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February 29, 2024

VIA ELECTRONIC MAIL ONLY

Sherri Golden, Board Secretary
New Jersey Board of Public Utilities
44 S. Clinton Avenue
P.O. Box 350
Trenton, NJ 08625
Sherri.Golden@bpu.nj.gov

**Re: Quarterly Progress Report of South Jersey Gas Company – 2nd Quarter Program
Year 2024
DOCKET NOS. QO19010040 & GO20090618**

Dear Secretary Golden:

Pursuant to the Board's current filing procedures, herein is the Quarterly Progress Report for the second quarter ("Q2") of Program Year 2024¹ ("PY24") of South Jersey Gas ("SJG" or "Company") with respect to its Clean Energy Act of 2018 ("CEA") Energy Efficiency ("EE") and Peak Demand Reduction ("PDR") Programs.

In accordance with the Order issued by the Board in connection with I/M/O the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. E020030254, Order dated March 19, 2020, this document is being electronically filed. No paper copies will follow.

Energy Efficiency Program Progress - Executive Summary:

As of the second quarterly report, SJG continues to focus on implementing residential, multi-family and commercial programs and educating customers, contractors, and retailers on the portfolio of programs.

¹ For the purposes of these quarterly reports, the numbering of the quarters align to these dates: **Q1** (7/1/23-9/30/23); **Q2** (10/1/23 - 12/31/23); **Q3** (1/1/24 - 3/31/24); **Q4** (4/1/24 - 6/30/24).

The utilities continue to collaborate and participate on working calls to ensure consistent implementation, address joint budget needs, and support contractors.

The Utilities are continuing to work on the development of the Statewide Coordinator (SWC) system that will facilitate the exchange of investments and energy savings between a Lead Utility and a Partner Utility. As of Q2 PY24, all utilities have approved Residential programs through user acceptance testing and began the exchange of data for certain Residential programs. SJG has not received any invoices for Residential programs. SWC system user acceptance testing for C&I and Multi-Family programs is progressing. As discussed during the Utility Working Group discussions, Utilities are supporting the incentives for comprehensive projects that address both fuels with the intention to transfer all information through the SWC when the system is operational and integrated with each utility's program management software and tracking system. Accordingly, the information reflected within this report reflects all investments and financing made by SJG, including those as the Lead Utility on behalf of a Partner Utility. At the end of Q2 PY24, SJG has received payment from a Partner Utility for the HPwES and Quick Home Energy Check Up programs.

SJG programs delivered 89,630 DTh of savings in the second quarter, or approximately 34% of the annual target.

Residential Sector

- South Jersey Gas has contracted Honeywell as the implementation party for the residential programs, save for the Marketplace Program and the Behavioral Program which will be served by Uplight.
- The Existing Homes Home Performance with Energy Star program reported 558 DTh in energy savings or approximately 5% of the program's PY24 target. The Home Performance with ENERGY STAR Program saw 35 projects completed.
- The Behavioral program reported 41,438 DTh in energy savings or approximately 89% of the program's PY24 target. The Behavioral Program had 164,020 customers in this quarter's treatment group.
- The Efficient Products program reported 38,881 DTh in energy savings or approximately 24% of the program's PY24 target. The Company has been providing financing for HVAC upgrades through its Board-approved energy efficiency programs since 2009 and has established a robust trade ally network that promotes SJG's programs to customers. Since the inception of the current on-bill repayment program, as offered through the Efficient Products Program, the Company has experienced greater participation than originally forecasted.
 - The Marketplace Program saw 4,837 participants in this quarter.
 - The Appliance Rebates Program saw 516 participants in this quarter.
 - SJG offers appliance rebates at 60 retail outlets including large and independently-owned stores.
 - The HVAC Program saw 1,396 participants in this quarter.

- In this quarter, 37 of the HVAC program participants qualified for the supplemental incentive for Low to Moderate Income customers.
- The Quick Home Energy Check Up Program had 191 completed projects.
- The Moderate Income Weatherization Program had 87 completed projects.

Commercial Sector

- South Jersey Gas has contracted Applied Energy Group as the implementation party for the Commercial Programs.
- The Small Business Direct Install Program had 2 projects completed and an additional 5 audits were completed during the reporting period.
- The Prescriptive and Custom Program had 7 completed projects in this quarter.
- The Engineered Solutions and Energy Management Programs did not deliver any savings during the reporting period but outreach efforts to larger customers are in progress and we expect these programs to start to ramp up.

