



## Request for Comments (Straw Proposal)

### NJCEP Proposed Fiscal Year 2020 Extension and Third Budget Revisions

#### **CORRECTED VERSION – JULY 20, 2020**

The Fiscal Year 2020 (FY20) *New Jersey's Clean Energy Program* (NJCEP) budget was approved through a June 21, 2019 Board Order (Docket No. QO19050645), trued up and revised through a January 8, 2020 Board Order, revised for a second time through an April 6, 2020 Board Order, and extended through a July 2, 2020 Board Order. Board Staff (Staff) now proposes to extend the Fiscal Year and proposes a third revision to the FY20 Budget (Proposal), reallocating funds among various programs, all as described in more detail below.

#### FISCAL YEAR 2020 PROPOSED EXTENSION

On April 14, 2020, Governor Phil Murphy signed into law a bill that extended the State's current FY20 to September 30, 2020. In order to align with the State's fiscal year, Staff is proposing to extend the NJCEP FY20 for an additional three months through September 30, 2020, which will provide the New Jersey Board of Public Utilities (NJBPU) and its Clean Energy Program with additional time to assess the NJCEP budget under the current health crisis. The extension will allow Staff to defer spending and will provide opportunities for contractors and customers to apply for program incentives that would have expired on June 30, 2020.

#### FISCAL YEAR 2020 PROPOSED THIRD BUDGET REVISIONS

Staff has conducted a thorough review of all NJCEP programs and initiatives and proposes the funding changes below to ensure appropriate levels of funding and continuity of program delivery through September 30, 2020. Additionally, Staff proposes to allocate \$16,239,074 to the general fund to provide financial assistance during the current health crisis. A review of current program expenditures shows that some program spending is tracking above, and other program spending is tracking below, original projections. More details about the Proposal are set forth below.

Staff requests comments on the Proposal prior to presenting it to the Board for consideration. The schedule and process for submitting comments is set forth at the end of this Request for Comments.

#### ALLOCATIONS AND RATIONALE

*Increases*

The Proposal is to increase the budgets for the programs below in the following amounts and for the following reasons:

<u>Program</u>	<u>Description</u>	<u>Amount in \$<sup>1</sup></u>
State Energy Initiatives	Funding available for financial assistance to the State due to current health crisis.	16,239,074.42
Residential Existing Homes	An increase in funding is needed to continue the programs for an additional three months.	461,189.43
Commercial & Industrial Buildings	The current FY20 budget is \$126 million. An additional \$14 million is needed to fund the additional three months.	14,196,465.71
Direct Install	An increase in funding is needed to continue the programs for an additional three months.	621,299.26
Offshore Wind	Additional funds are needed to cover all commitments within the OSW budget.	1,089,352.44
SREC Registration	An increase in funding is needed to continue the programs for an additional three months.	364,034.98
EDA Program	An increase in funding is needed to continue the programs for an additional three months.	22,228.82
BPU Program Administration	An increase in funding is needed for staffing and resources for an additional three months.	888,750
Program Evaluation	An increase in funding is needed to continue evaluation and studies needed.	1,926,514.71
Sustainable Jersey	An increase in funding is needed to continue the programs for an additional three months.	125,000
Outreach, Website, Other	An increase in funding is needed to continue the programs for an additional three months.	956,100.60
<b>Total</b>		<b>\$36,890,010.37</b>

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<sup>1</sup> If there is any inconsistency between these amounts and those set forth in the Budget Tables set forth below, the amounts set forth in the Budget Tables shall take precedence.

### Deductions

The Proposal is to decrease the budgets for the programs below in the following amounts and for the following reasons:

<u>Program</u>	<u>Reason(s)</u>	<u>Amount in \$<sup>1</sup></u>
Residential New Construction	Decreased participation compared to forecasts.	-764,215.86
Energy Efficiency Products	Lower participation than originally forecasted due to health situation.	-1,175,466.49
Local Government Energy Audit	Decreased participation compared to forecasts.	-528,466.48
Multi-family	Program not launched due to EE transition. This funding will not be spent during the 5 <sup>th</sup> quarter.	-3,590,137.36
Combined Heat & Power/Fuel Cells	Decreased participation compared to forecasts.	-3,317,804.18
Community Solar – Low Income Program	Program under development.	-3,000,000
Research & Analysis	Lower expenditures for FY20 than anticipated.	-85,920
Sponsorships	Lower expenditures for FY20 than anticipated.	-28,000
Community Energy Grant	Lower expenditures for FY20 than anticipated.	-900,000
Electric Vehicles	Reduced budget required for duration of year.	-16,000,000
R&D Energy Tech Hub	Reduced budget required for the duration of year.	-3,000,000
Curriculum	Program not launched. This funding will not be spent this year.	-4,500,000
Total		\$36,890,010.37

