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Board of Public Utilities
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REQUEST FOR COMMENTS

IN THE MATTER OF THE CLEAN ENERGY PROGRAMS AND BUDGET FOR FISCAL YEAR 2022 – TRUE-UP, REVISED BUDGETS AND PROGRAM CHANGES

Docket No. QO21040720

Staff of the New Jersey Board of Public Utilities (“NJBP” or “Board”) invites all interested parties and members of the public to provide written comments regarding proposed revisions to the Fiscal Year 2022 (“FY22”) Comfort Partners Program (“Comfort Partners” or “Program”) budget, specifically for the Public Service Electric and Gas Company’s (“PSE&G”) electric and gas budgets.

BACKGROUND AND PROCEDURAL HISTORY

By Order dated February 14, 2014 (“Order”), the Board authorized Board Staff (“Staff”) to make revisions to New Jersey’s Clean Energy Program (“NJCEP”) budgets so long as certain conditions are met.¹ Specifically, the Board authorized Staff to revise NJCEP budget items, such as that for Comfort Partners, so long as the revision would not reduce any program’s budget by more than 10%. The Order also states that funds may be reallocated between utilities and cost categories (as seen herein in Figure 1: *FY22 Budget Revisions by Cost Category*) within the Program budget, provided that the overall Board-approved Program budget remains unchanged and the overall statewide administrative costs for the Program are not increased.

The Order requires Staff to provide a written notice to each Commissioner at least seven (7) days prior to implementing any budget revision, which notice Staff has provided for these proposed revisions. In addition, the Order requires that Staff shall post notice of such budget revision on the NJCEP website and circulate the notice to the Energy Efficiency and Renewable Energy stakeholder listservs, allowing for at least seven (7) days for public comment before any budget revision is implemented.² The issuance of this Request for Comments satisfies such requirement.

¹ In re the Clean Energy Programs and Budget for Fiscal Year 2014, BPU Docket No. EO13050376V, Order dated February 14, 2014.

² *Id.* at Section D.1.-2 (“General Description of Authority and Limitations and Delegated Authority – Notice and Process for Budget Modifications”).

PROPOSED BUDGET REVISIONS

By Order dated March 9, 2022, the Board approved, among other matters, the NJCEP's True-Up and Revised Budgets ("Revised Budget").³ The Revised Budget included the overall budget for Comfort Partners and a separate sub-budget for each of the electric investor-owned utilities⁴ and each of the natural gas investor-owned utilities,⁵ including separate budgets for PSE&G's gas and electric utilities. The overall utility budgets are further broken down by various cost categories, including but not limited to Administration, Sales, Marketing and Website, Rebates, Grants, and Other Direct Incentives.

Comfort Partners is a co-managed program between the BPU and all of the investor-owned utilities that offers direct installation of energy efficiency measures in low-income households at no cost to the customer. Typical projects include the installation of measures that save both electricity and natural gas. Project costs generally are allocated between the electric and gas utilities based on the mix of measures installed – that is, electric measures are allocated to the electric utility, gas measures are allocated to the gas utility, and measures such as insulation that save both are allocated based on preset formulas derived through the Program.

PSE&G developed its electric and gas budgets for Comfort Partners based on a historic mix of measures. However, the actual mix of measures for projects installed or committed to in FY22 differed from historic estimates and resulted in PSE&G having surplus funds in its electric budget while experiencing a shortfall in its gas budget. Therefore, with respect to its Comfort Partners budget, as set out in more detail below, PSE&G is proposing to shift funds from its FY22 electric utility program budget to its gas utility program budget, noting that, overall, PSE&G remains below its combined budget. PSE&G is also proposing to shift funds between certain cost categories, as discussed further below.

As compared to the historic trends that were used to develop the FY22 budgets, FY22 saw an overall increase in gas measures and a decrease in electric measures. The Program looked to commit pending project funds before the end of the fiscal year. As a result, as the end of the fiscal year drew closer, contractors pushed to close out projects, which led to a significant increase in gas measures that was not anticipated in earlier planning models.

PSE&G also issued two Requests for Proposal ("RFPs") for the Program that occurred during FY22, one for the procurement of a new Program database and the other for Program implementation contractors. These administrative efforts from internal teams – such as procurement, cyber and information security, contract management, and legal – required more support than was initially expected, which led to higher than anticipated administration costs.

Based on the above, PSE&G is requesting a revision to its Board-approved FY22 Comfort Partners budget. Specifically, PSE&G is seeking to reallocate \$2.4 million from its "Rebates,

³ In re the Clean Energy Programs and Budget for Fiscal Year 2022 – True-Up, Revised Budgets and Program Changes, BPU Docket No. QO21040720, Order dated March 9, 2022.

