



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

CLEAN ENERGY

IN THE MATTER OF THE CLEAN ENERGY )  
PROGRAMS AND BUDGET FOR FISCAL YEAR 2015 – ) ORDER  
FISCAL YEAR 2015 COMPLIANCE FILING )  
) DOCKET NO. QO14050489

**Parties of Record:**

**Joe Gennello**, Honeywell Utility Solutions  
**Diane M. Zukas**, TRC Energy Services  
**Michael Ambrosio**, Applied Energy Group  
**Mark Mader**, Jersey Central Power & Light Company  
**Timothy White**, Atlantic City Electric  
**Scott Markwood**, Orange & Rockland Utilities, Inc.  
**Bruce Grossman**, South Jersey Gas Company  
**Alexander C. Stern, Esq.**, Public Service Electric and Gas Company  
**Anne Marie Peracchio**, New Jersey Natural Gas  
**Mary Patricia Keefe**, Elizabethtown Gas  
**Stefanie A. Brand, Esq.**, Director, NJ Division of Rate Counsel

BY THE BOARD:

This Order memorializes action taken by the Board of Public Utilities ("Board") at its September 30, 2014 public meeting, where the Board considered the proposed fiscal year 2015 ("FY15") compliance filings for New Jersey's Clean Energy Program ("NJCEP").<sup>1</sup>

**BACKGROUND AND PROCEDURAL HISTORY**

The Board has historically considered NJCEP programs and budgets simultaneously and approved both budgets and the compliance filings that include the program descriptions in a single order. However, due to delays in the development of the FY15 funding level, by Order dated June 30, 2014, Docket No. QO14050489, (the "June 30<sup>th</sup> Order"), the Board approved

<sup>1</sup> The budgets approved in this Order are subject to State appropriations law.

FY15 budgets only and deferred a decision regarding FY15 program changes until a future agenda meeting. Specifically, in its June 30<sup>th</sup> Order, the Board approved Staff's recommendation to extend the FY14 programs into FY15 until such time as the Board considers FY15 compliance filings. Please refer to the June 30<sup>th</sup> Order in this docket for additional information regarding the procedural history of this matter.

## **DEVELOPMENT OF THE FY15 PROGRAMS AND BUDGET FILINGS**

In conjunction with the Department of Treasury, Division of Purchase and Property ("Treasury"), Staff prepared requests for proposals for Market Manager and Program Coordinator services. On August 19, 2005, Treasury issued, on behalf of the Board, Request for Proposal 06-X-38052 for NJCEP Management Services. Section 3.0.4 of the Market Manager RFP describes one of the Market Manager functions as follows:

The Market Manager(s), in conjunction with the Program Coordinator, shall lead and facilitate the development and revision of programs and program budgets in a coordinated process with the OCE, CEEEP<sup>2</sup> and CEC<sup>3</sup>. These changes may be in reaction to program adjustments proposed by CEEEP. The Market Manager(s) shall review the programs and their effectiveness for the purpose of improving and modifying program designs on a periodic basis . . . .

On March 20, 2007 Treasury issued, on behalf of the Board, Request for Proposal 07-X-38468 for NJCEP Program Coordinator Services. Section 3.0 of the Request for Proposal ("RFP") for Program Coordinator services states: "[t]he Program Coordinator shall manage, monitor and ensure the performance of the Market Managers and other entities that receive funds through the New Jersey Clean Energy Programs[.]"

On October 19, 2006, Honeywell International, Inc. ("Honeywell") was awarded Contract No. 67052 to manage the residential energy efficiency programs and renewable energy programs and TRC Energy Services ("TRC") was awarded Contract No. 67053 to manage the commercial and industrial ("C&I") energy efficiency programs.<sup>4</sup> On July 11, 2007, Applied Energy Group ("AEG") was awarded Contract No. 68922 to provide Program Coordinator services. Over the course of 2007, the Board completed the transition of the management of many of the EE and RE programs from the utilities and Staff to Honeywell and TRC. On October 15, 2007 AEG completed its transition and commenced operation.

In 2007, the process for developing proposed programs and budgets was revised to take into account the fact that the majority of the programs are now managed by the Market Managers. Specifically, the Market Managers and the Program Coordinator, consistent with their contracts, were tasked with the role of presenting proposed changes to the programs and budgets to the Energy Efficiency ("EE") and Renewable Energy ("RE") committees and for incorporating the changes recommended by public stakeholders into the programs presented to the Board.