## BUDGET TABLES

The following tables show the Proposed Budget Revisions and the resulting Proposed Third Revised FY20 Budget:

### FY20 Proposed Budget - 3rd Revision

<i>FY20 Program/Budget Line</i>	<i>FY20 Budget (4/6/20)</i>	<i>3rd Budget Revision Change</i>	<i>FY20 Budget Draft 3rd Revisions</i>
<b>Total -NJCEP + State Initiatives</b>	\$ 560,087,029.43		\$ 560,087,029.43
State Energy Initiatives	\$ 87,089,000.00	\$ 16,239,074.42	\$ 103,328,074.42
<b>Total NJCEP</b>	\$ 472,998,029.43	\$ (16,239,074.42)	\$ 456,758,955.01
Energy Efficiency Programs	\$ 363,806,589.07	\$ 9,220,668.21	\$ 373,027,257.28
<i>Res EE Programs</i>	\$ 82,032,721.62	\$ (1,478,492.92)	\$ 80,554,228.70
Residential Existing Homes	\$ 33,228,781.53	\$ 461,189.43	\$ 33,689,970.96
RNC	\$ 17,448,587.68	\$ (764,215.86)	\$ 16,684,371.82
EE Products	\$ 31,355,352.41	\$ (1,175,466.49)	\$ 30,179,885.92
<i>Res Low Income</i>	\$ 45,500,000.00	\$ -	\$ 45,500,000.00
Comfort Partners	\$ 45,500,000.00	\$ -	\$ 45,500,000.00
<i>C&amp;I EE Programs</i>	\$ 176,094,856.64	\$ 14,289,298.49	\$ 190,384,155.13
C&I Buildings	\$ 126,627,024.36	\$ 14,196,465.71	\$ 140,823,490.07
LGEA	\$ 4,816,733.45	\$ (528,466.48)	\$ 4,288,266.97
DI	\$ 44,651,098.83	\$ 621,299.26	\$ 45,272,398.09
<i>Multi-family EE</i>	\$ 3,590,137.36	\$ (3,590,137.36)	\$ -
Multi-family	\$ 3,590,137.36	\$ (3,590,137.36)	\$ -
<i>State Facilities Initiative</i>	\$ 56,588,873.44	\$ -	\$ 56,588,873.44
State Facilities Initiative	\$ 56,588,873.44	\$ -	\$ 56,588,873.44
<b>Distributed Energy Resources</b>	\$ 30,411,713.29	\$ (3,317,804.18)	\$ 27,093,909.11
CHP/FC	\$ 26,271,713.29	\$ (3,317,804.18)	\$ 22,953,909.11
RE Storage	\$ 140,000.00	\$ -	\$ 140,000.00
Microgrids	\$ 4,000,000.00	\$ -	\$ 4,000,000.00
<b>RE Programs</b>	\$ 8,380,623.05	\$ (1,546,612.58)	\$ 6,834,010.47
Offshore Wind	\$ 3,280,623.05	\$ 1,089,352.44	\$ 4,369,975.49
Community Solar	\$ 3,000,000.00	\$ (3,000,000.00)	\$ -
SREC Registration	\$ 2,100,000.00	\$ 364,034.98	\$ 2,464,034.98
<b>EDA Programs</b>	\$ 91,007.38	\$ 22,228.82	\$ 113,236.20

