Non-LMI | All sizes at or below 5 MW (dc) | 150 MW |
| Interim Subsection (t) Grid | All Sizes | 75 MW (Interim basis; Now closed) |

## On December 7, 2022, the Board announced the new CSI Program, which will offer incentives to grid supply solar and net metered solar installations over 5 MW in size. The CSI Program will follow competitive principles, awarding SREC-IIs based on bids into the program and selecting projects in a segment based on price.

## The first solicitation under the CSI is scheduled for the Q1 2023. The Board established the following market segments or tranches and procurement targets for the initial solicitation:

|  |  |  |
| --- | --- | --- |
| **Tranche**  | **Open to** | **Procurement Target (MW)** |
| Tranche 1  | Basic Grid Supply | 140 MW |
| Tranche 2  | Grid Supply on the Built Environment | 80 MW |
| Tranche 3 | Grid Supply on Contaminated Sites and Landfills | 40 MW |
| Tranche 4 | Net metered non-residential Installations larger than 5 MW | 40 MW |
| Tranche 5 | Storage paired with Grid Supply Solar | 160 MWh |

## Solicitations will take place on an annual basis going forward.

## The Board established a non-refundable bid participation fee of $1000 per MW, which is meant to be used to defray costs of the program. The amount to be collected will depend on the level of interest, but it will likely be in excess of $300,000 annually.

## The Solar Act of 2021 includes a mandatory annual report about the SuSI Program to the Governor’s Office and Legislature. Staff plan to engage a consultant to comply with these reporting requirements.

### Community Solar

## EMP Goal 2.3.1 calls for the continued growth of New Jersey’s Community Solar Program. Community solar aims to broaden access to solar energy by enabling electric utility customers to participate in a solar generating facility that can be remotely located from their own residence or place of business. These customers are those who cannot benefit from net metered solar, such as those who rent, live in multi-unit dwellings, have property unsuitable for solar, or lack access to the necessary capital. Community solar is therefore an important program for promoting equitable and fair access to New Jersey’s renewable energy policies.

## Community solar in New Jersey was rolled out first as a Pilot Program, launched in February 2019 pursuant to the CEA. Through two solicitations conducted between 2019 and 2021, the Pilot Program led to the conditional approval of 150 projects, representing approximately 243 MW. Consistent with the goal of promoting equitable access to solar energy, all projects selected to participate in the Pilot Program have committed to allocate at least 51% of project capacity to low- and moderate-income (“LMI”) subscribers. The Community Solar Energy Pilot Program was designed as a competitive application process; projects were selected using criteria designed to further the State’s policy objectives for community solar development, including preferred siting, low- and moderate-income resident inclusion, community engagement, and guaranteed savings for participating customers.

## Pursuant to the CEA, the Pilot Program will now be converted to a permanent program, which is intended to target the development of at least 150 MW new community solar capacity annually. On April 11, 2022, Staff issued a request for comments that sought preliminary stakeholder feedback on the design of the permanent program. Written comments were received by May 6, 2022 and will inform the drafting of a Staff straw proposal. Over the next few months, the BPU will continue to work closely with stakeholders to design and implement the permanent program.

##

## Energy Storage

## In FY19, the Board retained Rutgers University to conduct an analysis of energy storage (“ES”) in New Jersey, pursuant to the CEA. The contract for the requested analysis commenced on November 1, 2018, and the Board accepted the final report at its June 12, 2019 agenda meeting.

## In FY21, the first phase of an ES program intended to meet the CEA and EMP goals was initiated as part of the Solar Successor Straw Proposal. The Board addressed the provision of incentives for storage coupled with solar photovoltaics in the July 2021 Order establishing the SuSI Program, specifically recommended for consideration in the context of the CSI Program.

## In FY22, Staff began to develop the second phase of the ES program, which will be aimed at reaching CEA-mandated 2030 goals.

## In September 2022, Staff issued a straw proposal for an ES program, the New Jersey Storage Incentive Program (“NJ SIP”). Three stakeholder meetings were held and written comments received on the Straw Proposal and in 2023, Staff, together with a consultant to be retained, will issue the final NJ SIP.

## Also, the Energy Storage budget line includes a commitment of up to $7 million for a pilot to improve resiliency at state facilities. Since this is contingent on the State’s award of USDOE funding, details of this pilot are still being developed by Staff and will be provided to the Board for further consideration in FY23.

### Grid Modernization

## New Jersey’s interconnection rules and processes require updating in order to achieve 100 percent clean energy by 2050. In FY22, Staff engaged a contractor to assist with updating New Jersey’s interconnection rules so that they reflect national best practices and better enable the State to achieve its clean energy goals. Necessary updates to the State’s interconnection rules include but are not limited to: updates to the interconnection process; modernization of utility processes for studying interconnection requests; updates to technical interconnection study standards; updates necessary to coordinate interconnection requests with the regional transmission system; incorporation of updated Institute of Electrical and Electronics Engineers or other standards; and other changes that will facilitate New Jersey meeting its ambitious clean energy targets. Five stakeholder meetings were held regarding the interconnection process, which informed the consultant’s final report accepted by the Board in November 2022. Staff is developing proposed changes to the interconnection rules as a result of several of the recommendations contained in the report, with several other recommendations set to undergo further stakeholder input.

## Funding in FY23 is requested to continue the grid modernization proceeding, conduct a study of the potential to use renewable natural gas and/or green hydrogen as a means to reduce greenhouse gas emissions, and for additional new clean energy technology initiatives that may arise.

**EMP Strategy 3: Maximize Energy Efficiency and Conservation and Reduce Peak Demand**

## This strategy focuses on strengthening New Jersey's overall EE and peak demand reduction, which involves clear energy reduction goal setting, consistency, and accountability. Energy reductions will be achieved through improvements in building thermal envelopes, appliance efficiency, energy benchmarking, equipment controls, strategic energy management, and attention to peak demand reduction. To prevent the amplification of energy burden disparities, access to increased efficiency for all residents will be ensured, and the OCEE will continue to play a key role. In addition, the strategy aims to strengthen building and energy codes and appliance standards.

