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March 27, 2024

Via Electronic Mail board.secretary@bpu.nj.gov
Secretary of the Board
44 South Clinton Avenue, 1th Floor
P.O. Box 350
Trenton, NJ 08625-0350

Re: In the Matter of the Clean Energy Programs and Budget for Fiscal Year 2024 – True-Up, Revised Budgets and Program Changes; and In the Matter of New Jersey's Clean Energy Program New Construction Program Docket Nos. QO23040236 and QO22050327

Dear Secretary:

Please accept for filing these comments being submitted on behalf of the New Jersey Division of Rate Counsel in accordance with the Notice issued by the Board of Public Utilities ("Board") in this matter on March 15, 2024. In accordance with the Notice, these comments are being filed electronically with the Board's Secretary at board.secretary@bpu.nj.gov.

Please acknowledge receipt of these comments.

Thank you for your consideration and attention to this matter.

Respectfully submitted,

Brian O. Lipman, Esq.
Director, Division of Rate Counsel

By: /s/ Maura Caroselli
Maura Caroselli, Esq.
Deputy Rate Counsel

Enclosure

cc: Veronique Oomen, BPU
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Matthew Rossi, BPU
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IN THE MATTER OF THE COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCE ANALYSIS FOR FISCAL YEAR 2024 CLEAN ENERGY PROGRAM

AND

IN THE MATTER OF NEW JERSEY'S CLEAN ENERGY PROGRAM NEW CONSTRUCTION PROGRAM

BPU Docket Nos. QO22050327 and QO23040236

Comments of the New Jersey Division of Rate Counsel

March 27, 2024

INTRODUCTION

The New Jersey Division of Rate Counsel ("Rate Counsel") would like to thank the Board of Public Utilities ("BPU" or "Board") for the opportunity to present comments in response to the Board's March 15, 2024, Notice ("Notice") seeking input on the Proposed Fiscal Year 2024 ("FY24") True-Up, Revised Budgets and Program Changes for the Comprehensive Energy Efficiency & Renewable Energy Resource analysis ("CRA") and the associated proposed FY24 Budget and Program Changes for the New Jersey Clean Energy Program ("NJCEP" or "CEP"). In addition to the Notice, Rate Counsel has reviewed the following materials that were posted for comment:

1. Fiscal Year 2024 True up Draft Budget Table
2. The Division of Clean Energy's Fiscal Year 2024 "Renewable Energy Programs, Energy Efficiency Programs, Distributed Energy Resources, and NJCEP Administration Activities (March 2024) ("DCE Compliance Filing")
3. 2024 TRC Energy Efficiency and Renewable Energy Program Plan Filing (March 6, 2024)

4. Division of Clean Energy's Fiscal Year 2024 "Comprehensive Energy Efficiency & Renewable Energy Resource Analysis" (March 2024) (DCE EE & RE Analysis)
5. Charge Up Compliance Filing
6. Comfort Partners Compliance Filing
7. BPU/DPMC Project List

GENERAL COMMENTS

At the outset, Rate Counsel's primary concern is the lack of explanation of reasons for budget increases. This in turn makes it difficult, if not impossible, to determine the benefits to ratepayers as a result of these programs. While there appears to be an overall surplus of funding, Rate Counsel recommends that the Board considering lowering the Societal Benefits Charge ("SBC") altogether to provide much-needed relief to ratepayers. The current proposal comes as the Board of Public Utilities and DCE are in the midst of several important changes in the State's clean energy initiatives. DCE is proceeding with the overhaul of its energy efficiency ("EE") program delivery construct under Clean Energy Act, L. 2018, c. 17 (June 2, 2021) ("CEA"). In 2018, the CEA established energy savings targets of at least two percent annually for electric distribution companies and at least 0.75% for gas distribution companies, while at the same time requiring that 21% of the electricity sold in the State be from Class I renewable energy sources by 2020, 35% by 2025, and 50% by 2030. With the adoption of Executive Orders 315 ("EO 315"), 316 ("EO 316"), and 317 ("EO 317"), the State has accelerated the goal to reach 100% clean energy by 2035.[1] At the same time, the Board and DCE are continuing the process of ceding responsibility for some of their EE programs to the State's electric and gas public

[1] Exec. Order No. 315, 316, and 317 (Feb. 15, 2023).

utilities and coordinating numerous working groups and stakeholder processes to support the implementation of the CEA. All of these changes have added complexity to the process of setting the New Jersey Clean Energy Program budget.