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<sup>2</sup> CEEEP refers to the Center for Energy, Economic and Environmental Policy at Rutgers University.

<sup>3</sup> CEC refers to the Clean Energy Council which is no longer operational. However, the EE and RE Committees of the former CEC continue to meet regularly and are open to any member of the public and function as public stakeholder groups.

<sup>4</sup> Treasury issued revised contracts dated July 3, 2014 that extended AEG's, Honeywell's and TRC's contracts through June 30, 2015.

Starting in March 2014, monthly public stakeholder meetings of the EE and RE committees, chaired by the OCE, included discussion of the FY15 program plans and budgets. Discussions ensued at the meetings held in April, May, June and July of 2014. Meeting notices, including dates, times, and locations, were posted on the NJCEP website and sent to the committee listservs. All agenda and discussion materials were distributed to the committee listservs and meeting notes were posted on the website at:

<http://www.njcleanenergy.com/main/clean-energy-council-committees/clean-energy-committee-meetings-notes>

At these meetings, representatives of the OCE, Honeywell, TRC, the Utilities, the Program Coordinator, Rate Counsel, DEP, the Economic Development Authority ("EDA"), EE/RE installers, EE/RE technology companies, and other interested parties discussed proposed changes to the programs and budgets. The OCE also solicited comments from meeting participants regarding other suggested changes to the programs.

With this feedback, the FY15 compliance filings were developed in June and July 2014 and the proposed changes to the programs were presented at the July 10, 2014 meetings of the EE and RE Committees. On or about August 1, 2014, the proposed compliance filings were circulated for comment and posted on the NJCEP web site. Comments were due by August 15<sup>th</sup> and are discussed further below.

This Order will discuss the OCE's recommendations and issues related to the Board's review of proposed FY15 NJCEP compliance filings.

### **PROPOSED FY15 COMPLIANCE FILINGS**

By Order dated September 30, 2008, Docket No. EO07030203, page 58, the Board determined that, at a minimum, each program manager is required to submit a compliance filing that includes:

1. A description of the program
2. Identification of the target market and of customer eligibility
3. A description of the program offerings and customer incentives
4. A description of program delivery methods
5. A description of quality control provisions
6. Program goals including specific energy savings or renewable generation targets
7. Minimum requirements for program administration
8. Marketing plans
9. Detailed budgets that include, at a minimum, a breakdown of costs by the following budget categories:
  - a. Administration and program development
  - b. Sales, marketing, call centers and website support
  - c. Training
  - d. Rebates and other direct incentives
  - e. Rebate processing, inspections and other quality control
  - f. Performance incentives, and
  - g. Evaluation and Related Research

Draft compliance filings were submitted by Honeywell which manages the Residential EE and RE programs, TRC which manages the C&I EE programs, the OCE which provides administrative support and manages certain programs, and the Utilities, who manage the Comfort Partners low-income program. The OCE filing also included a description of the programs managed by EDA and Sustainable Jersey.

The draft compliance filings included each of the nine items listed above. The following is a brief description of the programs included in each of the compliance filings:

## **HONEYWELL**

### **Residential EE**

1. Residential heating, ventilation and air conditioning ("HVAC") – Electric and Gas: The Residential Gas and Electric HVAC Program provides rebates to customers that purchase high efficiency heating and cooling equipment such as furnaces and central air conditioners.
2. Residential New Construction: The Residential New Construction Program provides financial incentives to builders that construct new homes meeting the New Jersey Energy Star Homes standards, which exceed the requirements of NJ's existing building energy codes.
3. Energy Efficient Products: The Energy Efficient Products Program provides financial incentives and support to retailers that sell energy efficient products, such as appliances or compact fluorescent light bulbs.
4. Home Performance with Energy Star: The Home Performance with Energy Star ("HPwES") program relies on contractors that are Building Performance Institute ("BPI") certified to install energy efficiency measures in existing homes. The HPwES program provides incentives to customers for the installation of such measures, as well as enhanced incentives for moderate income customers.
5. Residential Marketing: The residential marketing budget is for all marketing activities related to promoting the residential programs.

### **Renewable Energy**

1. Renewable Energy Incentive Program: This program provides incentives for energy storage and biomass facilities. This program also provides services related to the establishment and trading of Renewable Energy Certificates ("RECs") and Solar Renewable Energy Certificates ("SRECs").

