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To: Betsy Ackerman, Acting Director Division of Economic Development & Energy Policy
cc: Mike Ambrosio, AEG
From: Carl Teter, C&I Market Manager
Date: April 24, 2015
Re: C&I Programs - Budget Notification

TRC continues to see increased participation in several NJCEP Commercial & Industrial Programs. As a result, we project the need for additional funds in order to meet anticipated application volume for the remainder of the fiscal year. Our projections indicate the need for an additional \$6,000,000 across multiple Commercial & Industrial Programs. Specifically, TRC is proposing the transfer of \$2,000,000 to the Smartstart Retrofit Program, \$1,200,000 to Pay for Performance Existing Buildings, \$1,000,000 to Pay for Performance New Construction, \$1,100,000 to Direct Install, \$200,000 to Local Government Energy Audit and \$500,000 to the Large Energy Users Program.

We propose that \$6,000,000 be transferred from the Residential Programs to accommodate this request. Specifically, TRC is proposing that \$1,250,000 be transferred from Residential HVAC Electric & Gas, \$2,250,000 from Residential EE Products and \$2,500,000 from Residential New Construction. TRC has conferred with Honeywell which has indicated that the proposed decreases to these residential program budgets will have no adverse impact on its ability to meet current and future program commitments.

All of the proposed budget reductions would be from the Rebates, Grants and Other Direct Incentives budget category and all of the proposed budget increases would be applied to the Rebates, Grants and Other Direct incentives budget category.





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Existing Budget

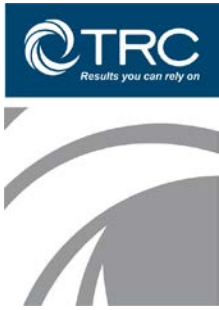
Table 1 - Transfer Between Programs:

Program	Board Approved FY 15 Budget Plus Pending Transfers*	Transfer	Proposed Budget	Transfer/Budget %
SmartStart - Retrofit	\$ 62,058,738.87	\$ 2,000,000.00	\$ 64,058,738.87	3.22%
Smart Start - New Construction	\$ 3,305,210.99		\$ 3,305,210.99	0.00%
Pay for Performance EB	\$ 28,991,851.98	\$ 1,200,000.00	\$ 30,191,851.98	4.14%
Pay for Performance - NC	\$ 12,279,268.58	\$ 1,000,000.00	\$ 13,279,268.58	8.14%
Direct Install	\$ 47,881,360.42	\$ 1,100,000.00	\$ 48,981,360.42	2.30%
Local Government Energy Audit	\$ 2,566,980.50	\$ 200,000.00	\$ 2,766,980.50	7.79%
Large Energy Users Program	\$ 14,074,758.89	\$ 500,000.00	\$ 14,574,758.89	3.55%
Residential HVAC Electric & Gas	\$ 13,665,469.42	\$ (1,250,000.00)	\$ 12,415,469.42	-9.15%
Residential EE Products	\$ 19,468,939.09	\$ (2,250,000.00)	\$ 17,218,939.09	-11.56%
Residential New Construction	\$ 17,348,397.29	\$ (2,500,000.00)	\$ 14,848,397.29	-14.41%
Total	\$ 221,640,976.03	\$ -	\$ 221,640,976.03	

***Please note, the FY'15 budgets shown above reflect those that are in the pending budget reallocation request dated April 27, 2015. Therefore, requested changes are to the proposed budget pending staff approval.**

In addition, TRC requests the following transfers *between* budget categories for several programs. The transfers would be either from the Training and Technical Support budget category or the Rebate Processing, Inspections and Other Quality Control category to the Rebates, Grants and Other Direct Incentives category within each program as shown in Table 2.





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Table 2 - Transfer Within Programs - Categories:

Program	Transfer from Training and Technical Support	Transfer to Rebates, Grants and Other Direct Incentives
Smart Start Retrofit	\$ (81,000.00)	\$ 81,000.00
Smart Start New Construction	\$ (75,000.00)	\$ 75,000.00
Pay for Performance - Existing	\$ (78,000.00)	\$ 66,000.00
Pay for Performance - New	\$ (66,000.00)	\$ 78,000.00
Subtotal	\$ (300,000.00)	\$ 300,000.00
Program	Transfer from Rebate Processing, Inspections and Other Quality Control	Transfer to Rebates, Grants and Other Direct Incentives
Smart Start Retrofit	\$ (632,857.00)	\$ 632,857.00
Combined Heat & Power	\$ (27,871.80)	\$ 27,871.80
Local Government Energy Audit	\$ (70,000.00)	\$ 70,000.00
Pay for Performance - Existing	\$ (98,750.00)	\$ 98,750.00
Large Energy Users	\$ (69,538.50)	\$ 69,538.50
Total	\$ (899,017.30)	\$ 899,017.30

Table 3 provides a snapshot of incentives plus commitments as compared to the approved budget and the proposed budget.