## Energy Efficiency Programs

Energy Efficiency Program Transition

## In 2018, Governor Murphy signed into law the landmark CEA, which called for a significant overhaul of New Jersey’s clean energy systems by augmenting existing EE, RE, and DER programs and building sustainable infrastructure in order to fight climate change and reduce carbon emissions. Reducing the rate of climate change and emissions will in turn create well-paying local jobs, grow the State’s economy, and improve public health, while ensuring a cleaner environment for current and future residents.

## As part of this statewide undertaking, the CEA required New Jersey’s investor-owned gas and electric utility companies to reduce their customers’ use of gas and electricity by set percentages over time. To help reach these targets, the BPU established a statewide framework for EE programs in June 2020 and [approved](https://www.nj.gov/bpu/newsroom/2020/approved/20200610.html) a comprehensive suite of “next generation” EE programs that feature new ways of managing and delivering EE directly from investor-owned gas and electric utility companies to their customers and that, since July 1, 2021, have begun to transition the state to what are expected to be some of the highest energy savings in the country.[[5]](#footnote-7)

## The Board-approved utility-run EE programs offer on-bill repayment or comparable third-party financing, with more favorable terms for qualifying LMI customers and small commercial entities. Many utilities also offer Moderate-Income Weatherization Programs. The Board’s approval, oversight, and evaluation of the utility-run EE programs support EMP Goal 3.1.5, which is to adopt equitable clean energy financing mechanisms that enable greater penetration of EE opportunities for all customers. They also support EMP Goal 3.1.3, which is to establish strategic and targeted EE programs to increase energy reductions and customer engagement. EMP Goal 3.1.3 specifically mentions programs that target moderate-income customers as helpful in closing gaps in program affordability and also incorporation of on-bill financing into EE programs.

### Acoustical Testing Pilot

## The New Jersey Acoustical Testing Pilot Program is proposed in response to the EMP Goal 3.1.3, which encourages the exploration of “new energy-saving opportunities in complementary sectors, such as the water sector.” Annual water and energy losses due to aging water infrastructure in New Jersey are significant, amounting to billions of gallons of water and multiple gigawatts of energy lost. This pilot incentive program allocates resources to facilitate the purchase or rental by water utilities of acoustic monitoring systems that employ permanent leak monitoring technology to enable them to more efficiently and effectively locate water leaks. This pilot program welcomes proposals from all New Jersey water utilities, but primarily seeks to address water and energy losses in urban and older inner suburban communities. These communities have older infrastructure and addressing their infrastructure issues would also result in benefits to OBC. The Board approved the release of the application in March 2021. In July 2021, the Board awarded a total of $1.1 million in grants to four applicants to implement permanent leak detection technology in their water systems. Staff will closely examine the progress and efficacy of the first round of funding and utilize this information to determine recommendations to the Board for a second pilot year.

LED Streetlights Replacement

## Staff are in the process of developing a straw proposal that examines the benefits of assisting municipalities with LED streetlights replacement. Specifically, this is in response to EMP Goal 3.1.7, which is to “revise street lighting tariffs as necessary to incentivize mass adoption of energy efficient initiatives.” The energy savings and resulting reduction in greenhouse gas emissions that occur when municipalities change over from traditional streetlights to dark sky compliant LED street lights is significant. This program would allocate grant funding for municipalities to meet the upfront costs of the changeover. It would also specifically reserve a portion of its funding for projects in OBCs so that these communities can avoid incurring the costs normally associated with an LED streetlight retrofitting project, benefit from the retrofits themselves, and reallocate municipal funding so that such funding can be spent on other initiatives that benefit their constituents. Staff propose that an additional $5.9 million be provided in the FY23 True-Up Budget to increase the amount of funding available to municipalities through the grant program. Over the next few months, Staff will finalize the straw proposal and engage with stakeholders to finalize the details of this program.

## During FY23, BPU will provide a $2.5 million grant to the City of Atlantic City to complete its work in converting all Atlantic City Electric streetlights and some City-owned streetlights to LED. The City is currently a BPU grantee for an American Rescue and Recovery Act grant in the amount of $2 million, with a grant period from August 1, 2016 through March 31, 2023, for the design and installation of LED streetlights in the City, under BPU docket numbers QG16050440 and EO09030210. As of January 12, 2023 the City has converted around 7,000 streetlights to LED in partnership with Atlantic City Electric Company and Arris Engineering Group, LTD. The additional $2.5 million will enable the City to convert more than 4,000 streetlights to LED; retrofit all lights with sensors to provide automatic notification when the lights are out; create a Geographic Information System (“GIS”) data set of all traffic and crosswalk lights and signals; and form a type of utility to ensure that lights remain working into the future.

### Sustainable Jersey

## The BPU’s Sustainable Jersey contract supports the adoption of clean energy throughout the state through their Sustainable Jersey Municipal and Schools Certification Programs and through their hands-on work with municipal governments and school districts. Sustainable Jersey assists municipal governments and schools to not only participate directly in clean energy programs themselves but to also encourage local residents and businesses to realize the energy and economic benefits that result from clean energy programs.

## In particular, the BPU’s work with Sustainable Jersey directly tracks with EMP Goal 3.1.2, which is to increase awareness of and access to utility EE programs, NJCEP and its suite of statewide programs, and other BPU clean energy programs. Sustainable Jersey is also providing technical assistance to overburdened municipalities (“OBMs”) that have received grants through the Community Energy Plan Grant (“CEPG”) Program.