## **TRC**

1. C&I New Construction: The C&I New Construction Program provides rebates to commercial and industrial customers that design and build energy efficient buildings.
2. C&I Retrofit: The C&I Retrofit Program provides rebates to commercial and industrial customers that install high efficiency equipment in existing buildings.
3. Pay-for-Performance New Construction: The Pay-for-Performance New Construction program provides incentives for new buildings based on the level of energy savings delivered rather than a prescribed rebate for the installation of a specific measure.
4. Pay-for-Performance: The Pay-for Performance program provides incentives for existing buildings based on the level of energy savings delivered rather than a prescribed rebate for the installation of a specific measure.

5. Local Government Audit: The Local Government Energy Audit program offers subsidized energy efficiency audits to municipalities and other government entities as well as public colleges/universities and certain non-profits.
6. Direct Install: The Direct Install program provides incentives for the installation of energy efficiency measures in small commercial buildings, local government buildings and non-profits.
7. C&I Marketing: The C&I marketing budget is for all marketing activities related to promoting the C&I programs.
8. Large Energy Users Program: the Large Energy Users Program provides incentives to the State's largest energy users through a streamlined program approach.
9. CHP- Fuel Cell: The combined heat and power ("CHP") and Fuel Cell program provides incentives for the installation of CHP and fuel cell systems. TRC currently manages the component of the program for small systems less than 1 MW and the OCE manages the component of the program for projects 1 MW or greater.

## **UTILITIES**

1. Residential Low Income: The Residential Low-Income/Comfort Partner Program provides for the installation of energy conservation measures at no cost to income-qualified customers.

## **OCE**

## **RE**

1. Offshore Wind: The Offshore Wind program will fund additional OSW studies and review of OSW applications.
2. Renewable Energy Program: Grid Connected. This program, managed by the OCE, provided incentives to large non-solar renewable energy projects, including wind and biomass. The FY15 budget is to pay for commitments made in previous years; the program is closed to new applicants.
3. Edison Innovation Clean Energy Fund: The proposed FY15 budget for this program is to pay any outstanding balances remaining on grants previously approved by the Board. This program is closed to new applicants.

## **EDA**

1. Edison Innovation Clean Energy Manufacturing Fund: The Edison Innovation Clean Energy Manufacturing Fund is managed by EDA and provides incentives to attract and expand facilities in New Jersey that manufacture energy efficiency and renewable energy products.
2. Green Growth Fund: The Green Growth Fund will offer assistance in the form of loans to clean technology companies that have achieved 'proof of concept' and successful, independent beta results, and seek funding to grow and support their technology businesses.
3. Large CHP –The FY15 budget will allow EDA to process through to completion the applications approved by EDA prior to the transfer of the Large CHP program to the OCE staff.

## **NJCEP Administration Budget**

1. Administration and Overhead;
2. Memberships-Dues
3. Evaluation and Related Research; and,
4. Marketing and Communications (Clean Energy Business web site and Sustainable Jersey Grant)

Driven in part by Staff's desire for stability in programs and rebate levels, these compliance filings include a number of modifications driven primarily by changes to federal efficiency standards or recent market developments such as new LED products or changes in the cost of products.

The following summarizes the proposed changes to the NJCEP programs that were included in the draft compliance filings:

## **Honeywell**

### **Residential New Construction Program**

1. Transition the Climate Choice Homes component of the program to allow independent raters to participate in the program.
2. Modified language regarding the Climate Choice Homes specification to align the program with the Department of Energy's ("DOE") Zero Energy Ready Home ("ZERH") specification, which has been recommended by program stakeholders and will be implemented when the ZERH is finalized by DOE.
3. Added an incentive of \$1,600 to cover open rater services for the limited number of Climate Choice units expected to be enrolled prior to the transition to the new Tier 3 Zero Energy Ready Home standard.
4. Removed mention of the 2006 IECC as a baseline since homes built to that efficiency level have all moved through the program.