Multi-Family Sector

- South Jersey Gas has contracted Honeywell as the implementation party for the Multi-Family Home Performance Program and Multi-Family Direct Install Program.
- South Jersey Gas has contracted Applied Energy Group as the implementation party for Multi-Family Engineered Solutions and Multi-Family Prescriptive and Custom Programs
- The Multi-Family: Direct Install program saw 80 participants this quarter.
- The Multi-Family: Home Performance with Energy Star program has completed its first project during this reporting period.
- The Multi-Family: Engineered Solutions program has completed 1 project resulting in 2,349 DTh in energy savings.
- Year to date, the Multi-Family sector has reported 4,139 DTh in energy savings or approximately 97% of the sector's PY24 target.

Comfort Partners Summary

SJG continues to partner with the BPU and our utility partners to implement Comfort Partners and support our low-income customers. Comfort Partners had 184 participants for this quarter resulting in 1,066 DTh annual savings. NJ Comfort Partners savings is a preliminary estimate due to recently transitioning the data system of record, and subject to change based on further calculations. Savings true-up anticipated in future reporting periods.

Table 1 shows the Company's overall performance as a percentage of retail sales, which includes retail sales reductions achieved by the Comfort Partners program, which is the primary program serving low-income customers and is co-managed by the Division of Clean Energy in conjunction with South Jersey Gas and the other investor-owned electric and gas utility companies.

Table 1 – Program Year 2024 Program Results

Period Covered	Utility-Administered Retail Savings (DTh) ^{1,2}	Comfort Partners Retail Savings (DTh) ^{1,2, 5}	Other Programs Retail Savings (DTh) ³	Total Portfolio Retail Savings (DTh) ^{1,2}	Compliance Baseline (DTh) ⁴	Annual Target (%)	Annual Target (DTh)	Percent of Annual Target (%)
	(A)	(B)	(C)	(D) = (A)+(B)+(C)	(E)	(F)	(G) = (E)*(F)	(H) = (D) / (G)
Quarter	88,564	1,066	N/A	89,630				
YTD	133,223	1,338	N/A	134,561	50,906,112	0.51%	259,621	52%

¹ Calculated savings at the retail (customer meter) level. Savings are estimated from participation counts and TRM calculations, where applicable.

² Encompasses all ex-ante savings for the Plan Year, including prior adjustments.

³ Other Programs includes Company-specific programs that are not part of the Clean Energy Act (CEA) energy efficiency programs and Comfort Partners, such as legacy programs and pilots.

⁴ Calculated as average annual gas usage in the prior three plan years (i.e., July – June) per N.J.S.A. 48:3-87.9(a). Details are provided in Appendix E.

⁵ NJ Comfort Partners savings is a preliminary estimate due to recently transitioning the data system of record, and subject to change based on further calculations. Savings true-up anticipated in future reporting periods.

Figure 1 shows that year to date natural gas savings is 52% of the PY24 annual savings goal, and program year to date spending is 33% of the PY24 expenditure target.