### New Jersey Institute of Technology

## In order to further the efforts of EMP Goal 3.3.5, which seeks to “[i]mprove energy efficiency in, and retrofit state buildings to, a high performance standard,” the NJIT Center for Building Knowledge (“CBK”) provides high-quality research, training, and technical assistance on EE in the State and on select aspects of the NJCEP. In FY23, CBK collaborated with the BPU’s Division of State Energy Services (“SES”) to design the curriculum for and launch an energy management training program, with a focus on State facilities. CBK will also continue to develop and add new materials and content that support EE and development of a benchmarking certification program.

Rutgers Center for Green Building

## In addition to RCGB’s EE evaluation work described below, in FY23, RCGB completed its work studying code compliance in new construction and will continue its work analyzing cost-effective amendments to NJ energy codes and co-facilitating the NJ Code Collaborative. These areas of work broadly support EMP Goal 3.3, which is to strengthen building and energy codes and appliance standards, including Goal 3.3.6, which is to increase compliance of mandated building and energy codes.

### Benchmarking

## In addition to the EE transition, the CEA mandated that, by May 2023, the BPU require building owners and operators of commercial buildings over 25,000 square feet to benchmark their energy and water use for calendar year 2022 using the U.S. Environmental Protection Agency’s Portfolio Manager tool. Benchmarking is an important early step in raising awareness with building owners and operators about the energy performance of their buildings. EMP Goal 3.3.2 is to “[e]stablish transparent benchmarking and energy labeling,” and the EMP describes building energy use benchmarking as a critical component in promoting market-driven increases in energy efficiency. Measurement and analysis of facilities’ energy use, as well as comparison of performance to similar or model buildings, provides owners and operators with the necessary information to assess opportunities for performance improvements that reduce energy use and costs.

## In FY22, Staff developed a straw proposal on the proposed policy for New Jersey’s energy and water benchmarking program through which building owners and operators will provide their first submissions by October 1, 2023. The Board approved the program and next steps on implementation – including outreach, training, IT development, and rulemaking –in FY23 to ensure that building owners are able to benchmark their buildings.

## In FY23, RCGB continues to support the benchmarking program by developing the list of commercial buildings over 25,000 square feet, which entails analysis and modeling of tax records, GIS, and LiDAR data.

**EMP Strategy 4: Reduce Energy Consumption and Emissions from the Building Sector**

EMP Goal 4.1 focuses on starting the transition to net zero carbon new construction. The NJCEP EE programs for new construction directly address this strategy. The BPU anticipates that a redesigned New Construction Program will launch later in FY23 and will include an improved platform that replaces and improves the existing Residential New Construction (“RNC”), Commercial & Industrial (“C&I”) Buildings - New Construction (“C&I NC” or “SmartStart NC”), C&I Buildings: Pay for Performance - New Construction (“P4P NC”), and C&I Buildings - Customer Tailored Energy Efficiency Program - New Construction (“CTEEP NC”) Programs. The redesigned New Construction Program is expected to incorporate multiple new components – including a single point of entry, an optimized program process flow, an increased depth of scope, and three pathways to participation (bundled, streamlined, and high performance) – and will be developed through input from public stakeholders during FY23.

## EMP Goal 4.2 focuses on starting the transition to electrify existing oil- and propane-fueled buildings. The BPU is assessing cost-effectiveness of heat pump adoption in various scenarios, with an eye toward prioritizing electrification of oil- and propane-fueled buildings. In particular, BPU is working with the investor-owned utility companies to develop electrification incentives for low-income residential customers through the Comfort Partners program for launch later in FY23. In addition, discussions are underway among the BPU, the New Jersey Division of Rate Counsel (“Rate Counsel”), and the investor-owned utility companies about expansion of rebates and incentives to support this transition that could be offered as part of utility EE programs for existing buildings.

State Facilities Initiative

## The State Facilities Initiative (“SFI”) identifies and implements EE projects in State-owned facilities or State-sponsored projects with the objective of producing energy and cost savings. The funding provided to the SFI is directly in line with EMP Goals 3.3.5 and 4.1.1. EMP Goal 3.3.5 seeks to “[i]mprove energy efficiency in, and retrofit state buildings to, a high performance standard.” EMP Goal 4.1.1 addresses electrifying State facilities.

## The Energy Capital Committee (“ECC”), consisting of members from the New Jersey Department of Treasury (“Treasury”) and SES, coordinates these projects based on evaluation of capital costs and anticipated energy savings. SES works with agencies, the Office of Management and Budget, and the Division of Property Management and Construction (“DPMC”) to help identify the projects that are viable to move forward and impact energy consumption. In FY23, no new funding has been requested but funds have been reallocated based on updated project timelines.

## The BPU and Treasury first partnered through an MOU in February 2017 to upgrade the Hughes Justice Complex and the New Jersey Department of Environmental Protection (“DEP”).[[6]](#footnote-8) In November 2019, the Board entered into an MOU with DPMC to establish criteria for selecting and allocating funds on the designated priority list (“2019 MOU”).[[7]](#footnote-9) This allowed for increased State facility projects and a prioritized pipeline of future upgrades. Projects will meet one or more of the following criteria: (a) improvements, upgrades, and replacements of air handling and movement systems; (b) lighting and equipment upgrades and replacements; (c) boiler, chiller, and HVAC replacements; (d) lighting and building controls; (e) RE and EE systems at all State facilities; and (f) injection of funding for State facility projects outside of the ECC domain that have an EE or RE component but are stalled due to lack of funding.

## Following the guidelines established in the 2019 MOU, SES will continue to develop projects.

## Included as an appendix is a chart that summarizes the FY23 Designated Project List (“DPL”). The DPL represents SES staff’s most current list and funding amounts making up the SFI budget line. The proposed funding levels for specific projects on the list reflects the current project status, recognizing that project start dates and milestones are dependent on DPMC coordinating the commitment and deployment of all project funds, including use of the Treasury line of credit. As with prior approved DPLs, including the one approved in 2019, SES staff will continue to identify potential future projects, or appropriate future projects, subject to the review and approval by the Board consistent with the orders referenced above.

