

**New Jersey's Clean Energy Program
2012 Program Descriptions and Budget**

**Utility Residential Low Income
Comfort Partners Program**

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**Utility Support for the
New Jersey Clean Energy Campaign:
Clean Power Choice Program**

**Program Description and Budget
October 6, 2011**

Residential Low Income Program “New Jersey Comfort Partners”

Description

The Residential Low Income Program known as Comfort Partners, managed by Atlantic City Electric, JCP&L, New Jersey Natural Gas, Elizabethtown Gas, PSE&G and South Jersey Gas is designed to improve energy affordability for low-income households through energy 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) low income customers do not have the capital necessary to upgrade efficiency or even, in many cases, keep up with regular bills; (3) 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 all cost-effective energy efficiency measures.
- Comprehensive, personalized customer energy education and counseling.
- Installation of health and safety measures as appropriate.

Target Market and Eligibility

The Program is targeted at participants in the Universal Service Fund. By definition 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 any household with income at or below 225% of the federal poverty guidelines. Customers who receive Federal Supplemental Security Income (SSI), Home Energy Assistance (HEAP), Universal Service Fund (USF), Lifeline, Pharmaceutical Assistance to the Aged and Disabled (PAAD), Temporary Assistance to Needy Families (TANF), or Section 8 Housing also may be eligible.

A participant must be a customer of record with a separately metered electric or gas account, and live in a building with 1-14 units; the residence must be their primary home. Customers who heat with fuel oil are eligible for Comfort Partners; however, they will be referred to the Department of Community Affairs' Weatherization Assistance Program (WAP) for services in conjunction with a verbal agreement between Comfort Partners and WAP. In addition, customers who receive natural gas service from an investor-owned natural gas NJ utility, and who receive electric service from a municipal electric company will also be eligible for Comfort Partners services. Ineligible customers will be referred to WAP 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, i.e. WAP may refer customers to Comfort Partners for evaluation of central air conditioning, room and window/wall air conditioners and freezer replacements.

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; energy saving thermostats; insulation up-grades (attic, wall, basement, etc.); blower-door guided air sealing; duct sealing and repair; heating/cooling equipment maintenance, repair and/or replacement; and other “custom” measures.

Failed or failing heating or cooling systems can be replaced for efficiency and/or health and safety reasons, on a case-by-case basis as program funds permit. In the event of insufficient funding, or if Comfort Partner customer homes require more treatment than the Comfort Partners program is designed to deliver, the Utilities’ Working Group will attempt to maximize and leverage available resources by entering into discussions with the NJ Department of Community Affairs Weatherization Assistance Program. The goal of such discussions will be to determine their interest in accepting Comfort Partners program referrals to install heating systems, and perform other needed work for energy efficiency and/or health and safety reasons. Requests for replacement of oil-fired equipment will be referred to the DCA Weatherization Assistance Program (WAP).

Measure Selection

Cost-effective measures, and other reasonable repairs required to install the efficiency measures, may be installed in each home. The program will review, on a case-by-case basis, the repair and installation of items that 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 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 which is a guide for contractors and is 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 going beyond the spending guideline. The utility will decide to what extent additional work can be performed.

Refrigerator or freezer replacement will be based on 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 burn 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 gas utilities with overlapping service territories will jointly deliver efficiency, health and safety and education services so that customers receive both gas and electric efficiency measures simultaneously. Selection of program delivery contractors and program delivery costs is shared

between the participating gas and electric utilities. Implementation vendor contracts finalized in August, 2009 include a total of five (5) program contractors.

Pilot programs to address neighborhood canvassing, mold/moisture remediation, roof repairs, electrical repairs, lead and asbestos remediation will be considered on a case-by-case basis with the implementation contractors, contracting directly with the above mentioned organizations. The utilities may continue the pilot program for cool roofs during 2012 following observations of the customer homes that received cool roof work in 2011. The utilities along with our quality assurance inspectors want to evaluate each of the treated homes to verify that the cool roof system does not contribute to condensation which could lead to mold. This evaluation will be performed in the Spring of 2012.

The utilities will continue to use the JCP&L web-based CP System as the statewide platform to track all program participants, measures and energy savings. The system is used by all utilities, BPU Clean Energy staff, multiple program delivery vendors, inspection vendors and State WAP agencies. Maintenance and enhancements to the system will be paid by JCP&L and are incorporated in the budget in Appendix B.