## **HVAC Program**

1. New tiers and incentives for qualifying furnaces
  - Tier 1:  $\geq$  95% Annual Fuel Utilization Efficiency ("AFUE"), \$250
  - Tier 2:  $\geq$  95% AFUE, ENERGY STAR Certified, \$500
2. Maintain additional "Sandy" incentive support for qualified equipment. +\$200
3. Expanded support for "combination" space and water heating equipment:
  - Qualifying furnace (at least Tier 1, above) with qualifying standalone or indirect-fired water heater, \$900
  - Qualifying boiler (hydronic  $\geq$  85% AFUE & ENERGY STAR Certified, steam  $\geq$  82% AFUE) with qualifying standalone or indirect-fired water heater, \$900

## Energy Efficient Products Program

### Consumer Electronics

1. Set Top Boxes
  - Increase eligibility to the new ENERGY STAR 4.1.
  - Renewed outreach and planned partnerships with other service providers in the state.

### Appliances

2. Clothes Washers
  - Plan for revising eligibility requirements for clothes washers to the new ENERGY STAR 7.0 specification and federal standard, effective in March 2015, based on product availability in NJ retail stores.
3. Refrigerators
  - Plan for revising eligibility requirements for refrigerators to the new ENERGY STAR 5.0 specification and federal standard set to take effect in September 2014, based on product availability in NJ retail stores.
  - Qualifying products will shift from the 25% better than 2001 Federal Standard to 20% better than 2014 Federal Standard.
4. Clothes Dryers
  - ENERGY STAR clothes dryers will be a new product introduction for the FY2015 Program. The new ENERGY STAR clothes dryer initiative will provide incentives for qualified dryers meeting the new Energy Star V 1.0 specification released in May 2014 and those meeting the more aggressive 2014 Energy Star Emerging Technology Award criteria. The Program will offer a two-tier incentive as both a mail in rebate and a mid-stream incentive to partnering retailers as follows:

Tier	Incentive
ENERGY STAR	\$100
2014 Emerging Technology Award	\$300

### Lighting

5. Reduced LED incentives reflecting lower, aggressive product pricing at retail.

### **Renewable Energy Program**

1. A competitive solicitation for energy storage will be administered by the Market Manager. The development of this program began in FY14 and will continue in FY15 with the issuance of a revised straw proposal. A proposed solicitation will be presented to the Board for review and approval prior to its release.
2. For FY15, the biopower competitive solicitation will again be administered by the Market Manager. The FY15 solicitation will be similar to the FY14 program's solicitation, with the potential for some revisions based on the experiences of FY14. Staff will present a proposed solicitation to the Board for review and approval prior to its release.

3. The Market Manager is proposing to streamline the current forms and process and reduce the amount of paperwork required for the SRP registration process, these changes are in alignment with the Chapter 8 Rules.
4. Develop and implement an online application procedure for new SRP registrations.
5. Refresh the marketing approach through new customer and market research, identification of behavioral drivers and implementing new sales tools.

## TRC

### Smart Start – Prescriptive/Custom Program

#### Sandy Relief

- Prescriptive lighting and lighting control incentives will no longer be eligible.
- T12 lighting and premium motor incentives will no longer be eligible.
- Incentives for Pulse Start and Ceramic Metal Halide fixtures/retrofits will be discontinued. (These incentives were discontinued on March 1, 2013 for all customers except Sandy Relief Participants.)

#### Incentive Revisions

- Incentives capped at total project cost.
- Incentives for LED screw-in/plug-in (Integral Lamps) are only available for incandescent and halogen replacement. Compact Fluorescent Light ("CFL") or High Intensity Discharge lamps ("HID") to LED will not be eligible.
- Incentives will not be provided for the installation of screw-in/plug-in lighting measures in non-permanent and non-/hard-wired fixtures (Example - refrigerator, oven, floor/desk lamps, etc.).
- LED R/BR/PAR 30, R/BR/PAR 38-40, A-Lamp incentives reduced from \$20/lamp to \$10/lamp.
- R/PAR20, MR/PAR16, Globe, Candelabra and other miscellaneous types reduced from \$10/lamp to \$5/lamp.
- LED Track or Monopoint Directional fixtures reduced from \$50/fixture to \$30/fixture.
- Existing incentive for T8 to reduced wattage T8 and T8 delamping retrofits offered for new fixture replacements.
- Food service qualification requirement – Require current Energy Star listing where applicable.

#### New Incentives

- LED Architectural Flood and Spot Luminaires - \$50/fixture.
- LED Linear Ambient Luminaires (Indirect, Indirect/Direct, Direct/Indirect, Direct)
  - 2' fixtures - \$20/fixture
  - 3' fixtures - \$30/fixture
  - 4' fixtures - \$45/fixture
  - 6' fixtures - \$60/fixture
  - 8' fixtures - \$75/fixture



- Wireless lighting controls (occupancy, occupancy based dimming and daylight) – Incentive identical to hard wired units.
- Variable frequency drive retrofit for existing constant volume HVAC systems, currently a custom measure, will have a prescriptive incentive of \$80/HP controlled, up to \$6,000 maximum incentive per drive.