<b>Planning and Administration</b>	\$ 19,203,096.65	\$ 3,782,445.31	\$ 22,985,541.96
<i>BPU Program Administration</i>	\$ 3,555,000.00	\$ 888,750.00	\$ 4,443,750.00
BPU Program Administration	\$ 3,555,000.00	\$ 888,750.00	\$ 4,443,750.00
<b>Marketing</b>	\$ 4,000,000.00	\$ -	\$ 4,000,000.00
New Marketing Contract	\$ 4,000,000.00	\$ -	\$ 4,000,000.00
<b>CEP Website</b>	\$ 400,000.00	\$ -	\$ 400,000.00
CEP Website	\$ 400,000.00	\$ -	\$ 400,000.00
<b>Program Evaluation/Analysis</b>	\$ 4,219,428.25	\$ 1,840,594.71	\$ 6,060,022.96
Program Evaluation	\$ 3,969,428.25	\$ 1,926,514.71	\$ 5,895,942.96
Research and Analysis	\$ 250,000.00	\$ (85,920.00)	\$ 164,080.00
<b>Outreach and Education</b>	\$ 6,958,668.40	\$ 1,081,100.60	\$ 8,039,769.00
Sustainable Jersey	\$ 742,085.00	\$ 125,000.00	\$ 867,085.00
NJIT Learning Center	\$ 691,583.40	\$ -	\$ 691,583.40
Conference	\$ 750,000.00	\$ -	\$ 750,000.00
Outreach, Website, Other	\$ 4,775,000.00	\$ 956,100.60	\$ 5,731,100.60
<b>Sponsorships</b>	\$ 70,000.00	\$ (28,000.00)	\$ 42,000.00
Sponsorships	\$ 70,000.00	\$ (28,000.00)	\$ 42,000.00
<b>New Initiatives</b>	\$ 51,105,000.00	\$ (24,400,000.00)	\$ 26,705,000.00
<b>Community Energy Grants</b>	\$ 1,000,000.00	\$ (900,000.00)	\$ 100,000.00
Community Energy Grants	\$ 1,000,000.00	\$ (900,000.00)	\$ 100,000.00
<b>Storage</b>	\$ 4,105,000.00	\$ -	\$ 4,105,000.00
Storage	\$ 4,105,000.00	\$ -	\$ 4,105,000.00
<b>Electric Vehicles</b>	\$ 30,000,000.00	\$ (16,000,000.00)	\$ 14,000,000.00
Charge Up New Jersey	\$ 15,000,000.00	\$ (11,000,000.00)	\$ 4,000,000.00
Plug In EV Incentive Fund	\$ 15,000,000.00	\$ (5,000,000.00)	\$ 10,000,000.00
<b>NJ Wind</b>	\$ 4,500,000.00	\$ -	\$ 4,500,000.00
NJ Wind	\$ 4,500,000.00	\$ -	\$ 4,500,000.00
<b>R&amp;D Energy Tech Hub</b>	\$ 4,500,000.00	\$ (3,000,000)	\$ 1,500,000.00
R&D Energy Tech Hub	\$ 1,500,000.00	\$ (3,000,000)	\$ 1,500,000.00
<b>Workforce Development</b>	\$ 2,500,000.00	\$ -	\$ 2,500,000.00
Workforce Development	\$ 2,500,000.00	\$ -	\$ 2,500,000.00
<b>Curriculum</b>	\$ 4,500,000.00	\$ (4,500,000.00)	\$ -
Curriculum	\$ 4,500,000.00	\$ (4,500,000.00)	\$ -