## Additionally, the BPU has advocated for changes to the Treasury Circular to greater enhance the role of agency energy manager. In order to make sure that Staff have the tools to implement energy savings plans, the SFI will offer training and grants for agencies that send energy managers through the eight-month training program. There is currently participation from 13 State entities in the current cohort.

## Utilizing the LGEA Program, the ECC applied for LGEA at DEP Headquarters, OIT Hub, East Jersey State Prison, and Island Beach State Park. For FY23, through the State Energy Manager training program, additional State entities will apply for energy audits, which will help shape what other projects will follow. Currently, there are 23 State utilized properties in the queue for LGEA.

##

## Furthermore, the Annual State Facility Energy Consumption Report will allow for continued tracking of energy consumption and cost at State facilities. This data will help inform agencies of prior use, opportunities for reductions, and high energy use intensity.

## EMP Strategy 5: Decarbonize and Modernize New Jersey’s Energy System

## This strategy addresses the planning, finance, and implementation of electricity distribution system upgrades to accommodate increased electrification and DER integration; exercising regulatory jurisdiction and increasing oversight over transmission upgrades to ensure prudent investment and cost recovery from ratepayers; modifying rate design and the ratemaking process to empower customer energy management; and maintaining gas pipeline system reliability and safety while planning for future reductions in natural gas consumption.

### Microgrids

## The BPU learned from Superstorm Sandy that business as usual – with respect to the electric distribution system overall and backup generators at critical facilities – was inadequate for resilience. To address resilience at critical facilities, in 2014, the BPU provided funding to NJIT to conduct a study of potential locations for Town Center Distributed Energy Resources (“TCDER”) microgrids in the Sandy-affected regions of the state. The 2015 EMP recommended an increase in the use of microgrid technologies, and in November 2016, the BPU issued a microgrid report that formed the basis for New Jersey’s initial microgrid program.

## In FY18, the BPU initiated Phase I of the microgrid program, through which interested applicants could submit requests to fund TCDER microgrid feasibility studies. The universe of program applicants was limited to local government entities or State agencies that own or manage critical facilities. The BPU awarded a total of approximately $2 million to 13 public entities consisting of municipalities, counties, and authorities to conduct the feasibility studies. The BPU reviewed the studies in FY19 and found 12 participants to be eligible for the next round of funding.[[8]](#footnote-10)

## In FY20, the BPU initiated Phase II of the program, which was open to all Phase I participants and which will provide incentives for detailed designs of TCDER microgrids. Of the 12 approved feasibility study participants eligible for Phase II incentives, 11 submitted applications in May 2020. In March 2021, the BPU awarded a total of $4 million to eight applicants. One awardee subsequently declined to accept the incentive, resulting in a total award of $3,750,000. In FY21, 75% of the award ($2,812,500) was provided to each of the seven awardees. The balance of the award will be provided upon review of the completed design work by Staff. After the design and engineering phase is completed, TCDER applicants will decide whether to move forward with Phase III, which encompasses the construction and implementation of the TCDER microgrid projects.

## In FY20, to investigate opportunities for financing TCDER Microgrids, the BPU applied for and received a grant of approximately $300,000 from the USDOE to conduct a study regarding financing microgrids. The study had the following objectives:

* Analyze existing best practices to inform the development of the procurement/financing models;
* Evaluate and track the TCDER microgrid applicants as they enter the procurement and financing process to derive “real-world” information that can further refine the models; and
* Produce a guide grounded in legal, economic, and regulatory realities to help jurisdictions in New Jersey and across the United States to better understand the process of procuring and financing advanced community microgrids.

## The study report was released in July 2021.

## No funding was requested for Microgrids for FY22.

**EMP Strategy 6: Support Community Energy Planning and Action with an Emphasis on Encouraging and Supporting Participation by Low- and Moderate-Income and Environmental Justice Communities**

## This strategy concerns the environmental justice (“EJ”) and equity dimensions of the clean energy economy, with the purpose of ensuring equal access to the clean energy economy and its opportunities and benefits.

## First, the OCEE was established, which works on cross-cutting energy and equity issues and guides the BPU’s programs towards an equity lens. One of the programs that the OCEE administers is the CEPG Program, which was relaunched in November 2021. This new iteration of the program places an emphasis on supporting OBMs, including higher award amounts and technical assistance available to these municipalities.

## This strategy also lists goals for clean power generation and clean transportation options in LMI and EJ communities, addressing the disproportionate pollution impact with which these communities are often burdened. Specifically, the Community Solar Program and the MUD Program, as described in detail above, highlight the BPU and the OCEE’s efforts to directly meet these goals as they relate to OBC.

## Finally, within EE, there are enhanced incentives available for LMI communities. There are ongoing outreach efforts taking place in working groups around enhanced incentives to encourage increased participation. Equity metrics for utility-run EE programs are included in quarterly reports and posted on the NJCEP website. The reports evaluate participation, expenditure, and savings in OBCs with additional qualitative notes on outreach efforts.   Also, the BPU, with assistance from the OCEE, and other relevant State agencies continue to expand energy assistance programs, such as Comfort Partners, Weatherization Assistance Program, and other EE programs, to provide education and community outreach in order to increase participation and reduce energy burden. The details of many of these aforementioned programs, including much of the EE work overseen by the OCEE, is addressed under Strategy 3. Also, the Comfort Partners Compliance Filing further outlines the work that is being performed through this program.

## Whole House Pilot Program

## In FY23, the BPU and Green and Health Homes Initiative designed and launched New Jersey’s Whole House Pilot Program (“WHPP”) was designed and launched in Trenton. This program expands EE offerings and addresses long-term health impacts for low-income residents through development of a collaborative, interagency approach to addressing a broader array of residential health and safety concerns than had previously been addressed through the Comfort Partners Program and the Weatherization Assistance Program in a limited capacity.