In addition to the above, the Board is implementing several new initiatives. The Board is continuing the implementation of P.L. 2019, c. 362, also known as the "EV Law," which was signed into law on January 17, 2020 and calls for 330,000 electric vehicles ("EVs") on the State's roads by 2025, among other goals. In addition, the Governor's Executive Order Nos. 8 and 92 set state goals of 3,500 megawatts ("MW") of offshore wind by 2030 and 7,500 MW by 2035, respectively. Executive Order No. 28, signed on May 23, 2018, directs the BPU to spearhead the committee to develop and deliver the new Energy Master Plan, tasked with (among other goals) developing a blueprint for the total conversion of the State's energy production profile to 100% clean energy by January 1, 2050, with specific proposals to be implemented over the next 10 years. This suite of legislation, plans, and goals puts New Jersey on the path to becoming a leader in the clean energy economy.

All of the above developments have heightened the need for an open, transparent budgeting process. Ample opportunities for public scrutiny are important to assure that the State's and the utilities' clean energy initiatives meet the needs of customers, improving the comfort and safety of their homes and businesses while helping them to reduce their energy bills. Similarly, public scrutiny of the budgeting process is essential to assure that ratepayer dollars are spent wisely.

Rate Counsel has concerns about the level of transparency DCE provided in support of the proposed FY2024 True-up budget. The proposed FY24 True-up budget is over $740 million, more than $82 million higher than the $657 million FY23 true-up budget that was approved by the Board in its April 12, 2023 Order in Docket No. QO22020113.[2] The increase is despite the continuing transfer of significant responsibilities for EE programs from DCE to the electric and gas utilities. The proposed FY24 budget includes slightly reduced expenditures for DCE's EE programs (FY24 $292.07 million vs. FY23 true-up of $298.83 million), and large increases in other areas, including BPU initiatives (FY24 $209.98 million vs. FY23 true-up of $120.77 million), and the Electric Vehicle Program (FY24 $115.08 million vs. FY23 true-up of $67.00 million).

While the Draft CRA states that DCE has "considered NJCEP's historic results and forecasts for the year" in developing the current budget proposal, the documentation accompanying the budget offers very little information about the how previous years' budgets have informed the current proposal. DCE has also not explained how the performance of the FY23 programs has influenced FY24 projections. The materials circulated for public comment do not include a detailed comparison of the proposed FY24 budget to the FY23 and FY22 original and true-up budgets that would bring the scale of the program increases into better focus and supports again considering multi-year budgeting.

The impact of DCE's proposals on customer bills are not addressed in the materials posted for comments. DCE is proposing to maintain the same level of SBC collections, while simultaneously requiring the utilities to increase their EE investments. The impact on ratepayer bills will likely be substantial. However, DCE has not provided comprehensive estimates of those impacts, either on a per-kilowatt hour or per-therm basis, in dollars per month or per year, or in percentage terms relative to current rates. Therefore, it is difficult, if not impossible, to

[2] In the Matter of the Clean Energy Programs and Budget for Fiscal Year 2023, Docket No. QO22020113 (April 12, 2023).

evaluate the cost of the NJCEP in the larger context of the State's clean energy initiatives and goals.

Information about the benefits ratepayers can expect to see from the proposed expenditures is also lacking: the only quantitative projections of benefits provided for public comment are the tables of projected electricity and gas savings and cost-benefit analysis results shown at page 84, Appendix D, of TRC's FY24 Compliance Filing (March 2024).[3] This information is presented only in the most aggregate form, with no supporting analysis or explanation. In this regard, the materials provided in support of DCE's budget proposal stand in stark contrast to the amount of data, analysis, and support that the Board requires the electric and gas utilities to submit in support of their proposed EE programs and budgets, despite the fact that the DCE's single-year budget dwarfs most of the utilities' three-year plans in scale and expense. The materials provided for comment contain narrative descriptions of the history of clean energy spending and proposed programs, but provide scarcely any analysis or support for the amounts proposed to be budgeted.