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Table 3:

Program	Board Approved FY 15 Budget Plus Pending Transfers*	Total Expenses + Commitments through 4/15/15	% of Budget Spent + Committed	Proposed Budget	% of Budget Spent and committed
SmartStart - Retrofit	\$ 62,058,738.87	\$ 56,815,677.21	92%	\$ 64,058,738.87	89%
Smart Start - New Construction	\$ 3,305,210.99	\$ 2,670,235.60	81%	\$ 3,305,210.99	81%
Pay for Performance EB	\$ 28,991,851.98	\$ 26,841,717.45	93%	\$ 30,191,851.98	89%
Pay for Performance - NC	\$ 12,279,268.58	\$ 10,832,136.81	88%	\$ 13,279,268.58	82%
Direct Install	\$ 47,881,360.42	\$ 40,805,198.50	85%	\$ 48,981,360.42	83%
Local Government Energy Audit	\$ 2,566,980.50	\$ 1,720,488.50	67%	\$ 2,766,980.50	62%
Large Energy Users Program	\$ 14,074,758.89	\$ 12,813,069.33	91%	\$ 14,574,758.89	88%
Residential HVAC Electric & Gas	\$ 13,665,469.42	\$ 8,002,830.60	59%	\$ 12,415,469.42	64%
Residential EE Products	\$ 19,468,939.09	\$ 11,313,069.24	58%	\$ 17,218,939.09	66%
Residential New Construction	\$ 17,348,397.29	\$ 12,918,389.69	74%	\$ 14,848,397.29	87%
Total	\$ 221,640,976.03	\$ 184,732,812.93		\$ 221,640,976.03	

***Please note, the FY'15 budgets shown above reflect those that are in the pending budget reallocation request dated April 27, 2015. Therefore, requested changes are to the proposed budget pending staff approval.**

Please advise if you need additional information. We will continue to monitor the NJCEP Commercial & Industrial Program budgets and will alert staff as additional changes are needed as we approach the end of the fiscal year.



FY 2015 Revised C&I Energy Efficiency & CHP/Fuel Cell Program Budget

Pending Revised Budget 4/15/15:

	Total Proposed FY 2015 Budget	Admin. and Program Development	Sales, Marketing, Call Centers, Web Site	Training and Technical Support	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other Quality Control	Performance Incentives	Evaluation & Related Research
RESIDENTIAL EE PROGRAMS:								
Residential HVAC Electric & Gas	\$ 13,665,469.42	\$ 1,306,764.00	\$ -	\$ 755,203.84	\$ 10,185,420.00	\$ 1,418,081.58		
Residential EE Products	\$ 19,468,939.09	\$ 2,001,756.59	\$ -	\$ -	\$ 17,021,300.00	\$ 445,882.50		
Residential New Construction	\$ 19,275,897.29	\$ 1,249,392.00	\$ -	\$ -	\$ 17,426,820.00	\$ 599,685.29		
Subtotal Residential EE Programs	\$ 52,410,305.80	\$ 4,557,912.59	\$ -	\$ 755,203.84	\$ 44,633,540.00	\$ 2,463,649.37	\$ -	\$ -
COMMERCIAL & INDUSTRIAL EE PROGRAMS								
C&I New Construction	\$ 3,305,210.99	\$ 237,454.00	\$ -	\$ 354,291.00	\$ 2,589,821.75	\$ 123,644.24	\$ -	\$ -
C&I Retrofit	\$ 62,058,738.87	\$ 747,550.80	\$ -	\$ 382,578.28	\$ 56,507,694.19	\$ 4,420,915.60	\$ -	\$ -
Pay for Performance New Construction	\$ 12,279,268.58	\$ 149,600.00	\$ -	\$ 365,260.08	\$ 11,599,408.50	\$ 165,000.00	\$ -	\$ -
Pay for Performance	\$ 28,991,851.98	\$ 579,800.00	\$ -	\$ 506,434.64	\$ 27,268,637.42	\$ 636,979.92	\$ -	\$ -
Local Government Energy Audit	\$ 2,566,980.50	\$ 220,000.00	\$ -	\$ -	\$ 1,709,320.50	\$ 637,660.00	\$ -	\$ -
Direct Install	\$ 47,881,360.42	\$ 501,551.80	\$ -	\$ 10,000.00	\$ 46,938,640.42	\$ 430,168.20	\$ -	\$ -
Marketing	\$ 1,075,000.00	\$ -	\$ 1,075,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
Large Energy Users Program	\$ 14,074,758.89	\$ 147,916.00	\$ -	\$ -	\$ 13,708,782.69	\$ 218,060.20	\$ -	\$ -
Subtotal C&I EE Programs	\$ 172,233,170.23	\$ 2,583,872.60	\$ 1,075,000.00	\$ 1,618,564.00	\$ 160,323,305.47	\$ 6,632,428.16	\$ -	\$ -
COMMERCIAL & INDUSTRIAL CHP PROGRAM								
CHP and Fuel Cell	\$ 19,451,062.18	\$ 65,000.00	\$ -	\$ -	\$ 19,192,873.47	\$ 193,188.71	\$ -	\$ -
Subtotal CHP Program	\$ 19,451,062.18	\$ 65,000.00	\$ -	\$ -	\$ 19,192,873.47	\$ 193,188.71	\$ -	\$ -
TOTAL C&I PROGRAM	\$ 191,684,232.41	\$ 2,648,872.60	\$ 1,075,000.00	\$ 1,775,864.00	\$ 179,179,878.94	\$ 7,004,616.87	\$ -	\$ -

FY 2015 Revised C&I Energy Efficiency & CHP/Fuel Cell Program Budget

Proposed Line Item Transfers 4/24/15:

	Total Proposed FY 2015 Budget	Admin. and Program Development	Sales, Marketing, Call Centers, Web Site	Training and Technical Support	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other Quality Control	Performance Incentives	Evaluation & Related Research
RESIDENTIAL EE PROGRAMS:								
Residential HVAC Electric & Gas	\$ (1,250,000.00)	\$ -	\$ -	\$ -	\$ (1,250,000.00)	\$ -	\$ -	\$ -
Residential EE Products	\$ (2,250,000.00)	\$ -	\$ -	\$ -	\$ (2,250,000.00)	\$ -	\$ -	\$ -
Residential New Construction	\$ (2,500,000.00)	\$ -	\$ -	\$ -	\$ (2,500,000.00)	\$ -	\$ -	\$ -
Subtotal Residential EE Programs	\$ (6,000,000.00)	\$ -	\$ -	\$ -	\$ (6,000,000.00)	\$ -	\$ -	\$ -
COMMERCIAL & INDUSTRIAL EE PROGRAMS								
C&I New Construction	\$ -	\$ -	\$ -	\$ (75,000.00)	\$ 75,000.00	\$ -	\$ -	\$ -
C&I Retrofit	\$ 2,000,000.00	\$ -	\$ -	\$ (81,000.00)	\$ 2,713,857.00	\$ (632,857.00)	\$ -	\$ -
Pay for Performance New Construction	\$ 1,000,000.00	\$ -	\$ -	\$ (78,000.00)	\$ 1,078,000.00	\$ -	\$ -	\$ -
Pay for Performance	\$ 1,200,000.00	\$ -	\$ -	\$ (66,000.00)	\$ 1,364,750.00	\$ (98,750.00)	\$ -	\$ -
Local Government Energy Audit	\$ 200,000.00	\$ -	\$ -	\$ -	\$ 270,000.00	\$ (70,000.00)	\$ -	\$ -
Direct Install	\$ 1,100,000.00	\$ -	\$ -	\$ -	\$ 1,100,000.00	\$ -	\$ -	\$ -
Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Large Energy Users Program	\$ 500,000.00	\$ -	\$ -	\$ -	\$ 569,538.50	\$ (69,538.50)	\$ -	\$ -
Subtotal C&I EE Programs	\$ 6,000,000.00	\$ -	\$ -	\$ (300,000.00)	\$ 7,171,145.50	\$ (871,145.50)	\$ -	\$ -
COMMERCIAL & INDUSTRIAL CHP PROGRAM								
CHP and Fuel Cell	\$ -	\$ -	\$ -	\$ -	\$ 27,871.80	\$ (27,871.80)	\$ -	\$ -
Subtotal CHP Program	\$ -	\$ -	\$ -	\$ -	\$ 27,871.80	\$ (27,871.80)	\$ -	\$ -
TOTAL C&I PROGRAM	\$ 6,000,000.00	\$ -	\$ -	\$ (300,000.00)	\$ 7,199,017.30	\$ (899,017.30)	\$ -	\$ -