### **Notable language revisions**

- Custom program clarification – In cases where ASHRAE guidelines do not apply to determine the custom measure baseline, the Program will require that custom measures exceed industry standards per the Consortium for Energy Efficiency (“CEE”), EPA Energy Star, or by using resources such as current New Jersey baseline studies and other market research; the program experience of the Commercial/Industrial Market Manager; experience of the New Jersey utilities or utility/public program experience from other comparable jurisdictions.
- For custom measures - The program will allow a single facility with multiple utility accounts to submit a proposed custom project under one application.
- The Market Manager has the discretion to determine the reasonableness of project costs for proposed technologies based on industry standards and other market research.
- Technologies not explicitly listed as custom (per the filing and/or Program Guide) will be reviewed for eligibility and are subject to approval at the discretion of the Market Manager.
- For all Smart Start Program Applicants- To qualify for incentives, customers must be contributors to the SBC fund for the type of incentive being applied – electric or natural gas. For example: customers applying for prescriptive lighting incentives must provide an Investor Owned Utility (“IOU”) electric bill identifying SBC fund contribution. Similarly, an IOU gas bill identifying SBC fund contribution is required for natural gas saving measures such as gas heating.

### **CHP/Fuel Cell Program**

- Consideration of mixed-fuel (e.g. biogas and natural gas) systems. - Upon receipt and review of a mixed-fuel CHP/fuel cell (“FC”) project, the Market Manager will determine if any other eligibility requirements may be required to approve the project and commit incentives. The Market Manager has the ability to recommend reduced incentives if equipment output is de-rated based on fuel input or other factors associated with mixed-fuel system performance subject to review and approval by BPU staff.
- Participants will be required to submit performance data for 5 years after installation (no additional incentives available for this).
- CHP-FC projects that receive funding from the Energy Resiliency Bank will not be eligible for incentives through NJCEP CHP and Fuel Cell program.

### **Pay-for-Performance Program**

- Language revision - If a project is cancelled after the receipt of Incentive #1 and the Incentive #1 payment is not returned to NJCEP, the customer/Partner may reapply to the program but will not be eligible for another Incentive #1 payment for the same facility.

- Clarified definition of a master meter

### **Large Energy Users Program**

- Allow qualified entities to participate in other NJ Clean Energy programs while participating in the Large Energy Users Program ("LEUP").
- Participation in other programs will not reduce funding eligibility from the LEUP.
- Entities will be permitted to submit a Draft Energy Efficiency Plan for funding reservation (not a commitment) prior to submission of the Final Plan. Entities must submit their Final Plan within 3 months of Draft Plan approval.
- Entities may submit up to three (3) Draft and/or Final Plans within the program year for separate scopes of work.
- Reduced the information required for Draft Energy Efficiency Plan approval.

### **Sector Specific Services**

- Retitled "Sector Specific" section to "Outreach"
- Modified this section to reflect language in the Outreach Plan currently under review. Specific additions of note include additional tactics such as:
  - Assigning a Marketing and Outreach Manager to coordinate and integrate all marketing and outreach activities;
  - Greater focus on and utilization of the Trade Ally Network
  - Improving communication between the TRC Team and Board staff;
  - Refining the focus of outreach;
  - Strengthen Partnerships – organizations, communities, associations, etc.;
  - Identify and direct outreach to facilities with large capital plans;
  - Expand communications with local utility contacts and account representatives;
  - Work with key market participants (energy service companies, the P4P partner Network) to promote energy efficiency through existing market channels;
  - Additional targeted approached include:
    - Target prior customers
    - Maintain schedule of outreach activities
    - Flexibility to attend and present at unplanned events
    - Outreach support to Chambers of Commerce
  - Improving program reporting
- Inserted quantifiable goals which allow performance of tactics to be verified.