## Community Energy Plan Grants

## Through the CEPG Program, local governments identify which strategies of the EMP are most applicable in their communities, what obstacles may exist, what opportunities there may be, and which the BPU incentive programs or other State programs may help them move towards the goals of the EMP.

## In 2021, the Board requested that the OCEE perform an evaluation of the CEPG Program to develop recommendations that prioritize LMI and OBCs who may benefit the most from the program.

## As a result of this request, the OCEE redesigned the CEPG Program in FY23 to remove barriers to participation from these communities with limited resources by first simplifying the application process for all municipalities. Based on OBC census tracts data, and the New Jersey Department of Community Affairs (“DCA”) Municipal Revitalization Index (“MRI”), the OCEE identified 48 OBMs. These 48 municipalities were eligible for an enhanced grant amount and additional aid in the form of technical assistance from Sustainable Jersey. All New Jersey municipalities were eligible for $10,000 grants unless they were identified as an OBM, in which case they were eligible for a $25,000 grant, with additional aid in the form of technical assistance to help complete the grant application and technical support to develop the community energy plan after the grant is awarded.

## The simplified application process and enhanced benefits for OBMs were designed to increase the likelihood of success of and engagement in the program.

## On June 8, 2022, the Board awarded grants to 46 municipalities, including 24 OBMs, with grants totaling $820,000. Currently, these municipalities are now in the process of creating their plans.

**EMP Strategy 7: Expand the Clean Energy Innovation Economy**

## This strategy seeks to develop New Jersey’s clean energy economy, including the clean energy tech sector and the burgeoning OSW industry, through workforce training, clean energy finance solutions, and investing in innovative research and development programs. With the establishment of the WIND Institute, as mentioned in greater detail above, which will coordinate education, workforce training, research and development, and capital investments, New Jersey will continue to lead and innovate on OSW. Not only are there climate benefits to New Jersey’s clean energy goals, they also present significant opportunities to increase jobs and strengthen the economy.

## Economic Development Authority

### Clean Energy Manufacturing Fund

## The EDA will continue to manage the Edison Innovation Clean Energy Manufacturing Fund (“CEMF”), which provides assistance in the form of low-interest loans and non-recoverable grants to companies manufacturing renewable energy, clean energy, and energy-efficiency products in New Jersey. The CEMF will ultimately provide New Jersey consumers with greater access to these products by developing manufacturing facilities in the state.

## No new applications will be accepted, and no new grants or incentives will be awarded in FY22. Instead, EDA will manage the existing portfolio of loans and grants previously awarded through the programs. Ongoing work may include, but is not limited to, paying incentives previously awarded, monitoring compliance with the funding agreements, and collecting loan repayments.

R&D Energy Tech Hub

## In FY21 and FY22, the Board entered into MOUs with the EDA to provide funding to support the EDA’s Clean Tech Seed Grant Program for research and development activities for very early-stage, NJ based clean tech companies. Additionally, this funding has been used to support a clean tech research and development asset mapping and voucher initiative to increase awareness, access, and utilization of the State’s physical clean tech innovation-related assets, such as testing equipment and specialized fabrication equipment.

## In FY23, funding was approved to continue the BPU’s continued support of EDA’s clean tech programs, including the addition of a new Clean Tech Pilot Demonstration Program which will enable New Jersey based companies to accelerate the commercialization and deployment of innovative clean energy technologies by providing funding for pilot demonstration ready projects to test and validate performance and de-risk the commercialization process.

**Multiple EMP Strategies and All Other Programs**

## Many of the programs offered through the NJCEP address multiple EMP strategies. Additionally, in order to fund salary expenses, marketing, and other essential administrative services for the NJCEP, funding has been allocated to continue to support the below programs.

## Planning and Administration

### BPU Program Administration

The DCE is charged by the Board with the responsibility for administering the NJCEP. As the administrator of the NJCEP, the DCE is responsible for various program-related matters, including:

1. Developing recommendations to the Board regarding programs to be funded, budgets for those programs, and various matters related to the administration and implementation of the programs;
2. Drafting Board orders memorializing Board decisions and tracking compliance with such orders;
3. Administering the CEF to support all program activity, including:
4. Ensuring compliance with State policy and procedures regarding all payments to and from the CEF for program-related activities;
5. Coordinating with Treasury with regard to financial management and reporting of the NJCEP and reconciliation of the CEF with the rest of the State financial system; and
6. Coordinating the activities of various working groups and stakeholder meetings, including soliciting input regarding programs, budgets, and program administrative matters;
7. Overseeing the activities of the program administrator and the utilities, coordinating with sister agencies such as EDA, and advancing education and outreach efforts, and other issues;
8. Developing reporting guidelines and providing the Board with regular updates regarding program activities;
9. Developing protocols for measuring energy savings and renewable energy generation;
10. Overseeing evaluation and related research activities;
11. Developing program goals, performance indicators, and minimum requirements for program management;
12. Monitoring program activity, reviewing evaluation results, and recommending modifications to programs and budgets as required;
13. Developing requests for proposals to engage program administrators and/or managers, evaluation contractors, consultants, and other contractors that assist with the administration of the programs, evaluating proposals received, and selecting contractors;
14. Facilitating resolution of issues related to program management and customer complaints;
15. Managing the Comprehensive Resource Analysis proceedings to set funding levels; and
16. Managing requests for proposals for program services and related program transition activities.

Funding from this budget line has also been committed to support up to four Rutgers’ University Eagleton Science and Politics Fellows who will be embedded with the DCE beginning in July 2023 and will apply their technical expertise to aid the advancement of clean energy policy.

## Marketing

## The NJCEP Marketing Plan is designed to enhance knowledge awareness among businesses, local government, and residents of energy efficiency and other clean energy initiatives and programs. The branding campaign, launched in April 2020, continues to build awareness among New Jerseyans and businesses of the clean energy resources available through the State of New Jersey, including BPU and other NJCEP offerings, thereby increasing participation in all of the programs.