As an example, in the materials provided in support of DCE's proposed EE programs, DCE has no explanation of its proposed budgets for its individual EE programs, such as number of customers to be served or cost per customer. Moreover, DCE did not provide any analysis of the monthly or annual bill impacts of its budget proposal on low- and moderate income ratepayers. DCE also has not set any goals or metrics for itself. While the utilities are required to

[3] TRC Revised FY2024 Compliance Filing (March 2024), https://njcleanenergy.com/files/file/BPU/FY24/1l1-1h-FY24%20TRC%20Revised%20COMPLIANCE%20FILING%20%20(w%20NCP)%20v5%20-%20jatk%20(CLEAN).pdf. The only quantitative projection of benefits is the projected electricity and gas savings shown in Appendix E to the FY24 TRC Compliance Filing. In the FY22 True-up Budget TRC Compliance Filing, Appendix F included a detailed table estimating the annual, and program lifetime savings in MWhs and MMBtus for residential, commercial and Industrial energy efficiency programs and distributed energy resources.

provide detailed documentation of their contributions to meeting the State's clean energy goals, the role of the NJCEP initiatives is unexplained.

Additionally, Rate Counsel notes that both the Infrastructure Investment and Jobs Act, P.L. 117-58 (Nov. 15, 2021)("IIJA 2021") and the Inflation Reduction Act make substantial federal funding available to the states for a variety of initiatives, including EE and EV development. The materials circulated for comment do not reflect any consideration of how federal funding could offset ratepayers' contributions to the NJCEP.

The IIJA 2021 includes many sources of funding that might benefit New Jersey. Title V of the Act contains numerous funding provisions intended to promote energy efficiency and clean energy in commercial buildings and residences. For example, Subtitle A: Residential and Commercial Energy Efficiency includes $250 million in a revolving fund for building upgrades and retrofits and $40 million for energy auditor training; Subtitle B includes $245 million for code implementation, training, career skills, and information sharing; Subtitle C includes $450 million for industrial research and assessment centers and implementation grants for "covered projects" including energy efficiency for small manufacturers, and additional finding for "smart manufacturing;" and Subtitle D includes $500 million for energy efficiency and renewable energy investments in schools and nonprofits.

In August 2022, Congress adopted the Inflation Reduction Act (IRA) (Pub.L. 117-169), which provides several funding opportunities (in the form of individual and business tax credits and direct grants) to accelerate the deployment of energy efficiency and clean energy resources.[4] There are additional federal funding opportunities for energy efficiency and clean energy

[4] Jessie Ciulla, Gennelle Wilson, and Rachel Gold, *What Utility Regulators Needs to Know about the Inflation Reduction Act: How to Ensure the Biggest Boon to the Energy System in US History Supports Affordable, Reliable Electric Service*, RMI, 2022, need URL, citation.

resources authorized by various IRA titles, but details on project eligibility for IRA federal tax credits (for qualifying properties) and direct grants from the Departments of Agriculture, Commerce, Energy and Treasury, will require further guidance, staff programs to issue tax determinations or process grant applications. It is unclear the quantity of IRA authorized federal funding that ultimately flow to energy efficiency and clean energy resources in New Jersey, but these and other provisions may offer an opportunity to use federal funding to displace or supplement ratepayer funding for CEP energy efficiency programs and related administrative, evaluation, and R&D costs. DCE should carefully scrutinize the IIJA 2021 and IRA 2022 and determine the extent to which New Jerseyans can benefit from this federal funding. If DCE's priorities change as a result of new federal initiatives or the State is provided with federal funding that is allocated toward clean energy programs within FY24, Rate Counsel recommends that the DCE re-evaluate the FY24 budget and provide an opportunity for public comment, especially to determine whether federal funds can be used in place of ratepayer funds to support DCE's initiatives.

Rate Counsel reminds DCE that prior to FY20, the then Office of Clean Energy released multi-year budget proposals and program plans. This practice was suspended in favor of single-year plans in FY20, presumably due to the ongoing development of a new Energy Master Plan and the impending reorganization of program administration discussed above. While the reliance on a single-year plan may have been unavoidable as a temporary measure while these changes were underway, the systems are now in place. The Board is under a statutory mandate to undertake a comprehensive analysis of its clean energy programs every four years. N.J.S.A. 48:3-60 (a)(3). The Board should again engage in the required multi-year planning. The absence of a multi-year plan is a substantial impediment to stakeholders' ability to provide meaningful input in the context of near-term goals.