### **Marketing Changes:**

- Conduct Market Research& Analysis - Following the completion and evaluation of a market research study of C&I programs, TRC would use the results related to the C&I sector to inform changes to the proposed marketing and outreach plan recommendations for new activities as well as modifications to existing activities. Certain components of the proposed marketing and outreach plans can move forward while this research is being conducted.
- Improved coordination between marketing and outreach teams and with BPU staff - Recognizing that many events and other tactics designed to increase participation in the C&I programs involve both marketing and outreach efforts, the teams will work more closely to plan for events and related support, identification

of organizations to work with, new or revised materials, case studies and display needs and other actions needed to be responsive to the results of the market research.

- Join select Chambers of Commerce on behalf of BPU/NJCEP and additional membership organizations to create new opportunities for marketing to the C&I sector.
- Use existing application data to develop contractor-specific outreach designed to increase volume of application and complete projects.
- Develop sponsorship and advertising packages to use with Chambers of Commerce and other business organizations.
- Trade Shows
  - Improved communication with outreach team in determining participation and support.
  - Improve trade show display.
- Mine existing customer database for additional program participation leads.

The Office of Clean Energy ("OCE") and Utility filings did not include any proposed changes to the current Board approved programs.

The compliance filings include detailed budgets that break down the program budgets into various line items such as administration, marketing and rebates or other incentives. The detailed budgets were previously approved by the Board in its June 30, 2014 Order and the compliance filings included the budgets approved by the Board.

On or about August 1, 2014 Staff circulated the draft compliance filings to the EE and RE listservs for comment and posted the draft filings on the NJCEP web site along with a summary of the proposed changes to the programs. Comments were due by August 15, 2014.

### **SUMMARY OF COMMENTS FROM PUBLIC STAKEHOLDERS**

Written comments were submitted by: New Jersey Natural Gas Company ("NJNG") and the New Jersey Division of Rate Counsel ("Rate Counsel").

The following summarizes the written comments received:

**Comment:** NJNG supported the proposal to introduce a tiered incentive system for gas furnaces. However, to mitigate the potential for any negative customer experiences for customers in the process of installing a 92% AFUE gas furnace, which currently qualifies for an incentive, NJNG requested that the BPU continue with its standard practice of providing sufficient notice for the implementation of the changes. This will allow contractors adequate time to understand the changes and communicate them to customers.

NJNG strongly supported the proposed expansion of equipment eligible for the furnace/boiler and water heater combination incentive. NJNG also strongly supported the proposed continuation of enhanced incentives for customers affected by Superstorm Sandy given the prolonged recovery process.

**Response:** Staff thanks NJNG for its support for the proposed changes to the incentives for gas furnaces and combination systems as well as ongoing support for customers impacted by

Superstorm Sandy. Staff intends to follow its normal practice of providing sufficient notice prior to implementing changes to the incentive levels and will take NJNG's comments into consideration in developing an implementation plan.

**Comment:** Rate Counsel supported the basic approach of maintaining the status quo and to make only limited changes to the current NJCEP programs for FY15 given the numerous ongoing activities related to reviewing the programs. Rate Counsel supported the proposal to revise eligibility requirements to comport with new federal standards and the continuation of incentives that target customers impacted by Superstorm Sandy. Rate Counsel did not object to the proposed reduction in incentives for LED lighting.

**Response:** Staff thanks Rate Counsel for its support for the proposed changes noted above.

**Comment:** Rate Counsel supported the proposed changes to the C&I prescriptive rebates but felt that more specific standards should be developed for the content and evaluation of custom measure applications to provide clear standards for review.

**Response:** The custom program currently includes specific standards for the content and evaluation of custom measure applications. Staff will consider any proposed changes recommended by Rate Counsel and recommends that Rate Counsel submit any proposed changes to Staff and the C&I Market Manager for future consideration.

**Comment:** While Rate Counsel supported the set-top box program it stated that the filing should include additional details regarding how the program operates and should include a plan to leverage the program to transform the market for set-top boxes in New Jersey.

**Response:** Staff concurs that the set-top box program component should include a plan to leverage the program to transform the market. Staff will coordinate with Honeywell to develop the suggested plan which will be made available for comment upon completion.

**Comment:** Rate Counsel expressed concern that the criteria for incentive levels for mixed fuel CHP-FC projects would be established by the Market Manager and Staff without stakeholder input and recommended that expansion of the pilot program should be considered only after interested stakeholders have had the opportunity to provide input based on data obtained from the operation of the pilot program.

