

Request for Comments
Proposed NJCEP FY18 True Up and Budget Revisions

The Fiscal Year 2018 (FY18) New Jersey’s Clean Energy Program (NJCEP) Budget, approved through a June 30, 2017 Board Order (Docket No. QO17050465), was established, in part, based upon an estimate of expenses expected to be incurred during Fiscal Year 2017 (FY17). Once actual expenses become known, the Board typically approves a “True Up Budget” truing up for the differences between expenses estimated for budgetary purposes and the expenses actually incurred. Consistent with that practice, and now that all expenses actually incurred during FY17 are final and known, Board Staff has developed a proposed budget truing up the differences between estimated and actual expenses, which results in an additional \$10,624,210 being available for NJCEP, as well as reallocating funds among and within Programs (Revised Budget). That proposed Revised Budget is described in more detail below.

Board Staff is requesting comments on the proposed Revised Budget prior to presenting it to the Board for consideration; the schedule and process for submitting comments is set forth at the end of this Request for Comments.

Allocations and Rationale

1. Residential Energy Efficiency (EE)

Based on recent trends, Board Staff recommends the Residential New Construction (RNC) Program be provided the additional \$2,000,000 it is estimated to need to maintain essentially normal Program operations through the end of FY18

2. Commercial & Industrial (C&I) EE

Based on recent trends, Board Staff recommends the following programs be provided the following additional amounts they are estimated to need to maintain essentially normal Program operations through the end of FY18:

<u>Program</u>	<u>Additional Amount in \$</u>
C&I Existing Buildings (EB)	<u>1,500,000</u>
Pay for Performance – New Construction (P4P NC)	<u>2,000,000</u>
Pay for Performance – Existing Buildings (P4P EB)	<u>2,500,000</u>
Local Government Energy Audits	<u>500,000</u>
Direct Install (DI)	<u>5,881,558</u>

Also, based on the same trends, Board Staff recommends \$1,500,000 be deducted from the Large Energy Users Program (LEUP) as otherwise the Program could be expected to have a surplus at the end of FY18.

3. Distributed Energy Resources

During the final days of FY17, the RE Storage Program received 4 applications requesting approximately \$668,462 in total incentives. In addition, a significant RE Storage application was withdrawn and cancelled, resulting in the release of approximately \$300,000 that had been budgeted for the withdrawn application. To fund payment of the estimated incentives for the 4 recent applications, as well as associated Program expenses, the Revised Budget would allocate an additional \$309,143 to the RE Storage Program, which funds would be

allocated away from the Combined Heat and Power (CHP) / Fuel Cell program. Note: The Board would be asked to approve payment of the incentives for the 4 applications received in FY17, on the conditions that Program requirements are satisfied, even though the commitments for same would not be made until FY18.

4. EDA Programs

The cost of the last payment for the Large-Scale CHP (LSCHP) Solicitation was incurred very late in FY17, rather than as expected in early FY18. Accordingly, the True Up accounts for this, and the Revised Budget would **deduct \$2,424,000** from this budget line, reducing it to \$0.

5. BPU Program Administration

The BPU Program Administration budget line covers the cost of Board Staff and State overhead. After the FY18 Budget was originally set, the New Jersey Treasury Department began to assess a new Procurement Efficiency Assessment fee against NJCEP and other state entities. This fee, whose calculation is based on the entity's use of contracts and/or waivers administered by Treasury's Division of Purchase and Property, will be used for the modernization of State procurement systems. The FY17 assessment was \$248,138. Recognizing that the FY18 will be similar but possibly different, the Revised Budget would allocate an additional \$166,652 to the subject budget line.

SBC Collection Schedule

The Revised Budget would clarify that the amount of Societal Benefits Charge (SBC) to be collected during FY18 is the \$344,665,000 set forth in the table on p.3 of FY18 CRA Board Order (Docket No. QO17050464), not the \$344,655,000 inadvertently set forth in the SBC Collection Schedule on p.4 of that Order. The Revised Budget would also have the \$10,000 difference collected during the first full calendar month following the entry of the Board Order approving the Revised Budget.

Implementing Detailed Budgets

TRC will be submitting for the Board's review and approval detailed budgets allocating the Revised Budget among the appropriate cost categories for each of the Programs described above.

True Up Budget Tables

The following tables show (a) the True Up calculation, (b) the Original Budget (approved by the Board in June 2017), the Proposed Budget Revisions, and the resulting Revised FY18 Budget, and (c) the original SBC Collection Schedule (rotated for legibility) and the additional \$10,000 of collections allocated among the utilities.

