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BRIAN O. LIPMAN
Director

June 23, 2023

Via Electronic Mail

Sherril L. Golden, Board Secretary
Board of Public Utilities
44 South Clinton Avenue
PO Box 350
Trenton, NJ 08625

**Re: In the Matter of the Petition of South Jersey Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act
BPU Docket Nos. QO19010040 & GO20090618**

Dear Secretary Golden:

Please accept for filing this response to the letter Petition dated May 16, 2023, filed on behalf of South Jersey Gas Company (“SJG” or “Company”). Through its Petition, the Company seeks to modify its existing Energy Efficient (“EE”) program budget in anticipation of \$15 million shortfall in its Efficient Products (“EP”) program. The Company proposes the following multi-part solution to address the shortfall.

1. The Company seeks to modify the requirement set forth in the April 2021 Order, which required SJG to offer EP financing for both gas and electric measures, to authorize it to only offer incentives and on-bill repayment on projects in the EP program for gas measures, effective mid-July 2023. The Company believes eliminating the electric measures as of August 1, 2023 will allow the Company to extend the EP budget through approximately February 2024, and will decrease the budget shortfall by approximately \$10.725 million resulting in a shortfall of approximately \$4.275 million.
2. SJG further proposes that the restriction be lifted on budget sector shifting contained in the April 2021 Order. Specifically, the company requests that it be

permitted to shift more than 5% and 10% of budget funds between sectors without prior Staff and Board approval. Additionally, SJG would like to shift available budgets between sectors upon 5 days' notice to Staff and Rate Counsel. SJG notes the solution may not completely eliminate the remaining \$4.275 million shortfall, but may allow the program to continue to the end of the first EE Term.

The Applicable Board Orders state:

The June 10, 2020 Framework Order states in pertinent part:

Each utility can shift budgets between or among sectors up to 5% of individual utility sector budgets with Staff notification, 5 – 10 % with Staff approval, and over 10% with Board approval.¹

The April 2021 Order approving SJG's EE program states:

SJG may shift budgets out of the Residential sector or the C&I sector up to 5% of individual utility sector budgets with Staff notification (which should be provided within 30 days of following the change), above 5% up to 10% with Staff approval, and over 10% with Board approval.²

Discussion

Rate Counsel is not opposed SJG's request to limit on-bill repayment on projects in its EP programs to gas measures. Rate Counsel is, however, opposed to SJG's request to waive the restriction on budget sector shifting and the corresponding notification requirements. Rate Counsel believes the Company will have ample time to request Staff or Board approval ahead of the February 2024 timeframe when the Company anticipates the EP budget may be exhausted. Therefore, Rate Counsel recommends that the Board approve SJG's first request and deny its second request for a waiver of the notification and approval requirements in the June 10th and April 2021 for budget shifting between sectors.

¹ I/M/O of 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.

² In re the Petition of South Jersey Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act, BPU Docket No. GO20090618, Order Dated April 7, 2021 ("April 2021 Order").

Sherri L. Golden, Board Secretary

June 23, 2023

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Thank you for your attention to this matter.

Very truly yours,

Brian O. Lipman, Esq.

Director, Division of Rate Counsel

By: */s/ Maura Caroselli*

Maura Caroselli, Esq.

Deputy Rate Counsel

MC

cc: Service List

South Jersey Gas Company for
Approval of New Energy Efficiency
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