The utilities will attempt to partner and educate the NJ Home Performance with Energy Star (HPWES) program contractors, and/or other local agency staff to create better awareness of the program and eligibility requirements in order to direct customers to the appropriate program (Comfort Partners or HPWES) based on income screening.

Quality Assurance Provisions

A minimum of 15 percent of randomly selected treated homes will be subject to verification and inspection by an independent contractor(s) hired by the utilities. Third-party quality assurance process enhancements may take place. For consistency of inspection practices, the existing utility quality assurance contracts will remain in place.

Budgets

A detailed budget for this program is attached in Appendix B. Allocation of costs in different cost categories may appear to be inconsistent among utilities; for example PSE&G covers the cost of statewide printing and JCP&L covers the cost for statewide CP System administration, etc.

The utilities plan to schedule a program evaluation in 2012. The program spending allowance guidelines that were increased at the end of 2009 in order for the Comfort Partners Program to be consistent with other low income state weatherization programs using federal stimulus funds will remain in place as long as program funds permit.

Due to the complexities of managing budgets for six utilities, seven cost categories and varying numbers of overlapping gas and electric customers, the Utilities Working Group requests flexibility to move funds between the seven costs categories within each of the individual utility budgets with consultation of the Office of Clean Energy. Each utility intends to remain within their total budget.

Goals and Energy Savings

Goals

The Electric service customer goal will range from 5,760 to 7,630. The Gas service customer goal will range from 5,567 to 7,150, which is a subset of the electric goal.

The 2006 APPRISE Inc. evaluation of the Universal Service Fund recommends “high use households should be targeted by the Comfort Partners and WAP programs to ensure that clients have affordable bills” (Executive Summary page iv). It further recommends that “The BPU should work with the utilities to standardize their system for referring USF clients to the Comfort Partners program and establish official guidelines for coordinating these two benefits” (Executive Summary page xxii).

Energy Savings

Following approval of the above goals, energy savings will be calculated consistent with the goals. Energy saving estimates will be calculated using the latest protocols approved by the Board.

New Jersey Clean Energy Campaign: Clean Power Choice Program

Description

Utilities will support the Clean Energy Campaign for the Clean Power Choice Program. The Clean Power Choice program will offer retail electric customers the option of selecting an energy product or products with higher levels of renewable energy than is required by the Renewable Portfolio Standards.

The program will be delivered through a collaborative utility and clean power marketer program hosted by the four investor owned electric utilities. The ‘host’ utilities will provide a delivery platform to enable enrollment and billing, with oversight by the Office of Clean Energy. The program will be offered as an add-on subscription of clean power supplied by a qualified third-party Clean Power marketer without interruption to customer’s basic electric service. The Office of Clean Energy will play a lead role in marketing the program to customers in cooperation with electric and gas utilities and Clean Power marketers.

The utilities will implement the requirements of the August 19, 2008 Board Order in Docket No. EA07110885, “In the Matter of Account Look-up for the Third Party Suppliers and Clean Power Marketers”. Program tasks include:

- Implement the pilot of a Customer Account Look-up procedure allowing the provision of EDC account numbers to requesting TPSs and CPMs for which a valid Release Form has been obtained
- Track the cost of providing the Customer Account Lookup service during the first year of implementation and file that information with the Board
- File required monthly, quarterly and annual program information with the Board

The 2012 budget for this program in Appendix B is intended to reimburse utilities for expenses necessary to:

- Make or maintain the Information Technology changes needed to support a line item on customer bills
- Develop and maintain systems to support EDI transactions with Clean Power Marketers
- Facilitate customer sign up