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Clean Energy Program

FY18 Budget True-up

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	<i>CRA Budget</i>	<i>True-up</i>	<i>Change</i>
Prior-year Commitments	147,188,300.94	132,843,859.01	(14,344,441.93)
Uncommitted carryforward	-	-	-
SBC revenue	344,665,000.00	344,665,000.00	-
Interest & other revenue	1,705,959.06	1,674,611.21	(31,347.85)
Total Funding Sources	\$ 493,559,260.00	\$ 479,183,470.22	\$ (14,375,789.78)
Prior-year commitments	147,188,300.94	132,843,859.01	(14,344,441.93)
New funding uses	163,109,959.06	180,572,787.33	17,462,828.27
<i>Commitments restored from FY17</i>	-	7,505,823.88	7,505,823.88
CEP Total Uses	\$ 310,298,260.00	\$ 320,922,470.22	\$ 10,624,210.22
State Energy Initiatives	183,261,000.00	158,261,000.00	(25,000,000.00)
Total Funding Uses	\$ 493,559,260.00	\$ 479,183,470.22	\$ (14,375,789.78)

FY18 True Up & Revised Budget

<i>Program/Budget Line</i>	<i>FY18 Initial budget per 6/30/17 Order</i>	<i>Budget Revisions</i>	<i>Revised FY18 Budget</i>
Total -NJCEP + State Initiatives	\$493,559,260.00	(\$14,375,789.78)	\$479,183,470.22
State Energy Initiatives	\$183,261,000.00	(\$25,000,000.00)	\$158,261,000.00
Total NJCEP	\$310,298,260.00	\$10,624,210.22	\$320,922,470.22
EE Programs	\$255,021,923.63	\$12,881,558.07	\$267,903,481.70
Res EE Programs	\$66,442,472.41	\$2,000,000.00	\$68,442,472.41
HVAC	\$10,700,000.00		\$10,700,000.00
RNC	\$18,667,472.41	\$2,000,000.00	\$20,667,472.41
EE Products	\$12,000,000.00		\$12,000,000.00
HPwES	\$25,075,000.00		\$25,075,000.00
Res Low Income	\$24,000,000.00	\$0.00	\$24,000,000.00
Comfort Partners	\$24,000,000.00		\$24,000,000.00
C&I EE Programs	\$156,979,451.22	\$10,881,558.07	\$167,861,009.29
C&I NC	\$3,461,932.04		\$3,461,932.04
C&I EB	\$46,544,237.38	\$1,500,000.00	\$48,044,237.38
P4P NC	\$19,012,655.81	\$2,000,000.00	\$21,012,655.81
P4P EB	\$32,066,790.48	\$2,500,000.00	\$34,566,790.48
LGEA	\$4,183,000.00	\$500,000.00	\$4,683,000.00
DI	\$34,263,904.29	\$5,881,558.07	\$40,145,462.36
LEUP	\$16,300,931.22	(\$1,500,000.00)	\$14,800,931.22
Customer Tailored EE Pilot	\$1,146,000.00		\$1,146,000.00
State Facilities Initiative	\$7,600,000.00	\$0.00	\$7,600,000.00
State Facilities Initiative	\$7,600,000.00		\$7,600,000.00
Distributed Energy Resources	\$38,053,844.00	\$0.00	\$38,053,844.00
CHP/Fuel Cell	\$34,181,864.00	(\$309,142.68)	\$33,872,721.32
RE Storage	\$1,819,500.00	\$309,142.68	\$2,128,642.68
Microgrids	\$2,052,480.00		\$2,052,480.00
RE Programs	\$2,600,000.00	\$0.00	\$2,600,000.00
Offshore Wind	\$100,000.00		\$100,000.00
SREC Registration	\$2,500,000.00		\$2,500,000.00
EDA Programs	\$5,519,166.34	(\$2,424,000.00)	\$3,095,166.34
CEMF	\$1,068,625.36		\$1,068,625.36
GGF	\$2,026,540.98		\$2,026,540.98
LSCHP Solicitation	\$2,424,000.00	(\$2,424,000.00)	\$0.00
Planning and Administration	\$9,103,326.03	\$166,652.15	\$9,269,978.18
BPU Program Administration	\$3,072,847.22	\$166,652.15	\$3,239,499.37
BPU Program Administration	\$2,400,000.00	166,652.15	\$2,566,652.15
Program Transition	\$672,847.22		\$672,847.22
Marketing (w/CEP website)	\$900,000.00	\$0.00	\$900,000.00
Interim Marketing	\$900,000.00		\$900,000.00
Program Evaluation/Analysis	\$2,042,921.81	\$0.00	\$2,042,921.81
Program Evaluation	\$1,000,000.00		\$1,000,000.00
CEEEP	\$804,027.77		\$804,027.77
Rutgers LESS	\$238,894.04		\$238,894.04
Outreach and Education	\$3,077,557.00	\$0.00	\$3,077,557.00
Sustainable Jersey	\$675,225.00		\$675,225.00
NJIT Learning Center	\$364,288.00		\$364,288.00
NJCERN	\$38,044.00		\$38,044.00
PA Outreach - Memberships	\$2,000,000.00		\$2,000,000.00
Sponsorships	\$10,000.00	\$0.00	\$10,000.00
Sponsorships	\$10,000.00		\$10,000.00