The above deficiencies are only exacerbated by the limited time available for comment. The draft FY 2024 true-up budget and supporting documentation were released earlier this month and presented at a stakeholder meeting on March 15, 2024. Comments are due on March 27, 2024, 8 business days after the materials were released for review. This time frame is not adequate for stakeholder to review. DCE's proposal provided no opportunity for a meaningful stakeholder process.

Despite the limited support provided for the proposal, there has been no opportunity to ask questions or obtain more detailed information, nor is the time allowed for comments adequate for a full evaluation of the proposal. Rate Counsel is appreciative of DCE's extensive and multifaceted role in implementing the requirements of the CEA and meeting New Jersey's ambitious clean energy goals; however, Rate Counsel could provide more useful feedback and input into the programs from a ratepayer advocate position if more information and more time was provided.

COMMENTS ON SPECIFIC PROGRAMS AND BUDGETS

At the outset, we would like to bring to DCE's attention potential federal funding that could be coordinated with some of the programs offered to counties and municipalities. Under Section 40552 of the IIJA 2021, the Energy Efficiency and Conservation Block Grant Program received $550 million in funding available for counties, municipalities and states. The Department of Energy, Office of State and Community Energy Programs allocated $10.51 million to New Jersey counties and municipalities and $2.41 million directly to the State of New Jersey. Eligible program activities updated under Section 40552 of the IIJA 2021 focus on those designed to reduce fossil fuel emissions, to reduce total energy use, and to improve energy efficiency, including: building energy audits; energy efficiency retrofits; energy efficiency and conservation programs for buildings and facilities; energy distribution technology for energy efficiency; traffic signals and street lighting; and, renewable energy technologies on government buildings.[5] Many of these eligible activities overlap with CEP subprograms, but the FY24 budgets for these subprograms do not appear to consider federal funding opportunities such as the Energy Efficiency and Conservation Block Grant Program although allocation of county, municipal, and state funding availability was announced back in June 2022.[6]

Energy Efficiency

DCE's proposed CRA lacks detail and transparency on the proposed energy efficiency programs and associated budgets. Stakeholders, including the Division of the Rate Counsel, need more information on the proposed budget, programs, and impacts before they can make informed recommendations. DCE should provide more details to include specifics on (1) energy efficiency program design, implementation, and results; and (2) the energy efficiency program transition to utilities.

Comfort Partners

DCE is proposing to maintain the original Comfort Partners budget of $56,978,000, with some reallocation among utilities to align with the expected needs in their respective service territories. Rate Counsel does not object to the re-allocations. However, Rate Counsel urges the

[5] Department of Energy, Office of State and Community Energy Programs, Department of Energy, Office of State and Community Energy Programs, https://www.energy.gov/scep/eecbg-program-formula-grant-application-hub
[6] U.S. Department of Energy, *Notice of Availability of State, Local, and Tribal Allocation Formulas for the Energy Efficiency and Conservation Block Grant Program*, 87 FR 38732 (June 29, 2022), https://www.federalregister.gov/d/2022-13859.

Board to increase the allocation for Comfort Partners in order to maintain the number of customers being served in the face of increasing costs per customer.

Rate Counsel previously expressed concern about this issue in comments filed on March 10, 2023 in the Board's Docket No. QO22020113 concerning the Board's proposed True-up, Revised Budgets and Program FY2023. As part of the its proposed true-up budget, later approved by the Board, DCE proposed a $2.478 million increase in the FY23 budget for the Comfort Partners program, from $54,500,000 to $56,978,000, while at the same time reducing the target customers served by five percent, from 6,041 electric customers and 5,749 natural gas customers to 5,739 electric customers and 5,462 natural gas customers. Rate Counsel's comments on the FY23 true-up budget, at pages 5-6, expressed concern about this development, and urged the Board to allocate more funds to the Comfort Partners program.