FY 2015 Revised C&I Energy Efficiency & CHP/Fuel Cell Program Budget

Proposed Revised Budget 4/24/15:

	Total Proposed FY 2015 Budget	Admin. and Program Development	Sales, Marketing, Call Centers, Web Site	Training and Technical Support	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other Quality Control	Performance Incentives	Evaluation & Related Research
RESIDENTIAL EE PROGRAMS:								
Residential HVAC Electric & Gas	\$ 12,415,469.42	\$ 1,306,764.00	\$ -	\$ 755,203.84	\$ 8,935,420.00	\$ 1,418,081.58	\$ -	\$ -
Residential EE Products	\$ 17,218,939.09	\$ 2,001,756.59	\$ -	\$ -	\$ 14,771,300.00	\$ 445,882.50	\$ -	\$ -
Residential New Construction	\$ 16,775,897.29	\$ 1,249,392.00	\$ -	\$ -	\$ 14,926,820.00	\$ 599,685.29	\$ -	\$ -
Subtotal Residential EE Programs	\$ 46,410,305.80	\$ 4,557,912.59	\$ -	\$ 755,203.84	\$ 38,633,540.00	\$ 2,463,649.37	\$ -	\$ -
COMMERCIAL & INDUSTRIAL EE PROGRAMS								
C&I New Construction	\$ 3,305,210.99	\$ 237,454.00	\$ -	\$ 279,291.00	\$ 2,664,821.75	\$ 123,644.24	\$ -	\$ -
C&I Retrofit	\$ 64,058,738.87	\$ 747,550.80	\$ -	\$ 301,578.28	\$ 59,221,551.19	\$ 3,788,058.60	\$ -	\$ -
Pay for Performance New Construction	\$ 13,279,268.58	\$ 149,600.00	\$ -	\$ 287,260.08	\$ 12,677,408.50	\$ 165,000.00	\$ -	\$ -
Pay for Performance	\$ 30,191,851.98	\$ 579,800.00	\$ -	\$ 440,434.64	\$ 28,633,387.42	\$ 538,229.92	\$ -	\$ -
Local Government Energy Audit	\$ 2,766,980.50	\$ 220,000.00	\$ -	\$ -	\$ 1,979,320.50	\$ 567,660.00	\$ -	\$ -
Direct Install	\$ 48,981,360.42	\$ 501,551.80	\$ -	\$ 10,000.00	\$ 48,039,640.42	\$ 430,168.20	\$ -	\$ -
Marketing	\$ 1,075,000.00	\$ -	\$ 1,075,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
Large Energy Users Program	\$ 14,574,758.89	\$ 147,916.00	\$ -	\$ -	\$ 14,278,321.19	\$ 148,521.70	\$ -	\$ -
Subtotal C&I EE Programs	\$ 178,233,170.23	\$ 2,583,872.60	\$ 1,075,000.00	\$ 1,318,564.00	\$ 167,494,450.97	\$ 5,761,282.66	\$ -	\$ -
COMMERCIAL & INDUSTRIAL CHP PROGRAM								
CHP and Fuel Cell	\$ 19,451,062.18	\$ 65,000.00	\$ -	\$ -	\$ 19,220,745.27	\$ 165,316.91	\$ -	\$ -
Subtotal CHP Program	\$ 19,451,062.18	\$ 65,000.00	\$ -	\$ -	\$ 19,220,745.27	\$ 165,316.91	\$ -	\$ -
TOTAL C&I PROGRAM	\$ 197,684,232.41	\$ 2,648,872.60	\$ 1,075,000.00	\$ 1,318,564.00	\$ 186,715,196.24	\$ 5,926,599.57	\$ -	\$ -