SBC Collection Schedule Tables

Original, June 30, 2017 SBC Collection Schedule (rotated for legibility)

Monthly Utility Funding Levels									
FY18	ACE	JCP&L	PS-Electric	RECO	NJN	Etown	PS-Gas	SJG	Total
Jul	\$3,040,040.81	\$7,376,726.34	\$14,191,405.10	\$562,220.14	\$425,187.04	\$353,795.10	\$2,177,357.76	\$489,660.01	\$28,616,392.30
Aug	\$3,298,480.52	\$7,166,311.88	\$14,005,883.38	\$594,640.04	\$415,055.42	\$347,436.76	\$1,922,979.04	\$472,055.86	\$28,222,842.90
Sep	\$2,979,084.65	\$5,550,139.92	\$12,605,229.98	\$542,653.67	\$415,328.10	\$356,220.45	\$2,272,689.80	\$506,019.86	\$25,227,366.43
Oct	\$2,296,518.45	\$5,160,518.32	\$10,278,817.05	\$424,109.65	\$736,287.80	\$446,854.23	\$2,645,645.34	\$543,811.74	\$22,532,562.58
Nov	\$2,009,276.38	\$5,259,529.56	\$9,872,599.23	\$387,681.46	\$1,460,402.82	\$824,946.53	\$4,797,252.68	\$881,504.67	\$25,493,193.33
Dec	\$2,230,711.93	\$5,910,716.66	\$11,378,356.88	\$431,826.43	\$2,381,488.83	\$1,290,373.25	\$8,421,812.00	\$1,524,235.59	\$33,569,521.57
Jan	\$2,385,727.93	\$5,730,081.35	\$11,897,815.27	\$487,063.21	\$2,876,181.12	\$1,677,424.05	\$10,932,753.03	\$2,062,869.44	\$38,049,915.40
Feb	\$2,663,774.52	\$5,278,402.15	\$11,534,978.28	\$433,220.91	\$2,403,162.84	\$1,791,371.77	\$10,072,077.71	\$1,960,633.33	\$36,137,621.51
Mar	\$2,250,409.76	\$5,137,186.09	\$11,083,997.06	\$398,449.92	\$1,953,223.10	\$1,488,924.15	\$8,743,457.17	\$1,820,022.42	\$32,875,669.67
Apr	\$2,257,759.39	\$4,788,600.51	\$10,122,744.82	\$380,702.34	\$1,067,338.82	\$1,028,938.07	\$6,140,757.87	\$1,182,583.19	\$26,969,425.01
May	\$1,678,064.51	\$5,053,989.03	\$10,111,718.52	\$389,244.35	\$564,348.60	\$624,735.03	\$3,637,467.61	\$692,229.97	\$22,751,797.62
Jun	\$2,299,543.18	\$6,037,324.39	\$11,574,001.23	\$461,312.54	\$419,222.27	\$406,103.99	\$2,452,494.57	\$558,689.51	\$24,208,691.68
Total	\$29,389,392.03	\$68,449,526.20	\$138,657,546.80	\$5,493,124.66	\$15,117,226.76	\$10,637,123.38	\$64,216,744.58	\$12,694,315.59	\$344,655,000.00

Table showing the proposed additional \$10,000 of SBC collections allocated among the utilities.

Additional Funding by Utilities	
ACE	\$852.72
JCP&L	\$1,986.03
PS-Electric	\$4,023.08
RECO	\$159.38
Total Electric	\$7,021.21
NJN	\$438.62
Etown	\$308.63
PS-Gas	\$1,863.22
SJG	\$368.32
Total Gas	\$2,978.79
Total	\$10,000.00

Process and Schedule for Submitting Comments

Staff is requesting comments on the proposed Revised Budget prior to presenting it to the Board. Comments regarding the foregoing should be submitted to publiccomments@njcleanenergy.com by 5 pm on October 5, 2017 under the subject heading “Request for Comments - Proposed NJCEP FY18 True Up and Budget Revisions.”