**Response:** The program is proposed as a pilot given the uncertainty regarding the technical details of any proposed projects. Criteria for incentive levels can be developed based on the technical aspects of the first few applications. Staff concurs with Rate Counsel that expansion of the pilot program should be considered only after interested stakeholders have had the opportunity to provide input based on data obtained from the operation of the pilot program. Staff will coordinate with TRC to collect such data and make it available for review and comment prior to expanding the pilot.

**Comment:** Rate Counsel stated that the program should track and record the applicants who receive Incentive #1 payments but do not implement the measures identified in the Energy Reduction Plan which could provide insight which may be helpful in developing program modifications that yield greater energy savings.

**Response:** Staff concurs and will coordinate with TRC to track this information.

**Comment:** Rate Counsel supports the effort to develop and leverage relationships with trade allies, trade shows, chambers of commerce and other organizations to improve program performance. However, Rate Counsel concurs that the C&I marketing and outreach plans should be revised, if needed, once the pending market research study is completed.

**Response:** Staff concurs with this comment and intends to revisit the C&I marketing and outreach plans once the pending market research study is completed.

### **STAFF RECOMMENDATIONS**

The compliance filings followed the basic approach of maintaining the current program eligibility requirements and incentive levels, and proposes only limited changes to the current NJCEP programs for FY15. The majority of the comments support this approach and the limited, proposed program changes. Based on the above, Staff recommends that the Board approve the FY15 compliance filings submitted by Honeywell, TRC, the OCE and the Utilities without change.

### **DISCUSSION AND FINDINGS**

Consistent with the contracts with the Market Managers and the Program Coordinator, the OCE has coordinated with the Market Managers and the Program Coordinator regarding the programs changes set out above. The OCE, in conjunction with these contractors, held monthly public meetings with the EE and RE committees from March to July 2014 to receive comments and input into the development of the FY15 programs and budgets. In addition, draft compliance filings were circulated for comment and posted on the NJCEP web site and all comments were considered herein. Accordingly, the Board **HEREBY FINDS** that the process utilized in developing the FY15 compliance filings was appropriate and provided stakeholders and interested members of the public the opportunity to comment.

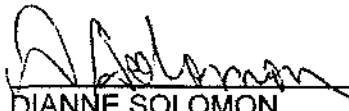
The OCE considered the extensive public stakeholder input received, as well as the comments of the Market Managers and Program Coordinator and believes the programs and budgets discussed above will deliver significant benefits to the State and will satisfy the objectives of Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. The OCE recommended approval of the FY15 compliance filings.

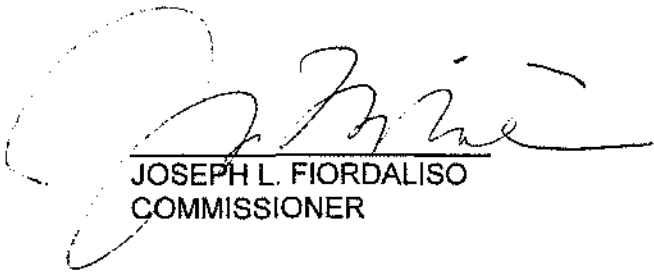
The Board has reviewed the OCE's recommendations regarding the FY15 compliance filings as well as comments submitted by other interested public stakeholders. The Board **HEREBY FINDS** the OCE's recommendations to be reasonable. Therefore, the Board **HEREBY APPROVES** the FY15 compliance filings submitted by the OCE dated September 17, 2014 (including EDA and Sustainable Jersey), the Utilities dated September 17, 2014, Honeywell dated September 17, 2014, and TRC dated September 17, 2014. Having approved the programs, the Board **HEREBY DIRECTS** the OCE to work with the Market Managers, with appropriate notice to the public, to finalize application forms and make other changes necessary to implement the changes ordered herein.

The budgets associated with the FY15 NJCEP were approved by the Board in the June 30<sup>th</sup> Order and remain unchanged.

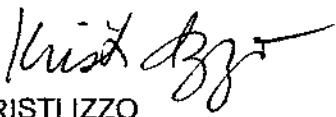
DATED: 9/30/14

BOARD OF PUBLIC UTILITIES  
By:

  
DIANNE SOLOMON  
PRESIDENT

  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
MARY-ANNA HOLDEN  
COMMISSIONER

ATTEST:  
  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



IN THE MATTER OF THE CLEAN ENERGY PROGRAMS AND BUDGET FOR  
FISCAL YEAR 2015 – FISCAL YEAR 2015 COMPLIANCE FILING  
DOCKET NO. EO13050376V

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