It appears that that the number of customers served under the Comfort Partners program is continuing to decrease. The FY24 budget of $56,978,000 for Comfort Partners is the same amount as in the FY23 True-Up budget. However, based on the FY24 Comfort Partners Compliance Filing the targets have been further reduced to 4,781 electric customers and 4,420 natural gas customers. The Comfort Partners program serves New Jersey's most vulnerable utility ratepayers. Providing energy efficiency and health and safety measures for these ratepayers should be a priority. The number of customers served should be increasing, or, at least remaining stable. The Board should allocate sufficient funds to Comfort Partners to assure that this is the case.

C&I EE programs

DCE is proposing a budget of $79,049,335, which includes a $4,168,516 reallocation of the C&I Buildings, Large Government Energy Audits ("LGEA"), and Direct Install budgets.

The TRC Compliance Filing states that the C&I Buildings Programs consist of the Large Energy Users Program ("LEUP") and the LEUP Decarbonization Pilot. However, the Compliance Filing provides no explanation on how the funds are to be distributed between the two programs. Rate Counsel previously expressed concern about this issue in comments filed on June 14, 2023 in the Board's Docket No. QO23040236 concerning the lack of specificity provided on how the $72,639,215 proposed for C&I Buildings would be allocated between the two programs. Rate Counsel would appreciate more specificity, particularly when multiple programs are included in a single line item.

DCE is proposing to add $975,910 to the originally approved of $5,362,042 for the LGEA program. The rationale for this change as stated on page 4 of the Board's notice is that it is to "cover additional costs associated with auditing and performing benchmarking of State buildings." Rate Counsel does not object to this allocation.

New Construction Programs

DCE is proposing to add $20,000 to the originally approved budget of $60,571,611 for the New Construction Programs. The rationale for this change as stated on page 4 of the Board's notice is that the budget was "adjusted to reflect updated forecast of costs associated with the proposed new program." The TRC Compliance Filing states that the New Construction Program ("NCP") will simplify the customer experience and application process for all new construction by consolidating the following existing programs and subprograms: Residential New Construction ("RNC"), Commercial & Industrial ("C&I") Buildings - New Construction ("C&I NC" or "SmartStart NC"), C&I Buildings: Pay for Performance - New Construction ("P4P NC"), and C&I Buildings - Customer Tailored Energy Efficiency Program - New Construction

("CTEEP NC").[7] The New Construction Program was allocated $44.31 million in FY2023, and $60.59 million in FY2024. However, it is unclear to Rate Counsel how the existing programs will transition over to the NCP program without duplications and overlapping costs.[8]

Energy Efficiency Transition

DCE is proposing to maintain its original Energy Efficiency Transition budget of $14,588,263. Rate Counsel's comments on the FY24 proposed budget at pages 11-12 questioned the need for such an extensive budget when the transition of the programs to the utilities has already occurred. This concern remains.

State Facilities Initiative

DCE is proposing to maintain its original budget of $61,597,550 for the State Facilities Initiative ("SFI"), which provides 'lead by example' opportunities to demonstrate energy efficiency. Previously, the SFI was allocated $57.73 million (FY2022), $50.67 million (FY2023). The FY2024 SFI update provides no new information on whether any SFI funds have been awarded, utilized or any efficacy or cost benefit analysis, except for separately listing the 31 projects identified in the BPU and DPMC Designated Project List, State Facilities Initiative Funds FY2024,[9] for a total $62.93 million. Many projects appear to overlap with the 29 project identified in the FY 2023 BPU and DPMC Designated Project List State Facilities Initiative Funds FY23 Draft. However, no information is provided in any FY2024 True-Up Budget materials on whether audits or benchmarking have been completed or any retrofit work undertaken. Rate Counsel has raised concerns about this program in previous years because

[7] NJCEP FY2024 "Renewable Energy Programs, Energy Efficiency Programs, Distributed Energy Resources, and NJCEP Administration Activities (March 2024), pages 22 – 23.
[8] We reviewed the TRC FY24 Compliance Filing (March 5, 2024), NJCEP FY2024 Program Descriptions and Budgets (March 2024).
[9] FY2024 https://www.njcleanenergy.com/files/file/BPU/FY24/true%20up%202.21/Revised%20Draft%20FY24%20True%20Up%20BPU%20and%20DPMC%20Designated%20Project%20List.pdf

DCE has not provided energy savings and cost-effectiveness data concerning this program. These concerns remain since the information still has not been provided.