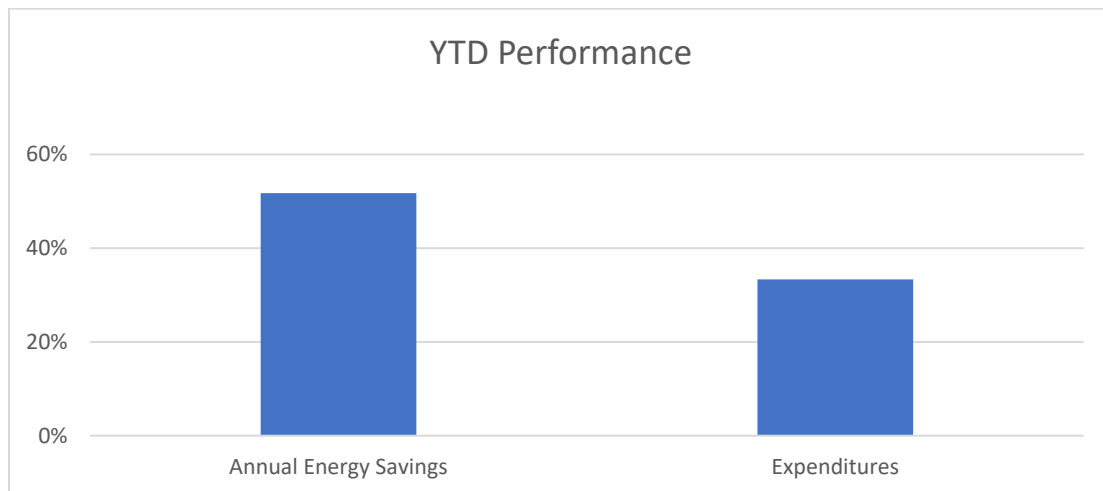


Figure 1: YTD performance of Annual Energy Savings and Budget

The Residential sector has represented 48% of the annual target savings. Low to Moderate-Income Savings was driven by the Moderate-Income Weatherization Program at 1,562 DTh in annual savings and 31,272 DTh in lifetime savings. This quarter, 4 Small Commercial projects in the C&I Direct Install and C&I Prescriptive programs were completed for 1,344 DTh in annual savings.

Table 2 provides the results of the QPIs for all programs for which utilities are responsible, inclusive of the CEA-funded programs, Comfort Partners program (only included in low/moderate income lifetime savings), and any legacy energy efficiency programs administered by SJG that were authorized or funded by or through a prior filing or authorization.

Table 2 – Quantitative Performance Indicators

	Quarter				Year to Date				Annual Target ¹	Percent of Annual Target Achieved
	Utility-Administered Quarter Retail Savings	Comfort Partners Quarter Retail Savings ⁴	Other Programs Quarter Retail Savings	Total Portfolio Quarter Retail Savings	Utility-Administered YTD Retail Savings	Comfort Partners YTD Retail Savings	Other Programs YTD Retail Savings	Total Portfolio YTD Retail Savings		
Annual Energy Savings (Dth)	88,564	1,066	N/A	89,630	133,223	1,338	N/A	134,561	260,231	52%
Lifetime Savings (Dth)	690,443	16,120	N/A	706,562	1,208,319	20,939	N/A	1,229,258	2,489,060	49%
Annual Demand Savings (Dth Peak Day)										
Low/Moderate-Income Lifetime Savings (Dth) ²	37,800	16,120	N/A	53,920	95,777	20,939	N/A	116,715		
Small Commercial Lifetime Savings (Dth) ³	20,905		N/A	20,905	66,446		N/A	66,446		

¹ Annual targets reflect estimated impacts as filed in the Company’s EE filing.

² Low/Moderate-Income lifetime savings are provided separately for Comfort Partners and any income-qualified Residential or Multi-Family program.

³ Small Commercial lifetime savings are Direct Install program savings and those from C&I small business customers (<200 kW peak demand) in other programs.

⁴ NJ Comfort Partners savings is a preliminary estimate due to recently transitioning the data system of record, and subject to change based on further calculations. Savings true-up anticipated in future reporting periods.

Sector-Level Participation, Expenditures, and Annual Energy Savings

Residential Programs had 171,083 participants and delivered 83,501 DTh of energy savings during the reporting period, amounting to 32% of the overall PY24 target. The savings were driven by the Efficient Products program, especially the Marketplace Program and its smart

thermostats sales delivering 19,372 DTh of energy savings. The Efficient Products programs had 6,750 participants and delivered 38,881 DTh of energy savings. The Behavioral program had 164,020 participants and delivered 41,438 DTh of energy savings. The Multi-Family Programs had 129 participants and delivered 2,349 DTh of energy savings. To date, the utility administered programs delivered 88,564 DTh in savings or 51% of the PY24 annual target.

Expenditures during the quarter are approximately 17% of the budget for PY24 and were driven by Residential Programs. The closing of multiple C&I and Multi-Family projects this quarter was also a contributing factor. We are partnering with our implementation teams to develop marketing and outreach plans to connect customers with trade allies, present projects, and establish a pipeline that will provide the participation needed to achieve our energy savings targets.

Table 3 – Quarterly Sector-Level Participation

Sector ¹	Current Quarter Participants	YTD Participants	Annual Forecasted Participants	Percent of Annual Forecast
Residential	171,083	175,747	193,016	91%
Multi-Family	129	314	1,353	23%
C&I	9	17	1,164	1%
Reported Totals for Utility Administered Programs	171,221	176,078	195,533	90%
Comfort Partners ²	184	291	4,420	N/A
Utility Total	171,405	176,369	195,533	90%

¹ Please note that these numbers are totals across all programs within a sector. The appendix shows the participation numbers for individual programs.

