



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY AND CLEAN ENERGY

IN THE MATTER OF THE IMPLEMENTATION OF <u>L.</u>)	ORDER ADOPTING
2018, <u>C.</u> 17 REGARDING THE ESTABLISHMENT OF)	STIPULATION
ENERGY EFFICIENCY AND PEAK DEMAND)	
REDUCTION PROGRAMS)	
)	
IN THE MATTER OF THE PETITION OF ROCKLAND)	
ELECTRIC COMPANY FOR APPROVAL OF ITS)	
ENERGY EFFICIENCY AND PEAK DEMAND)	DOCKET NOS. QO19010040
REDUCTION PROGRAMS)	and EO20090623

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Margaret Comes, Esq., Associate Counsel, Rockland Electric Company
Nathan Howe, Esq., Counsel for the Energy Efficiency Alliance of New Jersey

BY PRESIDENT JOSEPH L. FIORDALSIO:

BACKGROUND AND PROCEDURAL HISTORY

On September 25, 2020, Rockland Electric Company (“RECO” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) requesting approval of its proposed energy efficiency (“EE”) and peak demand response (“PDR”) programs (“EE Plan”) (“Petition”).

In the Petition, the Company sought approval to implement seven (7) subprograms, including two (2) residential subprograms, one (1) multi-family subprogram, two (2) commercial and industrial (“C&I”) subprograms, and two (2) pilot programs. The EE Plan included EE programs and demand reduction initiatives, as well as additional initiatives and EE opportunities advanced through beneficial electrification and enhanced offerings for low and moderate-income customers. The residential subprograms would, among other initiatives, promote the purchase and installation of high-efficiency products through rebates; provide customers with energy audits and installation of EE measures; and provide moderate-income customers with enhanced opportunities to participate in EE programs. Several of these subprograms are grouped under the Existing Homes Program. The C&I subprograms would, among other initiatives, incentivize the installation of energy efficient equipment; optimize energy consumption in existing buildings; provide enhanced incentives for small non-residential customers; and promote comprehensive custom EE projects in C&I buildings. The multi-family program would provide a dedicated pathway for multi-family building owners and tenants alike to take advantage of EE opportunities,

including comprehensive projects, while the pilot subprograms would promote and provide incentives for the installation of clean heat pump technology and PDR technology for both the residential and commercial sectors.

The Company proposed a total EE Plan budget of approximately \$18.009 million (investment and expenses) over a three (3)-year period from July 1, 2021 to June 30, 2024. The proposed programs and associated costs are summarized in the table below:

<u>Program</u>	<u>Proposed Budget</u>
Efficient Products	\$3,602,956
Home Performance with Energy Star	\$1,834,755
Multi-family	\$1,307,654
Commercial and Industrial Direct Install	\$4,321,849
Commercial and Industrial Rebates	\$3,905,236
Clean Heat Beneficial Electrification (Pilot)	\$1,822,196
Peak Demand Reduction (Pilot)	\$1,214,572
TOTAL	\$18,009,217

In addition to approval to implement the EE Plan, the Company requested approval of a cost recovery mechanism. Specifically, RECO requested approval to recover the revenue requirement associated with the EE Plan, including incentives, outside services, inspections and quality control, information technology, and operation and maintenance (“O&M”). The Company proposed to recover program costs by establishing a CEA component of the Company’s existing Societal Benefits Charge (“SBC”). As proposed, the CEA component of the SBC would be a non-bypassable charge which would be set annually based on the sum of: 1) the Company’s forecasted revenue requirement and any incremental O&M expenses associated with the EE Plan; and 2) any prior period over- or under-recoveries, including interest. The total sum would then be divided by the forecast of the Company’s kilowatt-hour (“kWh”) deliveries to all customers served under the Company’s electric tariff for the annual recovery period. Each month, the actual revenue collected through the CEA component of the SBC would be compared to the sum of the month’s revenue requirement and any incremental O&M expenses. A carrying charge would be included in the deferred balance for both an over-collection and under-collection of revenues. The carrying charge would be calculated as determined by the Board in its October 2008 Order.¹ The proposed interest rate would be based on two-year constant maturity Treasuries as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which rates are published) plus 60 basis points, but not to exceed the Company’s overall rate of return. The interest rate would be reset each month. The Company proposed to make annual filings on or before August 1 of each year to reconcile the prior period program year collections versus recoveries and would forecast the revenue requirement for the following program year. The Company proposed an effective date of October 1 for the proposed change to the CEA component of the SBC. RECO also sought Board approval of a modified electric