## In FY23, the marketing plan communicated the State’s overarching goals and ongoing efforts to foster long-term, resilient, clean energy options and to reduce energy consumption and emissions to create a more sustainable environment for all of New Jersey in alignment with the EMP.

## Clean Energy Program Website

## NJCleanEnergy.com supports the NJCEP’s goals by providing information to the public about all of the division’s offerings. Upon award of a State contract to a winning bidder, a redesigned website will increase public awareness of the benefits of clean and efficient energy and of the incentives and financial assistance available to ratepayers.  In addition, it will provide an easy-to-use and navigate platform to make applications more accessible and provide decision portals to allow customers to more easily find the most applicable programs.

## Program Evaluation/Analysis

## Evaluation and related research provide insights into and analysis of clean energy markets and programs. The BPU is the lead implementing agency for the development and implementation of the EMP and the NJCEP. As such, the BPU is required to track and report on progress in meeting EMP goals, as well as to evaluate current and proposed NJCEP programs in terms of their rate impact and the cost versus benefits of specific programs operated through ratepayer funds. The BPU is also required to establish baselines related to EE, renewable energy generating sources, and emerging technologies, and to evaluate the market potential for current and emerging clean technologies.

Energy Efficiency

## The FY23 NJCEP proposal provides continued funding for evaluation, measurement, and verification (“EM&V”) of utility- and State-run EE program outcomes for residential, governmental, commercial, and industrial markets. As led by the Statewide Evaluator, in FY23, the BPU’s EE EM&V Working Group – which the Board created during the EE Transition – continued its work to evaluate utility- and State-run EE programs through development of a shared EM&V framework and schedule of studies applicable throughout each three-year period of utility-run EE programs.

## Evaluation of EE programs includes assessment of whether the programs meet performance targets for energy savings achieved by harder-to-reach customer bases, such as multi-unit dwellers, income-eligible households, and small commercial customers, as called for by EMP Goal 3.1.3, which is to establish strategic and targeted EE programs to increase energy reductions and customer engagement.

## EM&V studies enable the EM&V Working Group to also evaluate changes to performance indicators that may include revised utility-specific targets for reductions in energy consumption and peak demand that support the minimum reductions mandated by the CEA. The scope of work managed by the EM&V Working Group directly tracks with EMP Goal 3.1.1, which calls for implementation of the CEA requirement that electric and gas utilities annually reduce consumption by at least 2% and 0.75%, respectively, including the establishment of clear performance indicators and targets and EM&V methods.

## In FY23, the BPU continued to work with RCGB to perform evaluation studies, including cost-benefit analyses of State-run EE programs and participate as a member of the EM&V Working Group.

## Also in FY23, the BPU engaged an EE Evaluation Study Team (“EST”) to conduct studies and perform evaluation work that have statewide applicability. The EST will also assess the impacts of and processes used by State-run EE programs.

### Energy Master Plan Ratepayer Impact Study

## The 2019 EMP established a set of goals and pathways for New Jersey to reach 100 percent clean energy by 2050, as directed by Governor Murphy in Executive Order No. 28. The Board developed an Integrated Energy Plan (“IEP”), a long-term forecasting model, to better inform the strategies set forth in the EMP, specifically modeling several scenarios to identify the most strategic and least-cost pathways to achieve New Jersey’s 2050 clean energy and emissions targets. The IEP considered the costs and benefits of the full energy system under such scenarios but not the individual ratepayer impacts of a clean energy transition.

## Staff engaged The Brattle Group (“Brattle”) to incorporate the goals and objectives of the EMP, including the results of the IEP, into a comprehensive model of customer rates and energy costs in the year 2030 for four classes of customers (low-income and non-low-income residential plus small and large commercial and industrial customers) under three scenarios (current policy, EMP achievement, and ambitious pathways). In addition, Brattle compared results for each pathway across different customer types to examine the incremental impacts for customers that adopt various ways to increase their use of clean energy solutions.

## The Board accepted the Ratepayer Impact Study in August 2022. The Study found that the 2030 total energy costs of the average residential and the average small and large commercial and industrial customers are expected to be lower than their current costs if these customers are able to adopt electric vehicles or electric heating technologies and participate in energy efficiency programs. The study further noted that the avoided cost of reduced greenhouse gas emissions in 2030 from electrification of vehicles and homes provides an annual benefit of $1.75 billion per year in 2030.

Dual Use Pilot

## In July 2021, Governor Murphy, pursuant to EMP Goal 2.1.8, signed the Dual Use Solar Act (L. 2021, c. 170), which directs the Board to establish a pilot program for the development of dual-use solar projects on productive farmland (also known as “agrivoltaics”). The Pilot Program is designed to demonstrate and study the compatibility of active agricultural or horticultural production and solar photovoltaic infrastructure on the same property. Staff engaged Rutgers University for providing crucial input into the design of the Pilot Program. Throughout 2023, and in close collaboration with the New Jersey Department of Agriculture, the DEP, and other interested stakeholders, the Board will conduct robust public engagement to gather input on the implementation of this law.

2023 Northeast New Jersey LiDAR Data Recollection Project

The Board is considering entering into an MOU with the DEP through which the Board would contribute $50,000 to a multi-agency regional light detection and ranging (“LiDAR”) data collection project for the northeast New Jersey counties of Monmouth, Middlesex, Union, Hudson, Essex, and Bergen in spring 2023.

## Outreach and Education

## The BPU’s EE Marketing Working Group – which the Board also established during the EE Transition – includes representatives of the BPU Staff from multiple divisions, the NJCEP program administrators, utility companies and their program administrators, Rate Counsel, Sustainable Jersey, and others. This working group coordinates on outreach and education on EE programs offered across the state. The EE Marketing Working Group’s activities are consistent with and supportive of EMP Goal 3.1.6, which is to “[s]treamline and increase marketing, education, awareness, and program administration.”