⁴ The electric investor-owned utilities include: PSE&G, Atlantic City Electric Company, Rockland Electric Company, and Jersey City Power & Light Company.

⁵ The gas investor-owned utilities include: PSE&G, New Jersey Natural Gas Company, South Jersey Gas Company, and Elizabethtown Gas Company.

Grants, and Other Direct Incentives” cost category within its electric budget to its “Rebates, Grants, and Other Direct Incentives” cost category in its gas budget, as shown in Figure 1 below. PSE&G is also seeking to shift \$36,000 within its electric budget from its “Sales and Marketing” cost category to its “Administration” cost category. Last, PSE&G is seeking to shift \$54,000 within its gas budget from its “Sales and Marketing” cost category to its “Administration” cost category. As noted above, and as illustrated in the *Proposed Revisions* portion of Figure 1 below, these proposed budget revisions result in no change to PSE&G’s combined total budget for the Program.

In light of the foregoing, Staff proposes a reallocation within the PSE&G Comfort Partners budget, specifically among the above-described PSE&G program/budget lines. This budget modification would align the PSE&G Comfort Partners budget to ensure that funds are properly allocated and accurately reflect work PSE&G performed in FY22. The total budget for the Program would remain unchanged. Moreover, this reallocation would represent less than the permitted 10% Program reallocation cap. This reallocation would also have no impact on the Fiscal Year 2023 NJCEP budget, as it is only intended to reconcile FY22 expenses.

The following tables show PSE&G’s FY22 Board-approved Comfort Partners budgets in which the PSE&G Comfort Partners budget is integrated, the proposed revisions to those budgets, and the resultant budgets:

<i>Current Board Approved FY22 Budget by Cost Category</i>							
<i>Program/Budget Line</i>	<i>Total Budget</i>	<i>Administration</i>	<i>Sales, Marketing, Website</i>	<i>Training</i>	<i>Rebates, Grants and Other Direct Incentives</i>	<i>Rebate Processing and QA</i>	<i>Evaluation</i>
PSE&G- Elec	\$10,344,235	\$519,373	\$276,271	\$245,250	\$8,936,461	\$366,880	\$0
PSE &G-Gas	\$15,516,355	\$779,060	\$414,407	\$367,875	\$13,404,692	\$550,321	\$0
<i>Proposed Revisions</i>							
<i>Program/Budget Line</i>	<i>Total Budget</i>	<i>Administration</i>	<i>Sales, Marketing, Website</i>	<i>Training</i>	<i>Rebates, Grants and Other Direct Incentives</i>	<i>Rebate Processing and QA</i>	<i>Evaluation</i>
PSE&G- Elec	(\$2,400,000)	\$36,000	(\$36,000)		(\$2,400,000)		
PSE &G-Gas	\$2,400,000	\$54,000	(\$54,000)		\$2,400,000		
<i>Resultant Revised FY22 Budget by Cost Category</i>							
<i>Program/Budget Line</i>	<i>Total Budget</i>	<i>Administration</i>	<i>Sales, Marketing, Website</i>	<i>Training</i>	<i>Rebates, Grants and Other Direct Incentives</i>	<i>Rebate Processing and QA</i>	<i>Evaluation</i>
PSE&G- Elec	\$7,944,235	\$555,373	\$240,271	\$245,250	\$6,536,461	\$366,880	\$0
PSE &G-Gas	\$17,916,355	\$833,060	\$360,407	\$367,875	\$15,804,692	\$550,321	\$0

Figure 1: FY22 Budget Revisions by Cost Category

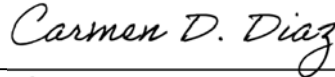
COMMENTS

The deadline for comments on this matter is 5:00 p.m. EST on October 21, 2022. Please submit comments directly to the specific docket listed above using the “Post Comments” button on the Board’s [Public Document Search](#) tool. Comments are considered “public documents” for purposes of the State’s Open Public Records Act, and any confidential information should be submitted in accordance with the procedures set forth in N.J.A.C. 14:1-12.3.

Written comments may also be submitted to:

Secretary of the Board
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, NJ 08625-0350
Phone: 609-913-6241
E-mail: board.secretary@bpu.nj.gov

Please direct all questions regarding the commenting process to publiccomments@njcleanenergy.com, with the following information in the subject line: Proposed Revision to the Comfort Partners Program Fiscal Year 2022 Budget (Staff-Authorized). Staff looks forward to receiving and reviewing your comments.



Carmen D. Diaz
Acting Secretary of the Board

Dated: October 14, 2022