¹ In re the Matter of the 2008/2009 Annual Compliance Filings for the Universal Service Fund Program Factor Within the Societal Benefits Charge Rate Pursuant to Section 12 of the 1999 Electric Discount Energy Competition Act, BPU Docket No. ER08060455, Order dated October 21, 2008 (“October 2008 Order”).

Conservation Incentive Program (“CIP”) to recover a portion of the Company’s revenues that will be lost as a result of the successful implementation of the EE Plan and the related decrease in energy sales.

In the Petition, the Company estimated that, based on its proposed EE Plan, the monthly bill impact for a typical residential customer with an average annualized usage of 925 kWh would be an increase of \$0.29 or 0.16% for the first year of the EE Plan.

On August 25, 2020, the Company met with Board Staff (“Staff”) and the New Jersey Division of Rate Counsel (“Rate Counsel”) for a pre-filing meeting, as required by the May 2008 Order² and June 2020 Order³ to discuss the Company’s filing.

By Order dated September 23, 2020, the Board designated President Joseph L. Fiordaliso as the presiding officer authorized to rule on all motions that arise during the pendency of the Petition and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues.⁴ Further, the September 23, 2020 Order directed that any entities seeking to intervene or participate in this matter file the appropriate application with the Board by October 2, 2020 and that entities file with the Board any responses to those motions by October 9, 2020.

On September 25, 2020, RECO filed the Petition with the Board.

By the October 2, 2020 deadline, three (3) entities filed to intervene and five (5) entities filed to participate. Specifically, New Jersey Natural Gas Company (“NJNG”), Public Service Electric and Gas Company (“PSE&G”), and the Energy Efficiency Alliance of New Jersey (“EEANJ”) moved to intervene. Atlantic City Electric Company (“ACE”), the Building Performance Association (“BPA”), Elizabethtown Gas Company (“ETG”), Jersey Central Power & Light Company (“JCPL”) and South Jersey Gas Company (“SJG”) moved to participate.

On October 9, 2020, RECO submitted a letter responding to the filed motions to intervene and participate. In its letter, RECO indicated that it did not oppose the motions to participate filed by ACE, ETG, JCP&L, and SJG. RECO also indicated that it was unclear whether BPA’s motion to participate was filed by an attorney authorized to practice in New Jersey. RECO stated that it did not oppose participant status for BPA but reserved the right to object to future motions to intervene or participate filed by or on behalf of BPA.

Additionally, RECO did not oppose the intervention of EEANJ. With respect to the motions to intervene filed by NJNG and PSE&G, RECO argued that NJNG and PSE&G failed to meet the basic standards for intervention in the proceeding and that their involvement in the proceeding should be limited to participant status. By letter dated October 16, 2020, the BPA withdrew its motion to participate.

² In re Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources, and Offering Class I Renewable Energy Programs in Their Respective Service Territories on a Regulated Basis, Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. EO08030164, Order dated May 12, 2008 (“May 2008 Order”).

³ In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO19010040, Order dated June 10, 2020, (“June 2020 Order”).

⁴ In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO19010040, Order dated September 23, 2020.

On October 16, 2020, Staff notified the Company that the Petition was not administratively complete. In response, the Company made a supplemental filing on November 2, 2020. On November 5, 2020, Staff issued a letter indicating that, with the submission of the supplemental filing, the Petition satisfied the minimum filing requirements. Accordingly, pursuant to the May 2008 Order, the 180-day period for Board review commenced on November 2, 2020 and would end on May 1, 2021.