### Clean Energy Conference

## The DCE, in partnership with the Chief of Staff’s Office and Rutgers University, planned, coordinated, and held the highly successful 2022 Clean Energy Conference: Achieving Our Clean Energy Future. On October 3-4, 2022 at Harrah’s in Atlantic City, over 720 registrants attended the conference. Key amongst the speakers were Governor Phil Murphy, FERC Commissioner Willie Phillips, Princeton University’s Jessie Jenkins, NJEDA CEO Tim Sullivan, DEP Commissioner Shawn LaTourette, Governor’s Office on Climate Action and the Green Economy’s Jane Cohen, BPU Commissioners Zenon Christodoulou, Bob Gordon, and Mary-Anna Holden, as well as over 25 other BPU Staff, industry, state, and policy experts. This was the first Clean Energy Conference in nearly 3 years due to the COVID-19 pandemic.  The conference improved the visibility and exposure of the NJCEP and advanced the State’s clean energy goals by helping to educate the public about the benefits derived from the NJCEP and the opportunities available through the program, thereby increasing program participation.  The conference delivered a platform that informed industry, nonprofit, and other public stakeholders about progress made on a number of clean energy topics and program areas, as well as upcoming changes and enhancements to New Jersey’s clean energy initiatives, thereby increasing New Jersey’s national recognition as a leader in clean energy.

## Memberships

## This component of the budget includes funding for sponsoring the National Association of State Energy Offices and the Clean Energy State Alliance, which coordinates efforts among state energy offices, as well as other memberships key to ensuring collaboration and utilization of best practices from other states.

**BPU Initiatives**

## Heat Island Pilot

## The OCEE is planning to undertake a pilot project that seeks to address the impacts of the heat island effect.  This pilot would involve interagency coordination with the goal of offering incentives to address several of the underlying factors that contribute to the heat island effect and will also have the benefit of increasing EE and resilience.

Energy Bill Assistance

## Since the onset of the public health emergency in 2020, the Board has taken a leading role in safeguarding the access to electric, gas, water, wastewater, and essential telecommunications services for customers. The Board expanded access to and funding for programs like the Universal Service Fund (“USF”) and the Payment Assistance for Gas and Electric (“PAGE”) Program. Working with all of the utilities and other companies subject to the Board’s jurisdiction, along with representatives of community groups, customer advocates and Rate Counsel, Staff has ensured compliance with the various Executive Orders regarding utility operations, including the moratorium on shutoffs for nonpayment and the subsequent grace period and enrollment period.

## In partnership with DCA, as of December 30, 2022, Staff facilitated the distribution of more than $245 million of the $250 million in American Rescue Plan (“ARP”) funding for utility bill arrearages through the programs administered by the DCA. Staff expects the remainder of the funds to be disbursed by February 2023. The bulk of this assistance was distributed to customers in a collaborative process with the utility service providers, where customers with arrearages over $300 and more than 30 days overdue, not otherwise eligible for assistance, were identified by the utility and contacted by DCA. Approximately 311,531 customers have been provided assistance through this effort.  Additionally, the BPU provides funding for the USF and PAGE programs. During the last program year, USF provided $146,431,260 of assistance (an increase of 38%) to 289,788 customers (an increase of 97%).  A key component of the USF is the Fresh Start Program, whereby eligible customers who make 12 consecutive monthly payments on their current bill have the past due balance paid in full by the program. Through Fresh Start Program expansion, the Board provided arrearage forgiveness in the amount of $51 million to USF enrollees during the last program year, an increase of 1,247 percent compared to the prior program year, before temporary program expansions were put into place. The smaller, more moderate-income PAGE Program has disbursed approximately $3 million, year to date (a decrease of 21 percent, due to the availability of federal ARP funds and the Fresh Start Program expansion) to 7,114 households (approximately the same number of households as the prior calendar year).

## In recognition of many customers’ urgent and ongoing need for assistance, Staff is considering providing additional arrearage support for customers who are unable to secure adequate relief through existing programs, such as USF, the Low Income Home Energy Assistance Program (“LIHEAP”) and PAGE. This funding is designed to provide a one-time funding source for customer arrearage relief.

### Workforce Development

## As the clean energy economy continues to grow in New Jersey, workforce development and training are key components of realizing the State’s efficiency, generation, and energy equity goals while providing clean, green jobs to workers in New Jersey.  To that end, the BPU is preparing to launch a workforce development program, with a focus on community-based approaches that will build a more inclusive and representative clean energy workforce.  This may consist of: a Workforce Development Grant Program, which will provide funding to nonprofits, community-based organizations, colleges/universities, technical training facilities, and high schools/vocational-tech schools located in or that serve OBCs; an incentive-based mentorship/apprenticeship program with contractors; enhanced incentives for customers that hire local contractors and that are based in and serve their communities; and establishment and development of prioritization/weighing processes to support OBC and contractors in implementing EE programs.  The development and implementation of these initiatives will occur while the BPU supports the Governor’s Clean Building Working Group and will be supported by the Workforce Development and Equity Working Groups established through the EE transition.

