New Jersey's Clean Energy Program
FY 2023 Program Descriptions and Budgets

Utility Residential Low Income

Comfort Partners Program

Proposed Program Description and Budget

June 29, 2022

Residential Low-Income Program "New Jersey Comfort Partners"

The Residential Low-Income Program known as Comfort Partners ("Comfort Partners" or "Program"), managed by Atlantic City Electric ("ACE"), Jersey Central Power & Light ("JCP&L"), New Jersey Natural Gas ("NJNG"), Elizabethtown Gas ("Elizabethtown"), Rockland Electric Company ("RECO"), Public Service Electric & Gas ("PSE&G"), and South Jersey Gas ("SJG") (collectively referred to as "Utilities") is primarily designed to reduce the high cost of energy and lower energy bills by maximizing lifetime energy savings (kWh and therms) per dollar spent. This Program is also designed to improve energy affordability for low-income households through energy education, efficiency, and conservation. To achieve this objective, several market barriers must be overcome. Key among these are: (1) lack of information on either how to improve efficiency or the benefits of efficiency; (2) the fact that low-income customers do not have the capital necessary to upgrade efficiency or even, in many cases, keep up with regular bills; (3) the fact that low-income customers are the least likely target of market-based residential service providers due to perceptions of less capital, credit risk and/or high transaction costs; and (4) split incentives between renters and landlords. The Program addresses these barriers through:

- Direct installation of cost-effective energy efficiency measures;
- Comprehensive, personalized customer energy education and counseling; and
- Installation of health and safety measures, as appropriate.

Target Market and Eligibility

The Program is targeted at low-income participants in the Universal Service Fund ("USF") who have high energy usage. This target population is characterized by high-energy burdens based on their income. Program participation will be prioritized by energy use with the highest energy users being served first.

The Program is available to: households with income at or below 250% of the federal poverty guidelines. Households may also qualify if they are located within a Low-Income designated census tract, via an income self-certification process detailed in the Location Based Eligibility section of this document. Customers who participate in one or more of the following programs may also be eligible: Supplemental Security Income, Home Energy Assistance, USF, Lifeline, Pharmaceutical Assistance to the Aged and Disabled, Temporary Assistance to Needy Families, Section 8 Housing, Medicaid, Supplemental Nutrition Assistance Program, or General Assistance. Customers who take advantage of Comfort Partners or engage with another State-sponsored energy saving implementation program will not only directly benefit from the weatherization and health and safety measures but will also help to reduce costs to all ratepayers.

A participant must be a customer of record with a separately metered electric or natural gas account and live in a single-family or multi-family residential building with 1-14 units; the residence must be their primary home. Customers who heat with fuel oil will be referred to the Department of Community Affairs' Weatherization Assistance Program ("WAP") for services in conjunction with a memorandum of agreement between Comfort Partners and WAP. Customers who heat with fuel oil where WAP cannot reasonably provide critical services, such as repairing or replacing oil-fired heating systems, may be considered for conversion to natural gas by Comfort Partners. In addition, customers who receive natural gas service from an investor- owned New Jersey natural gas utility and who receive electric service from a municipal electric company will also be eligible for all Comfort Partners electric and natural gas saving services. Ineligible customers will be referred to either WAP, a Utility-led Moderate-Income Home Weatherization Program, or Home Performance with Energy Star ("HPwES") for services. Referrals will be made between Comfort Partners and WAP for measures not performed by either entity (e.g., WAP may refer customers to Comfort Partners for evaluation of central air conditioning and freezer replacements.).

Additionally, following stakeholder and public input, and subject to Board approval, BPU Staff anticipates the launch of a new Heat Pump Pilot Program later in Fiscal Year 2023. The program would provide residential heat pumps in homes eligible for the Comfort Partners Program within a chosen pilot location.

Location Based Eligibility

In an effort to reduce enrollment barriers into the Program, the Comfort Partners Working Group ("Working Group") will utilize location-based eligibility ("LBE"). LBE is designed to remove the burden of income verification and create more trust with interested, yet hesitant, potential customers in the communities we serve. This approach can create marketing/outreach efficiencies, achieve savings in less time, reduce administrative costs, and improve cost effectiveness.

Customers residing within the geographical boundaries of low-income census tract neighborhoods will be eligible to participate in Comfort Partners without providing income verification documentation. Customers will be required to self-certify their income by signing a program income verification statement. All other program eligibility rules remain in effect and must be verified by the vendor. If fraud is suspected, implementation vendors will follow the current CP Procedures Manual suspected fraud guidelines.

Utility-administered Moderate-Income Weatherization Programs are using a similar approach to eligibility verification in moderate-income neighborhoods. A collaborative and equitable relationship between Comfort Partners and Moderate-Income Weatherization Programs with regards to outreach and enrollment will be critical, and this approach will help develop best practices.