President Fiordaliso issued a Prehearing Order on December 9, 2020 that established the issues to be determined by the Board, set forth a procedural schedule, granted intervener status to EEANJ, and granted participant status to the remaining movants.⁵

Following publication of notice in newspapers of general circulation within RECO's service territory and the serving of notice upon affected municipalities and counties within the Company's service area, two (2) telephonic public hearings were held at 4:30 p.m. and 5:30 p.m. on March 11, 2021.⁶ No members of the public provided oral comment at either hearing. The Board's Secretary received one (1) written comment in support of the Company's Petition. No written comments were received by RECO or Rate Counsel.

STIPULATION

The Company, Staff, Rate Counsel, and the EEANJ (collectively, "Parties") have engaged in extensive discovery and participated in a number of discovery and settlement conferences. Based on the status of current settlement discussions, the Parties have agreed that an extension of the 180-day review period is appropriate. Accordingly, on April 26, 2021, the Parties entered into a stipulation to extend the review period ("Stipulation") to June 30, 2021 to allow more time for review of the Petition by the Board.

DISCUSSION AND FINDINGS

N.J.S.A. 48:2-21.3 allows any public utility to file with the Board a written stipulation waiving the effective date of any tariff or rate, subject to the Board's approval. In this case, the Parties have agreed to an extension until June 30, 2021. No party has opposed the Stipulation or the extension of the review period. I **HEREBY FIND** that the Stipulation extending the review period to June 30, 2021 is fair, reasonable, and in the public interest as it provides additional time for review of the Petition. Accordingly, I **HEREBY ADOPT** the attached Stipulation, incorporating by reference its terms and conditions as if fully set forth herein, and **HEREBY EXTEND** the review period to June 30, 2021.

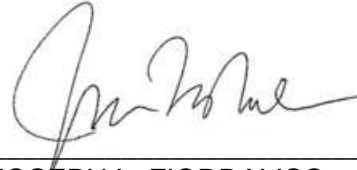
⁵ In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, and In re the Petition of Rockland Electric Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act, BPU Docket Nos. QO19010040 and EO20090623, Order dated December 9, 2020.

⁶ Due to the COVID-19 pandemic, hearings were held virtually.

This provisional ruling is subject to ratification or other alteration by the Board as it deems appropriate during the proceedings in this matter.

DATED: April 27, 2021

BY:

A handwritten signature in black ink, appearing to read "Joe Fiordaliso", written over a horizontal line.

JOSEPH L. FIORDALISO
PRESIDENT

IN THE MATTER OF THE IMPLEMENTATION OF L. 2018, C. 17 REGARDING THE
ESTABLISHMENT OF ENERGY EFFICIENCY AND PEAK DEMAND REDUCTION
PROGRAMS

IN THE MATTER OF THE PETITION OF ROCKLAND ELECTRIC COMPANY FOR
APPROVAL OF ITS ENERGY EFFICIENCY AND PEAK DEMAND REDUCTION PROGRAMS

DOCKET NOS. QO19010040 AND EO20090623

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Rockland Electric Company

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April 26, 2021

Honorable Joseph L. Fiordaliso, President
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
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RE: In the Matter of the Implementation of P.L. 2018, C. 17 Regarding the
Establishment of Energy Efficiency and Peak Demand Reduction Programs
BPU Docket Nos. QO19010040 and EO20090623
Stipulation Extending 180 Days for Review

Dear President Fiordaliso:

Attached for filing in the above matter is Stipulation Extending 180 Days for
Review executed by the parties.