## DETAILED BUDGETS

### Fiscal Year 2020 Detailed Budgets - Proposed Reallocation

FY 2020 Budget Reallocation		Cost Category Budgets					
Program/Budget Line	Total Budget	Administration	Sales, Marketing, Website	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing and QA	Evaluation
<b>Total -NJCEP + State Initiatives</b>	<b>560,087,029.43</b>	<b>30,094,524.53</b>	<b>12,890,959.90</b>	<b>7,971,665.63</b>	<b>483,517,378.17</b>	<b>15,115,856.61</b>	<b>10,496,644.58</b>
State Energy Initiatives	103,328,074.42	0.00	0.00	0.00	103,328,074.42	0.00	0.00
<b>Total NJCEP</b>	<b>456,758,955.01</b>	<b>30,094,524.53</b>	<b>12,890,959.90</b>	<b>7,971,665.63</b>	<b>380,189,303.75</b>	<b>15,115,856.61</b>	<b>10,496,644.58</b>
<b>EE Programs</b>	<b>373,027,257.27</b>	<b>19,161,887.96</b>	<b>1,901,091.90</b>	<b>1,484,165.63</b>	<b>336,962,623.03</b>	<b>13,450,842.61</b>	<b>66,646.14</b>
<b>Res EE Programs</b>	<b>80,554,228.70</b>	<b>6,844,074.38</b>	<b>217,534.50</b>	<b>510,000.00</b>	<b>65,514,675.34</b>	<b>7,467,944.48</b>	<b>0.00</b>
Residential Retrofit	33,689,970.96	3,626,810.34	108,767.25	501,000.00	26,882,973.70	2,570,419.67	0.00
RNC	16,684,371.82	1,958,825.95	54,383.55	9,000.00	13,627,321.30	1,034,841.02	0.00
EE Products	30,179,885.92	1,258,438.09	54,383.70	0.00	25,004,380.34	3,862,683.79	0.00
<b>Res Low Income</b>	<b>45,500,000.00</b>	<b>2,870,758.50</b>	<b>1,248,488.10</b>	<b>886,665.63</b>	<b>38,786,019.66</b>	<b>1,641,421.97</b>	<b>66,646.14</b>
Comfort Partners	45,500,000.00	2,870,758.50	1,248,488.10	886,665.63	38,786,019.66	1,641,421.97	66,646.14
<b>C&amp;I EE Programs</b>	<b>190,384,155.13</b>	<b>9,447,055.08</b>	<b>435,069.30</b>	<b>87,500.00</b>	<b>176,073,054.59</b>	<b>4,341,476.16</b>	<b>0.00</b>
C&I Buildings	140,823,490.07	7,090,450.92	326,301.90	37,500.00	129,747,420.94	3,621,816.31	0.00
LGEA	4,288,266.97	1,128,645.02	54,383.70	25,000.00	2,584,312.47	495,925.78	0.00
DI	45,272,398.09	1,227,959.14	54,383.70	25,000.00	43,741,321.18	223,734.07	0.00
<b>Multi-family EE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Multi-family	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>State Facilities Initiative</b>	<b>56,588,873.44</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>56,588,873.44</b>	<b>0.00</b>	<b>0.00</b>
State Facilities Initiative	56,588,873.44	0.00	0.00	0.00	56,588,873.44	0.00	0.00
<b>Distributed Energy Resources</b>	<b>27,093,909.11</b>	<b>814,031.29</b>	<b>54,383.70</b>	<b>12,500.00</b>	<b>25,921,012.32</b>	<b>291,981.80</b>	<b>0.00</b>
CHP - FC	22,953,909.11	814,031.29	54,383.70	12,500.00	21,785,970.79	287,023.33	0.00
RE Storage	140,000.00	0.00	0.00	0.00	135,041.53	4,958.47	0.00
Microgrids	4,000,000.00	0.00	0.00	0.00	4,000,000.00	0.00	0.00
<b>RE Programs</b>	<b>6,834,010.46</b>	<b>1,011,619.08</b>	<b>54,383.70</b>	<b>25,000.00</b>	<b>0.00</b>	<b>1,373,032.20</b>	<b>4,369,975.48</b>
Offshore Wind	4,369,975.48	0.00	0.00	0.00	0.00	0.00	4,369,975.48
Community Solar	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SREC Registration	2,464,034.98	1,011,619.08	54,383.70	25,000.00	0.00	1,373,032.20	0.00
<b>EDA Programs</b>	<b>113,236.20</b>	<b>113,236.20</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Planning and Administration</b>	<b>22,985,541.96</b>	<b>4,443,750.00</b>	<b>10,681,100.60</b>	<b>0.00</b>	<b>1,600,668.40</b>	<b>0.00</b>	<b>6,060,022.96</b>
<b>BPU Program Administration</b>	<b>4,443,750.00</b>	<b>4,443,750.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
BPU Program Administration	4,443,750.00	4,443,750.00	0.00	0.00	0.00	0.00	0.00
<b>Marketing</b>	<b>4,000,000.00</b>	<b>0.00</b>	<b>4,000,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

New Marketing Contract	4,000,000.00	0.00	4,000,000.00	0.00	0.00	0.00	0.00
<b>CEP Website</b>	<b>400,000.00</b>	<b>0.00</b>	<b>400,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Program Evaluation/Analysis</b>	<b>6,060,022.96</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6,060,022.96</b>
Program Evaluation	5,895,942.96	0.00	0.00	0.00	0.00	0.00	5,895,942.96
Research and Analysis	164,080.00	0.00	0.00	0.00	0.00	0.00	164,080.00
<b>Outreach and Education</b>	<b>8,039,769.00</b>	<b>0.00</b>	<b>6,481,100.60</b>	<b>0.00</b>	<b>1,558,668.40</b>	<b>0.00</b>	<b>0.00</b>
Sustainable Jersey	867,085.00	0.00	0.00	0.00	867,085.00	0.00	0.00
NJIT Learning Center	691,583.40	0.00	0.00	0.00	691,583.40	0.00	0.00
Conference	750,000.00	0.00	750,000.00	0.00	0.00	0.00	0.00
Outreach, Website, Other	5,731,100.60	0.00	5,731,100.60	0.00	0.00	0.00	0.00
<b>Sponsorships</b>	<b>42,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>42,000.00</b>	<b>0.00</b>	<b>0.00</b>
Sponsorships	42,000.00	0.00	0.00	0.00	42,000.00	0.00	0.00
<b>New Initiatives</b>	<b>26,705,000.00</b>	<b>4,550,000.00</b>	<b>0.00</b>	<b>6,450,000</b>	<b>15,705,000.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Community Energy Grants</b>	<b>100,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>100,000.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Storage</b>	<b>4,105,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,105,000.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Electric Vehicles</b>	<b>14,000,000.00</b>	<b>4,000,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>10,000,000.00</b>	<b>0.00</b>	<b>0.00</b>
Charge Up New Jersey Program	4,000,000.00	4,000,000.00	0.00	0.00	0.00	0.00	0.00
Plug In EV Incentive Fund	10,000,000.00	0.00	0.00	0.00	10,000,000.00	0.00	0.00
<b>NJ Wind</b>	<b>4,500,000.00</b>	<b>50,000.00</b>	<b>0.00</b>	<b>4,450,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>R&amp;D Energy Tech Hub</b>	<b>1,500,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,500,000.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Workforce Development</b>	<b>2,500,000.00</b>	<b>500,000.00</b>	<b>0.00</b>	<b>2,000,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Curriculum</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## PROGRAM ELIGIBILITY, EXTENSIONS, AND CAPS