Offerings and Customer Incentives

Among the measures to be considered for each home are efficient lighting products; hot water conservation measures (water heater replacement and tank temperature turn-down); replacement of inefficient refrigerators and freezers; installation of energy efficient thermostats; insulation upgrades (attic, wall, basement, etc.); blower-door guided air sealing; duct sealing and repair; heating/cooling equipment maintenance, repair, and/or replacement; and other measures as needed. Removing barriers to installing energy efficiency measures, such as repair or replacement of a broken window, repair of a hole in a wall and/or roof, mold remediation, or the installation of rain gutters may be considered on a case-by-case basis, as described in the Measure Selection section below.

Failed or failing heating and/or cooling systems can be replaced for efficiency and/or health and safety reasons on a case-by-case basis. In the event of insufficient funding, or if Comfort Partners customers' homes require more treatment than the Program is designed to deliver, the Utility Working Group will attempt to maximize and leverage available resources by entering into discussions with WAP. The goal of such discussions will be to determine their interest in accepting Program referrals to install heating systems and perform other needed work for energy efficiency and/or health and safety reasons.

Measure Selection

Energy efficiency measures and other reasonable repairs required to install those measures may be installed in each home. As stated above, the Program will review removing barriers to installing energy efficiency measures on a case-by-case basis. The repair and installation of these items, in and of themselves, may not be considered energy saving technologies, but would be required in order to effectively install energy conservation measures, such as the repair of a roof prior to the installation of attic insulation. Cost-effectiveness will be assessed on a measure- and site-specific basis. All installed measures and energy education services will be provided free of charge. The selection of measures designed to reduce heating and cooling will be guided by a spending calculation based on past energy consumption and is a guide for contractors, not an absolute or prescriptive target or cap. If the site needs are greater than the calculated spending guideline, the contractor will confer with the appropriate utility after documenting reasons for requesting to exceed the spending guideline. The utility will decide to what extent additional work can be performed.

Refrigerator or freezer replacement will be based upon on-site monitoring of the energy use of the existing unit. Consumption thresholds for cost-effective replacement vary according to size. Any refrigerator or freezer with measured consumption above the threshold values is eligible for free replacement with a new energy-efficient model. These values and procedures will be updated periodically to reflect changes in refrigerator costs and/or efficiency.

The cost-effective installation of energy-efficient lighting products will be based upon the wattage and the estimated average daily run time for the existing lamp.

Domestic hot water and other custom measures will be installed according to program guidelines.

The costs associated with home repairs, such as the repair of a roof, will be excluded from the cost effectiveness test used to determine measure eligibility.

Delivery Methods

Electric and natural gas utilities with overlapping service territories will jointly deliver efficiency, health and safety, and education services so that customers receive both natural gas and electric efficiency measures simultaneously. Selection of program delivery contractors and program delivery costs are shared between the participating natural gas and electric utilities. Currently, there are a total of six (6) installation contractors and one (1) quality assurance contractor that are under contract with the Utilities to perform the work in customer homes.

The Program will continue its efforts to address mold/moisture remediation, roof repairs, electrical repairs, and asbestos. Remediation will be considered on a case-by-case basis with the implementation contractors who will contract directly with the appropriate organizations, or approved subcontractors, following utility approval.

This fiscal year, the Utilities will continue to use the JCP&L web-based LEEN System as the statewide platform to track all program participants, measures and energy savings. The system is used by all Utilities, BPU Staff, multiple program installation vendors, an inspection vendor, a program evaluation vendor, and State WAP agencies. Maintenance and enhancements to the system will be paid for by JCP&L and are incorporated in the JCP&L administrative budget in Appendix A.

This fiscal year, the Utilities are targeting the development of a new web-based system to replace LEEN and are jointly working to procure a vendor for same. PSEG Services Company will be the Contract Administrator of the ultimate contract with that vendor. The projected costs of that vendor and for administrative services offered by PSEG Services Company will be paid for by PSE&G and are included in PSE&G’s administrative budget in Appendix A.

Quality Assurance Provisions

A minimum of 15% of randomly selected, treated homes will be subject to verification and inspection by an independent contractor(s) hired by the Utilities. Quality assurance processes will be continually reviewed and enhanced as required.

Budgets

A detailed budget for the Program is attached in Appendix A. Allocation of costs in different cost categories may appear to be inconsistent among Utilities. As an example, PSE&G covers the cost of statewide printing of Comfort Partners materials and the development of a new web-based system to replace LEEN, and JCP&L covers the cost of maintaining the LEEN System, until its retirement, and administering program evaluation. The Program spending allowance guidelines continue to be evaluated for Comfort Partners to be consistent with other low-income State weatherization programs.