Respectfully submitted,

Margaret Comes
Margaret Comes

cc: Aida Camacho-Welch, Secretary
Email service list

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE)	
IMPLEMENTATION OF <u>L. 2018, c. 17</u>)	
REGARDING THE ESTABLISHMENT)	DOCKET NO. QO19010040
OF ENERGY EFFICIENCY AND PEAK)	
DEMAND REDUCTION PROGRAMS)	
)	
)	
IN THE MATTER OF THE PETITION)	DOCKET NO. EO20090623
OF ROCKLAND ELECTRIC)	
COMPANY FOR APPROVAL OF ITS)	STIPULATION EXTENDING
ENERGY EFFICIENCY AND PEAK)	180-DAY REVIEW PERIOD
DEMAND REDUCTION PROGRAMS)	

APPEARANCES:

Margaret Comes, Esq., on the Petitioner, Rockland Electric Company;

Brian O. Lipman, Esq., Litigation Manager, **Felicia Thomas-Friel, Esq.**, Deputy Rate Counsel, **Kurt S. Lewandowski, Esq.**, **Sarah H. Steindel, Esq.**, and **Maura Caroselli, Esq.**, Assistant Deputy Rate Counsels, New Jersey Division of Rate Counsel (**Stefanie A. Brand, Esq.**, Director);

Brandon Simmons, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Gurbir S. Grewal**, Attorney General of New Jersey);

Nathan Howe, Esq., K&L Gates LLP on behalf of Intervenor, the Energy Efficiency Alliance of New Jersey;

TO THE HONORABLE PRESIDENT JOSEPH L. FIORDALISO

It is hereby AGREED, by and among Rockland Electric Company (“Rockland” or “Company”), the Staff of the New Jersey Board of Public Utilities (“Staff”), the New Jersey Division of Rate Counsel (“Rate Counsel”), and Energy Efficiency Alliance of New Jersey (“EEANJ”) (collectively, “Parties”) to execute this Stipulation Extending 180-Day Review Period (“Stipulation”), for Board approval of Rockland’s Verified Petition for Approval of Its Energy

Efficiency (“EE”) and Peak Demand Reduction (“PDR”) Programs in Docket Nos. QO19010040 and EO20090623.

The Parties do hereby join in recommending that President Joseph L. Fiordaliso issue an appropriate Order approving this Stipulation as set forth herein.

BACKGROUND

On January 13, 2008, L. 2007, c. 340 (“RGGI Act”) was signed into law based on the New Jersey Legislature’s findings that EE and conservation measures must be essential elements of the State’s energy future and that greater reliance on EE and conservation will provide significant benefits to the citizens of New Jersey. The Legislature also found that public utility involvement and competition in the conservation and EE industries are essential to maximize efficiencies.

Pursuant to Section 13 of the RGGI Act, codified in part as N.J.S.A. 48:3-98.1(a)(1), an electric or gas public utility (“utility” or collectively, “utilities”) may provide and invest in EE and conservation programs in its service territory on a regulated basis. Upon petition, such investment in EE and conservation programs may be eligible for rate treatment approved by the Board, including a return on equity, or other incentives or rate mechanisms, including those that decouple utility revenues from the sales of electricity. N.J.S.A. 48:3-98.1(b). Ratemaking treatment may include placing appropriate technology and program costs in the utility’s rate base or recovering the utility’s technology and program costs through another ratemaking methodology approved by the Board.

On May 23, 2018, Governor Murphy signed the Clean Energy Act (“CEA”) into law.¹ The CEA builds upon the RGGI Act by employing clean energy strategies and establishing aggressive energy reduction requirements with the goal of improving public health by ensuring a cleaner

¹ The CEA, L. 2018, c. 17, is codified as N.J.S.A. 48:3-87.8 *et seq.*

environment for current and future New Jersey residents. Specifically, the CEA requires that each utility implement EE measures that “achieve annual reductions in the use of electricity of two percent of the average annual usage in the prior three years within five years of implementation of its electric energy efficiency program” and “annual reductions in the use of natural gas of 0.75 percent of the average annual usage in the prior three years within five years of implementation of its gas energy efficiency program.”²

By Order dated June 10, 2020, the Board approved an EE transition framework for EE programs to be implemented pursuant to the CEA, including requirements for the utilities to establish programs that reduce the use of electricity and natural gas within their territories.³ In the June 2020 Order, the Board directed the utilities to file petitions proposing three (3)-year programs by September 25, 2020, for approval by the Board by May 1, 2021 and implementation beginning July 1, 2021.