FY20 is extended through September 30, 2020 for all intents and purposes, including, among other matters:

1. Budgets.
2. Eligibility and incentive amounts, including, among other matters, replacing with “September 30, 2020” any eligibility that a document describes as terminating or expiring on “July 15, 2020.”

3. The 30% Manufacturer Cap will continue to apply to the \$5,000,000 NJCEP budget for Fuel Cells set on June 21, 2019.

Notwithstanding the foregoing extension:

A. All C&I / DER Incentive Caps (other than the Manufacturer Cap addressed in #3 above) that are on a per or each year basis will reset on July 15, 2020 and will apply from July 15, 2020 through June 30, 2021.

i. By way of example only, if a C&I Retrofit (SmartStart) participant had only an electric utility account and had been approved for \$500,000 in SmartStart incentives on May 15, 2020, the participant could apply and be approved for a second \$500,000 as early as July 15, 2020. If the second application is approved in August 2020, the applicant could not have a third application approved until July 1, 2021.

B. LEUP applicants may, as early as July 15, 2020, submit for approval an application based upon contributions to the NJCEP fund made between July 1, 2019 and June 30, 2020.

C. The Cooperative Marketing FY caps will be increased by 25% on July 1, 2020, so that, as of that date, the FY caps for extended FY20 will be \$93,750 for HPwES trade allies and \$62,500 for HVAC and RNC trade allies.

**COLLECTION SCHEDULE**

The extended timeframe of FY20 (as proposed July 1, 2019 – September 30, 2020) will have no new incremental rate impact to New Jersey’s ratepayers. Staff proposes to utilize the revenue and sales projection from the FY20 Comprehensive Resource Analysis approved on June 21, 2019 to develop the proposed monthly utility payments. The table below sets out the proposed monthly payments to the Trust Fund due from each utility. Funds generated from this charge are used to support future clean energy initiatives.

**Monthly Utility Funding Levels  
(Fiscal Year 2020: July 1, 2019 – September 30, 2020)**

FY20	Jul 2020	Aug 2020	Sep 2020
ACE	\$2,958,794.29	\$3,218,566.32	\$2,995,170.56
JCP&L	\$7,067,382.79	\$6,687,853.00	\$5,310,003.45
PS-Electric	\$13,976,677.48	\$13,856,324.79	\$12,571,134.29
RECO	\$521,317.72	\$516,234.90	\$479,733.64
NJNG	\$459,373.11	\$453,598.63	\$443,744.06



Etown	\$429,645.12	\$375,291.58	\$383,673.42
PS-Gas	\$2,375,093.95	\$2,165,418.49	\$2,260,045.25
SJG	\$567,407.24	\$539,772.93	\$510,826.20
Total	\$28,355,691.70	\$27,813,060.64	\$24,954,330.87

**PROCESS AND SCHEDULE FOR SUBMITTING COMMENTS**

Staff requests comments on the Proposal prior to presenting it to the Board for consideration. Comments should be submitted to [publiccomments@njcleanenergy.com](mailto:publiccomments@njcleanenergy.com) by 5 p.m. on Friday, July 24, 2020, under the subject heading “Request for Comments - Proposed NJCEP Fiscal Year 2020 Extension and Third Budget Revision.”