² Comfort Partners, the primary program serving low-income customers, is co-managed by the Division of Clean Energy in conjunction with South Jersey Gas and the other investor-owned electric and gas utility companies.

Quarterly Level Expenditures

The following table provides quarterly level expenditures by sector. South Jersey Gas’s expenses for this quarter were 17% of the PY24 budget.

Table 4 – Quarterly Sector-Level Expenditures

Expenditures ¹	Current Quarter Expenditures (\$000)	YTD Expenditures (\$000)	Annual Budget Expenditures (\$000)	Percent of Annual Budget
Residential	\$6,959	\$13,682	\$38,931	35%
Multi-Family	\$729	\$857	\$3,130	27%
C&I	\$533	\$1,583	\$6,334	25%
Reported Totals for Utility Administered Programs	\$8,221	\$16,122	\$48,395	33%
Comfort Partners	\$1,609	\$2,228	\$4,290	52%
Utility Total	\$9,830	\$18,350	\$48,395	38%

¹ Expenditures include rebates, incentives, and loans, as well as program administration costs allocated across programs.

Quarterly Level Energy Savings

The Residential Sector largely contributed to the energy savings in this quarter, reporting 89,630 DTh of energy savings, or 34% of the PY24 annual target. This is attributed to the increased activity in the HVAC Program. As outreach efforts continue, we expect increased activity, and energy savings, for the Commercial and Multi-Family Sectors.

Table 5 – Quarterly Sector-Level Annual Energy Savings

Annual Energy Savings ¹	Current Quarter Retail (DTh)	YTD Retail (DTh)	Annual Target Retail (DTh)	Percent of Annual Target
Residential	83,501	124,197	236,271	53%
Multi-Family	3,034	4,139	4,277	97%
C&I	2,029	4,887	19,684	25%
Reported Totals for Utility Administered Programs	88,564	133,223	260,231	51%
Comfort Partners ^{2 3}	1,066	1,338	25,527	N/A
Utility Total	89,630	134,561	260,231	52%

¹ Annual Energy Savings represent the total expected annual savings from all energy efficiency measures within each sector.

² Comfort Partners Annual Target Retail Savings is a statewide target.

³ NJ Comfort Partners savings is a preliminary estimate due to recently transitioning the data system of record, and subject to change based on further calculations. Savings true-up anticipated in future reporting periods.

Portfolio Expenditures Breakdown

Program expenditures reflect South Jersey Gas expenditures for the second quarter as 17% of the PY24 budget.

Table 6 – Quarterly Costs and Budget Variances by Category ¹

Total Utility EE/PDR	Quarter Reported (\$000)	YTD Reported (\$000)	Full Year Budget (\$000)	Percent of Budget Spent
Capital Costs	\$0	\$0	\$0	N/A
Utility Administration	\$394	\$667	\$1,749	38%
Marketing	\$157	\$228	\$1,108	21%
Outside Services	\$405	\$746	\$5,261	14%
Rebates ²	\$3,416	\$6,695	\$19,570	34%
No- or Low-Interest Loans	\$3,698	\$7,497	\$18,778	40%
Evaluation, Measurement & Verification (“EM&V”)	\$105	\$234	\$1,592	15%
Inspections & Quality Control	\$47	\$55	\$336	16%
Utility EE/PDR Total	\$8,221	\$16,122	\$48,395	33%

¹ Categories herein align to SJG’s EE plan as approved by the BPU.

² Rebates include rebates and other direct investments.

Equity Metrics

These equity metrics draw from the considerable work of the New Jersey Office of Environmental Justice’s Overburdened Community (“OBC”) designations. Per New Jersey’s Environmental Justice Law, N.J.S.A. 13:1D-157, census block groups are identified as being an “Overburdened Community” when certain census criteria are met¹, and metrics reported herein reflect further direction from BPU Staff². These data are compiled into Table 7 detailing Equity Performance. South Jersey Gas has contracted Applied Energy Group on the development of Equity Metrics with the metrics agreed upon by the joint utilities.

¹ Per N.J.S.A. 13:1D-157: (1) at least 35 percent of the households qualify as low-income households; (2) at least 40 percent of the residents identify as a minority or as members of a State recognized tribal community; or (3) at least 40 percent of the households have limited English proficiency.

² Per guidance from BPU Staff, Overburdened Communities as used in Table 7 reflect those communities where at least 35 percent of the households qualify as low-income households, but exclude those communities that are solely designated as Minority, Limited English, or Minority and Limited English.