By Order dated September 23, 2020, the Board determined that RECO’s petition should be retained by the Board for hearing and, pursuant to N.J.S.A. 48:2-32, designated President Joseph L. Fiordaliso as the presiding commissioner authorized to rule on all motions that arise during the pendency of the proceeding and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues.⁴

On September 25, 2020, RECO filed its petition proposing a portfolio of EE and PDR programs targeted at the Company’s residential, commercial and industrial (“C&I”), and multi-

² See CEA, Sections 3(a) and (e)(1).

³ See In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket Nos. QO19010040, QO19060748, and QO17091004, Order dated June 10, 2020 (“June 2020 Order”).

⁴ In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO19010040, Order dated September 23, 2020.

family customer sectors at a cost of approximately \$18,009,216 over the three-year implementation period beginning July 1, 2021 through June 30, 2024 (“EE Program”) (“September 25 Petition”).

On October 16, 2020, Staff issued a letter of administrative deficiency to the Company. In response to the letter, the Company made a supplemental filing on November 2, 2020. On November 5, 2020, Staff notified RECO that, with the submission of the supplemental filing, the petition was deemed administratively complete and that the 180-day administrative review period commenced on November 2, 2020. The 180-day review period therefore ends on May 1, 2021.

President Fiordaliso issued a Prehearing Order on December 9, 2020 that established the issues to be determined by the Board, set forth a procedural schedule, granted intervener status to EEANJ, and granted participant status to the remaining movants.⁵

STIPULATED MATTERS

Based upon the current status of settlement negotiations, the Parties hereby agree that the 180-day review period is extended from May 1, 2021 to June 30, 2021.

CONCLUSION

This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not approved in its entirety by President Joseph L. Fiordaliso, then any Party hereto is free to pursue

⁵ Participant status was granted to Atlantic City Electric Company, Jersey Central Power & Light Company, Public Service Electric and Gas Company, New Jersey Natural Gas Company, Elizabethtown Gas Company, and South Jersey Gas Company.

its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

It is the intent of the Parties that the provisions hereof be approved by President Joseph L. Fiordaliso as being in the public interest. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this case.

Except as expressly provided herein, the Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein and, in total or by specific item. The Parties further agree that this Stipulation is in no way binding upon them and shall not be asserted in any other proceeding, except to enforce the terms of this Stipulation.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that President Joseph L. Fiordaliso issue an appropriate Order approving it in its entirety, in accordance with the terms hereof.


ROCKLAND ELECTRIC COMPANY

Dated: April 26, 2021

By: Margaret Comes
Margaret Comes
Associate Counsel

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the
New Jersey Board of Public Utilities

Dated: April 26, 2021

By: 
Brandon Simmons
Deputy Attorney General

DIVISION OF RATE COUNSEL
STEFANIE A. BRAND, DIRECTOR

Dated: April 26, 2021

By: Maura Caroselli
~~Brian O. Lipman, Esq.~~ Maura Caroselli, Esq.
~~Litigation Manager~~ Assistant Deputy Rate Counsel

Dated: April __, 2021

By: _____
Nathan Howe, Esq.,
K&L Gates LLP on behalf of Intervenor, the
Energy Efficiency Alliance of NJ

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that President Joseph L. Fiordaliso issue an appropriate Order approving it in its entirety, in accordance with the terms hereof.

ROCKLAND ELECTRIC COMPANY

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ATTORNEY GENERAL OF NEW JERSEY
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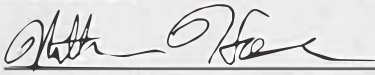
DIVISION OF RATE COUNSEL
STEFANIE A. BRAND, DIRECTOR

Dated: April __, 2021

By: _____
Brian O. Lipman, Esq.
Litigation Manager

**ENERGY EFFICIENCY ALLIANCE OF
NEW JERSEY**

Dated: April 26, 2021

By:  _____
Nathan Howe, Esq.,
K&L Gates LLP on behalf of Intervenor, the
Energy Efficiency Alliance of NJ