Appendix A: SALES AND MARKETING PLAN

Low Income (Comfort Partners) Program

Statewide Marketing Activities		Estimated Cost
Telemarketing	<p>Description: Telemarketing of program</p> <p>Targeted Audience: Customers identified as high-energy use USF participants, low-income residential customers on utility databases and NJ Office of Information Technology USF lists and other lists.</p> <p>Expected Date of Implementation: Telemarketing will be conducted on a continual basis to meet production goals. Increased effort has been required due to USF participant high rejection rate.</p> <p>Vendor Participants: Contractors selected through competitive bid. Utilities will continue to staff & train call centers to respond to incoming telephone customer inquiries about the program.</p>	\$100,000
Marketing/ Collateral Materials	<p>Description: These materials are used at various customer-focused events, directly with customers during service delivery and included in direct mail campaigns. Estimated cost includes updating and reproducing the existing brochures and forms in both English and Spanish. Materials may include: brochures, postcards, folders, applications, landlord agreements, partnership agreements, action plan savings strategy, health and safety release form, income guidelines, energy saving tips sheets, and envelopes.</p> <p>Targeted Audience: Low-income residential customers</p> <p>Expected Date of Implementation: Second quarter 2012</p> <p>Vendor Participants: TraynorKirk & Co, Diversified Global Graphics Group (dg3) Printers.</p>	\$125,000
Direct Mail, Utility Bill Inserts & Industry Event Sponsorships.	<p>Description: In addition to the contractor telemarketing, JCP&L and contractors will direct mail a cover letter, Comfort Partners application and landlord agreement to USF recipients to improve response rates. Some utilities will also include Comfort Partners articles in bill inserts. Utilities may sponsor national and/or regional Affordable Comfort Inc. (ACI) or similar conferences.</p> <p>Targeted Audience: High-use USF and HEAP recipients on the utilities' databases, and NJ Office of Information Technology USF lists.</p> <p>Expected Date of Implementation: Ongoing throughout 2012.</p> <p>Vendor Participant: Contractors selected through Competitive bid and in house for utilities.</p>	\$150,000
Fact Sheet on Winter Shut-off	<p>Description: Include in the Fact Sheet on Winter Shut-off a paragraph describing Comfort Partners with a toll-free contact number.</p> <p>Targeted Audience: Residential customers receiving a shut-off notice</p> <p>Expected Date of Implementation: During the 2011 -2012 heating season</p> <p>Vendor Participant: In house for utilities</p>	\$ 0

Appendix B:

COMFORT PARTNERS - 2012 Program Budget created Oct. 2011

	Total	Admin & Program Developmt	Sales, Mrkting, Call Center, Website	Training	Rebates, other Direct Incentives	Rebate Processing, Inspections & QA	Evaluation & Research	Contractor Perf. Incentives
ACE	\$1,488,530.74	44,923.74	17,853.51	14,654.86	1,312,113.63	98,985.00	0.00	0.00
JCP&L	\$5,652,040.93	311,429.71	68,872.85	32,686.84	3,788,891.53	450,160.00	1,000,000.00	0.00
PSE&G- Elec	\$7,561,366.42	311,078.90	71,890.95	44,413.67	6,483,282.90	650,700.00	0.00	0.00
RECO	\$0.00						0.00	0.00
NJNG	\$4,391,518.18	298,753.72	64,776.94	43,906.74	3,752,310.78	231,770.00	0.00	0.00
Elizabethtown	\$2,833,746.16	171,833.81	45,547.31	38,141.62	2,408,153.42	170,070.00	0.00	0.00
PSE&G-Gas	\$11,242,793.46	657,299.73	188,246.14	130,278.20	9,640,519.39	626,450.00	0.00	0.00
SJG	\$1,830,004.11	187,807.56	22,842.00	18,291.58	1,515,202.97	85,860.00	0.00	0.00
TOTAL	\$35,000,000.00	1,983,127.17	480,029.70	322,373.51	28,900,474.62	2,313,995.00	1,000,000.00	0.00

Clean Energy Campaign: 2012 CLEAN POWER CHOICE*

	Total	Admin & Program Developmt	Sales, Mrkting, Call Center, Website	Training	Rebates, other Direct Incentives	Rebate Processing, Inspections & QA	Evaluation & Research	Contractor Perf. Incentives
ACE	\$0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JCP&L	\$0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PSE&G- Elec	\$2,400.00	2,400.00	0.00	0.00	0.00	0.00	0.00	0.00
RECO	\$30,000.00	30,000.00	0.00					
NJNG								
Elizabethtown								
PSE&G-Gas								
SJG								
TOTAL	\$32,400.00	32,400.00	0.00	0.00	0.00	0.00	0.00	0.00