Table 7 – Quarterly Equity Performance

Territory-Level Benchmarks		Overburdened ¹	Non-Overburdened	%OBC ²				
# of Household Accounts ³		75,092	294,981	20%				
# of Business Accounts ³		8,655	18,467	32%				
Total Annual Energy (Dth) ⁴		13,315,218	25,643,619	34%				
Programs	Sub Program or Offering	Types of Sub Program Offering	Quarter Overburdened ¹	Quarter Non-Overburdened	% OBC ²	YTD Overburdened	YTD Non-Overburdened	% OBC ²
Participation								
Residential - Efficient Products	HVAC	Core	157	1,239	11%	354	2,655	12%
	Appliance Rebates	Core	68	448	13%	124	852	13%
	Online Marketplace	Core	826	4,011	17%	1,222	5,920	17%
	EE Giveaway Kits	Core	0	1	0%	0	1	0%
Residential - Existing Homes	Home Performance with Energy Star	Core	3	32	9%	3	54	5%
	Quick Home Energy Checkup	Additional	32	159	17%	71	224	24%
	Moderate Income Weatherization	Additional	20	67	23%	40	207	16%
Behavioral	Behavioral	Additional	24,555	139,465	15%	24,555	139,465	15%
C&I Direct Install	Direct Install	Core	1	1	50%	6	3	67%
Energy Solutions for Business	Prescriptive/Custom	Core	4	3	57%	4	4	50%
	Energy Management	Additional	0	0	N/A	0	0	N/A
	Engineered Solutions	Additional	0	0	N/A	0	0	N/A
Multi-Family	Multi-Family Home Performance with Energy Star	Core	0	2	0%	0	2	0%
	Multi-Family Direct Install	Core	0	80	0%	5	259	2%
	Multi-Family Prescriptive / Custom	Core	0	0	N/A	1	0	100%
	Multi-Family Engineered Solutions	Core	0	1	0%	0	1	0%
Total Core Participation			1,059	5,818	15%	1,719	9,751	15%
Total Additional Participation			24,607	139,691	15%	24,666	139,896	15%
Total Participation			25,666	145,509	15%	26,385	149,647	15%
Annual Energy Savings (dth)								
Residential - Efficient Products	HVAC	Core	2,247	17,036	12%	4,415	31,591	12%
	Appliance Rebates	Core	30	192	13%	54	366	13%
	Online Marketplace	Core	3,308	16,064	17%	4,862	23,605	17%
	EE Giveaway Kits	Core	0	3	0%	0	3	0%
Residential - Existing Homes	Home Performance with Energy Star	Core	55	503	10%	55	833	6%
	Quick Home Energy Check-Up	Additional	137	924	13%	461	1,209	28%
	Moderate Income Weatherization	Additional	312	1,250	20%	660	3,451	16%
Behavioral	Behavioral	Additional	6,204	35,235	15%	7,880	44,753	15%
C&I Direct Install	Direct Install	Core	267	1,109	19%	1,830	2,373	44%
Energy Solutions for Business	Prescriptive/Custom	Core	468	185	72%	468	217	68%
	Energy Management	Additional	0	0	N/A	0	0	N/A
	Engineered Solutions	Additional	0	0	N/A	0	0	N/A
Multi-Family	Multi-Family Home Performance with Energy Star	Core	0	328	0%	0	328	0%
	Multi-Family Direct Install	Core	0	357	0%	32	1,301	2%
	Multi-Family Prescriptive / Custom	Core	0	0	N/A	129	0	100%
	Multi-Family Engineered Solutions	Core	0	2,348	0%	0	2,348	0%
Total Core Annual Energy Savings			6,375	38,127	14%	11,846	62,964	16%
Total Additional Annual Energy Savings			6,653	37,408	15%	9,000	49,413	15%
Total Annual Energy Savings			13,028	75,536	15%	20,846	112,377	16%
Lifetime Energy Savings (dth)								
Residential - Efficient Products	HVAC	Core	42,770	322,253	12%	83,450	595,644	12%
	Appliance Rebates	Core	353	2,260	14%	635	4,297	13%
	Online Marketplace	Core	24,850	120,718	17%	36,590	177,510	17%
	EE Giveaway Kits	Core	0	31	0%	0	31	0%
Residential - Existing Homes	Home Performance with Energy Star	Core	1,399	12,081	10%	1,399	20,901	6%
	Quick Home Energy Checkup	Additional	1,384	9,313	13%	4,628	12,186	28%
	Moderate Income Weatherization	Additional	5,536	25,736	18%	13,268	66,954	17%
Behavioral	Behavioral	Additional	6,204	35,235	15%	7,880	44,753	15%
C&I Direct Install	Direct Install	Core	4,028	16,579	20%	28,370	37,778	43%
Energy Solutions for Business	Prescriptive/Custom	Core	9,188	3,515	72%	9,188	4,144	69%
	Energy Management	Additional	0	0	N/A	0	0	N/A
	Engineered Solutions	Additional	0	0	N/A	0	0	N/A
Multi-Family	Multi-Family Home Performance with Energy Star	Core	0	8,621	0%	0	8,621	0%
	Multi-Family Direct Install	Core	0	3,569	0%	323	13,007	2%
	Multi-Family Prescriptive / Custom	Core	0	0	N/A	1,940	0	100%
	Multi-Family Engineered Solutions	Core	0	37,859	0%	0	37,859	0%
Total Core Lifetime Energy Savings			82,588	527,486	14%	161,895	899,792	15%
Total Additional Participation			13,124	70,283	16%	25,776	123,894	17%
Total Lifetime Energy Savings			95,711	597,769	14%	187,671	1,023,686	15%