## Fiscal Year 2023 Program Budgets

The following table sets out a detailed FY23 budget for programs managed by the DCE:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |
|  | **FY23 Detailed Budget - Cost Category Budgets ($)** |
| **Program/Budget Line** | **Total Budget** | **Administration** | **Sales, Marketing, Website** | **Training** | **Rebates, Grants and Other Direct Incentives** | **Rebate Processing and QA** | **Evaluation** |
| **Total NJCEP** | **339,028,334** | **27,201,591** | **11,624,335** | **27,598,370** | **220,977,428** | **-** | **51,626,610** |
| **Energy Efficiency Programs** | **102,229,464** | **13,974,296** | **-** | **-** | **88,255,168** | **-** | **-** |
| ***Energy Efficiency Transition*** | **23,290,494** | **13,974,296** | **-** | **-** | **9,316,198** | **-** | **-** |
| ***State Facilities Initiatives*** | **59,670,192** | **-** | **-** | **-** | **59,670,192** | **-** | **-** |
| ***Acoustical Testing Pilot*** | **3,281,880** | **-** | **-** | **-** | **3,281,880** | **-** | **-** |
| ***LED Streetlights Replacement*** | **15,986,898** | **-** | **-** | **-** | **15,986,898** | **-** | **-** |
| **Distributed Energy Resources** | **1,687,500** | **-** | **-** | **-** | **1,187,500** | **-** | **500,000** |
| ***Microgrids*** | **1,687,500** | **-** | **-** | **-** | **1,187,500** | **-** | **500,000** |
| **RE Programs** | **32,054,800** | **1,025,000** | **-** | **-** | **20,000,000** | **-** | **11,029,800** |
| ***Offshore Wind*** | **32,054,800** | **1,025,000** | **-** | **-** | **20,000,000** | **-** | **11,029,800** |
| **EDA Programs** | **28,940,000** | **541,630** | **-** | **24,098,370** | **-** | **-** | **4,300,000** |
| ***Clean Energy Manufacturing Fund*** | **90,000** | **90,000** | **-** | **-** | **-** | **-** | **-** |
| ***NJ Wind*** | **21,500,000** | **84,130** | **-** | **17,115,870** | **-** | **-** | **4,300,000** |
| ***R&D Energy Tech Hub*** | **7,350,000** | **367,500** | **-** | **6,982,500** | **-** | **-** | **-** |
| **Planning and Administration** | **53,345,639** | **7,160,665** | **10,124,335** | **-** | **1,763,829** | **-** | **34,296,810** |
| ***BPU Program Administration*** | **5,585,000** | **5,585,000** | **-** | **-** | **-** | **-** | **-** |
| ***Marketing*** | **10,500,000** | **1,575,665** | **8,924,335** | **-** | **-** | **-** | **-** |
| ***CEP Website*** | **500,000** | **-** | **500,000** | **-** | **-** | **-** | **-** |
| ***Program Evaluation/Analysis*** | **34,296,810** | **-** | **-** | **-** | **-** | **-** | **34,296,810** |
| ***Outreach and Education*** | **2,313,829** | **-** | **700,000** | **-** | **1,613,829** | **-** | **-** |
| Sustainable Jersey | 791,231 | - | - | - | 791,231 | - | - |
| NJIT Learning Center | 822,598 | - | - | - | 822,598 | - | - |
| Conference | 700,000 | - | 700,000 | - | - | - | - |
| ***Memberships*** | **150,000** | **-** | **-** | **-** | **150,000** | **-** | **-** |
| **BPU Initiatives** | **120,770,931** | **4,500,000** | **1,500,000** | **3,500,000** | **109,770,931** | **-** | **1,500,000** |
| ***Community Energy Plan Grants*** | **2,939,034** | **-** | **-** | **-** | **2,939,034** | **-** | **-** |
| ***Energy Storage*** | **22,000,000** | **-** | **-** | **-** | **22,000,000** | **-** | **-** |
| ***Heat Island Pilot*** | **2,500,000** | **-** | **-** | **-** | **2,500,000** | **-** | **-** |
| ***Electric Vehicle Programs*** | **67,000,000** | **3,500,000** | **1,500,000** | **-** | **60,500,000** | **-** | **1,500,000** |
| Plug In EV Incentive Fund | 35,000,000 | - | - | - | 35,000,000 | - | - |
| CUNJ Administrative Fund | 3,500,000 | 3,500,000 | - | - | - | - | - |
| CUNJ Residential Charger Incentive | 5,500,000 | - | - | - | 5,500,000 | - | - |
| EV Studies and Administrative Support | 3,000,000 | - | 1,500,000 | - | - | - | 1,500,000 |
| State Vehicle Fleet | 4,000,000 | - | - | - | 4,000,000 | - | - |
| Local Clean Fleet | 3,000,000 | - | - | - | 3,000,000 | - | - |
| Multi-Unit Dwellings (Chargers) | 6,000,000 | - | - | - | 6,000,000 | - | - |
| EV Tourism | 7,000,000 | - | - | - | 7,000,000 | - | - |
| ***Energy Bill Assistance*** | **21,831,897** | - | - | - | **21,831,897** | - | - |
| ***Workforce Development*** | **4,500,000** | **1,000,000** | **-** | **3,500,000** | **-** | **-** | **-** |

1. New Jersey Board of Public Utilities, 2019 New Jersey Energy Master Plan: Pathway to 2050*, available at* <https://nj.gov/bpu/pdf/publicnotice/NJBPU_EMP.pdf>*.* [↑](#footnote-ref-1)
2. Executive Order No. 8. [↑](#footnote-ref-2)
3. On April 14, 2020, New Jersey Governor Phil Murphy signed into law a bill that extended the State’s FY20 to September 30, 2020. In order to align with the State’s fiscal year, the Board extended the NJCEP FY20 budget. [↑](#footnote-ref-3)
4. Clean Energy Act, L. 2018, c. 17, <https://www.njleg.state.nj.us/2018/Bills/PL18/17_.PDF>. [↑](#footnote-ref-4)
5. *See* <https://njcleanenergy.com/transition> for more information about the EE transition. [↑](#footnote-ref-7)
6. In re a Memorandum of Understanding between the New Jersey Division of Property Management and Construction and the New Jersey Board of Public Utilities, BPU Docket No. QO17010075, Order dated February 22, 2017. [↑](#footnote-ref-8)
7. In re the Memorandum of Understanding Between the New Jersey Division of Property Management and Construction, Department of Treasury and the New Jersey Board of Public Utilities Regarding the State Facilities Initiatives Program Budget, BPU Docket No. QO19101423, Order dated November 13, 2019. [↑](#footnote-ref-9)
8. One (1) participant withdrew from further consideration. [↑](#footnote-ref-10)