The Utilities will request BPU Staff to review budget modifications as outlined in Docket No. EO13050376V ("February Order").[1] No budget modification shall be deemed approved until BPU Staff notifies the Utilities of approval. Budget modifications will be subject to all pertinent language reflected in the February Order, which includes the following:

1. Funds may be reallocated between Utilities and line items within the Program budget provided the overall Board-approved Program budget remains unchanged, and the overall statewide administrative costs for the Program are not increased;

2. Up to 10% of the Program budget may be reallocated within the Program during any 60-day period; and

3. The Program budget may be reduced if it appears unlikely that the Program budget will be exhausted. The Program budget may be determined to be underperforming, after a review of commitments, Program goals, participation levels, performance trends and other relevant factors. The Program budget reductions shall be limited to 10% within any 60-day period. The Program budget shall not be reduced by more than 25% within any 180-day period.

For Fiscal Year 2023, the proposed Comfort Partners program statewide budget has increased by $8.57M from the previous fiscal year. This increase can be attributed to multiple factors. An anticipated $5.5M of the total proposed budget increase is attributed to projected costs associated with the ongoing implementation effort to replace the existing program data tracking, reporting and invoicing system, LEEN. The remaining $3.07M additional proposed budget is attributed to greater customer demand in part due to the introduction of location-based eligibility verification, available capacity among installation vendors, and the program average cost per job increasing. Average cost per job increase is associated with greater health and safety needs and increased materials/equipment pricing due to inflationary pressures and supply chain issues.

Goals and Energy Savings

Goals

Under the proposed budget, the goal for the number of electric service customers to be served and committed is 6,041 on a twelve-month basis from July 1, 2022 through June 30, 2023. The goal for the number of natural gas service customers to be served and committed is 5,749 on a twelve-month basis from July 1, 2022 through June 30, 2023.

[1] In re the Clean Energy Programs and Budget for Fiscal Year 2014; Revised Fiscal Year 2014 Budget and Delegation of Limited Budget Authority, BPU Docket No. EO13050376V, Order dated February 4, 2014.

Energy Savings

Energy saving estimates for the purpose of this filing were calculated using the latest protocols approved by the BPU on December 2, 2020 in Docket No. QO20090584.[2] Based on that standard and the projected number of customers served, it is estimated that the Program will now save approximately 3,602 MWH of electric and 29,535 MMBTU of natural gas during Fiscal Year 2023, with a lifetime savings of approximately 48,532 MWH of electric and 516,487 MMBTU of natural gas.

Appendix A

Fiscal Year 2023 Comfort Partners Budget

July 1st 2022 - June 30th 2023 CP Budget								
		Admin and Program Development	Sales, Marketing, Call Centers, Web Site	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other QC	Evaluation & Research	Contractor Perf. Incentives
ACE	**$2,448,494.00**	$262,597.00	$42,875.00	$40,925.00	$2,009,979.00	$92,118.00	$0.00	$0.00
JCP&L	**$5,511,412.00**	$685,459.00	$114,909.00	$93,309.00	$4,415,455.00	$202,280.00	$0.00	$0.00
PSE&G- Elec	**$9,927,625.00**	$2,049,149.00	$216,823.00	$193,557.00	$7,183,316.00	$284,780.00	$0.00	$0.00
RECO	**$311,200.00**	$68,800.00	$13,800.00	$13,800.00	$190,000.00	$24,800.00	$0.00	$0.00
NJNG	**$6,082,198.00**	$346,693.00	$121,994.00	$115,327.00	$5,299,690.00	$198,494.00	$0.00	$0.00
Elizabethtown	**$3,434,353.00**	$244,716.00	$69,697.00	$62,082.00	$2,911,776.00	$146,082.00	$0.00	$0.00
PSE&G-Gas	**$23,164,457.00**	$4,781,348.00	$505,920.00	$451,633.00	$16,761,070.00	$664,486.00	$0.00	$0.00
SJG	**$3,620,261.00**	$339,647.00	$68,034.00	$65,297.00	$3,015,786.00	$131,497.00	$0.00	$0.00
TOTAL	**$54,500,000.00**	$8,778,409.00	$1,154,052.00	$1,035,930.00	$41,787,072.00	$1,744,537.00	$0.00	$0.00
PSE&G - Combined	$33,092,082.00	$6,830,497.00	$722,743.00	$645,190.00	$23,944,386.00	$949,266.00	$0.00	$0.00

[2] In re New Jersey's Clean Energy Program – Fiscal Year 2021 Protocols to Measure Resource Savings, BPU Docket No. QO20090584, Order dated December 2, 2020.