¹ Across all programs, subprograms, or offerings, participation/expenditures/savings are classified as either in an Environmental Justice Overburdened Community census block or not based on the program participant’s address. Overburdened Community census blocks were developed and defined by the NJ Department of Environmental Protection (www.nj.gov/dep/ej/communities.html).

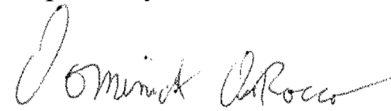
² The Ratio column shows the ratio of the overburdened metric over the non-overburdened metric. Comparing the territory-level benchmark ratios versus the program ratios shows how equitable the distribution of the program is between the overburdened and non-overburdened populations. If the program ratio is greater than the benchmark ratio, then the overburdened population is better represented in the program.

³ Estimation of accounts with overburdened designation determined to be active immediately preceding the current Plan Year.

⁴ Estimation of usage with overburdened designation for the 12-month period immediately preceding the current Plan Year.

If you have any questions, please feel free to contact me directly.

Respectfully,

A handwritten signature in black ink that reads "Dominick DiRocco". The signature is written in a cursive style with a large initial 'D' and a long horizontal stroke at the end.

Dominick DiRocco

DD/caj

cc: Brian Lipman
Maura Caroselli
Mamie Purnell
Carlena Morrison
Stacy Richardson
Phillip Chao
Ed McFadden
Maureen Minkel
Peter Druckenmiller
Michael Savacool
Frank Vetri
Andrew Lee
Dylan Bakley

Appendix A – Participant Definitions

NJ Program		Participants (as lead utility)
Efficient Products	HVAC	Sum of HVAC units (multiple units per customer, counts as multiple participants)
	Lighting - Upstream	Quantity of packages sold (based on SKU) - net of returns (negative in current period)
	Rebated Products	Quantity of units rebated (based on SKU)
	Mid-Stream Products	Quantity of units sold (based on SKU) - net of returns (negative in current period)
	Appliance Recycling	Count of visits to premise not units
	Online Marketplace	Quantity of units sold (based on SKU) - net of returns (negative in current period)
	EE Kits - Giveaway	Per kit delivered
	Consumer Electronics	For rebated programs, count of rebate applications For Midstream, every measure is considered a participant - net of returns (negative in current period)
Existing Homes	Home Performance with Energy Star	Count of completed HPwES projects
	Quick Home Energy Checkup	Count of completed visits
	Moderate Income Weatherization	Same as HPwES - (distinction would be paying for audit in this program)
Behavioral	Behavioral	Count of treatment customers at end of reporting period
C&I Direct Install	Direct Install	Count based on number of applications/projects completed, not account number
Energy Solutions for Business	Prescriptive/Custom	Count based on number of applications/projects completed, not account number
	Energy Management	Count based on number of applications/projects completed, not account number
	Engineered Solutions	Count based on number of applications/projects completed, not account number
Multi-Family	HPwES	Count of completed HPwES projects
	Direct Install	Count based on number of projects completed
	Prescriptive/Custom	Count based on number of applications/projects completed, not account number
	Engineered Solutions	Count based on number of applications/projects completed, not account number