Acoustical Testing Pilot

DCE is proposing to maintain its original budget of $3,281,880 for the Acoustical Testing Pilot Incentive Program, which allocates resources to facilitate the purchase or rental by water utilities of acoustic monitoring systems that employ permanent leak monitoring technology to enable them to more efficiently and effectively locate water leaks. This subprogram was allocated $4.5 million (FY2022), and $3.21 million (FY2023). The March 2024 CEP report[10] notes the Board awarded $1.1 million in grants to four applicants in 2021. While Rate Counsel supports to the implementation of this program with the available funds, no information has been provided on the efficacy of the spending in leak mitigation for any of the four projects and it is unclear why the subprogram is continued into FY2024 given the lack of applicants, progress reports or cost benefit analyses. Indeed, the entire purpose of a pilot is to learn from it—this cannot be done with this pilot given the lack of any feedback.

LED Streetlights Replacements

DCE is proposing to maintain its original budget of $15,986,898 to support the replacement of existing streetlights with more efficient LEDs. No explanation has been provided for this budget request, and Staff is currently developing a Straw Proposal for implementation of this program and intends to "engage with stakeholders to finalize the recommendations of this program." Rate Counsel previously expressed concerns about whether the level of funding is appropriate without a better understanding of this program, how it will be implemented, the

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[10] Division of Clean Energy's Fiscal Year 2024 "Renewable Energy Programs, Energy Efficiency Programs, Distributed Energy Resources, and NJCEP Administration Activities (March 2024), page 20.

number of streetlights that will be replaced or the expected savings and benefits expected to achieve.

While Rate Counsel supports the overall goals of this program, it has concerns about the potential for stranded costs associated with the replacement of existing streetlights that have not reached the end of their useful lives. Rate Counsel looks forward to additional participation in the stakeholder process to finalize the implementation details.

Distributed Energy Resources – Combined Heat and Power and Fuel Cells

DCE is proposing to add $1,779,919 to the originally approved budget of $17,992,661 for Combined Heat and Power ("CHP") and Fuel Cells ("FC"). The rationale for this change as stated on page 4 of the Board's notice is that it is to "accommodate upcoming projects for this program." No other explanation has been provided. Rate Counsel has previously expressed its concerns about providing ratepayer funding these technologies. As explained in more detail at page 14-15 of Rate Counsel's June 14, 2023 comments in this docket, the CHP-FC program provides incentives for mature technologies that use fossil fuels and can cause increased emissions and other adverse impacts on communities that are already burdened with more than their fair share of undesirable infrastructure. Instead of increasing the budget for CHP and FC facilities, the Board should consider limiting this program.

BPU Initiatives – Energy Storage

DCE is proposing to add $6,500,000 to the current $24,000,000 budget for a New Jersey Storage Incentive Program ("NJ SIP"). Rate Counsel's June 14, 2023 comments in this matter, at pages 26-27, questioned this budget line in light of the fact that to date this program is yet to be implemented. As noted in Rate Counsel's earlier comments, DCE has issued a Straw

Proposal, and received written comments from stakeholders, but no program has been adopted. DCE's revised draft Compliance Filing, at page 18 indicates that, since the issuance DCE's original Compliance Filing, the Board has now retained a consultant to provide recommendations for the final NJ SIP. However, DCE still has provided no estimate of the time frame for finalizing and implementing the program. Since there are no concrete plans for spending the original $24 million budget, the Board should consider eliminating or reducing the allocation for the program, instead of adding to it.

Heat Island Pilot

DCE has proposed a budget of $2,500,000 for a new heat island pilot project. This is unchanged from the initial budget. The initial filing states that this pilot "would involve interagency coordination with the goal of offering incentives to address several of the underlying factors that contribute to the heat island effect and will also have the benefit of increasing EE and resilience."[11] However, there is no further explanation of how the $2,500,000 would be spent. DCE should be directed to provide further justification and a detailed description for this budget request.

Electric Vehicle Programs

The proposed FY24 True Up budget greatly increases the budget of $84.2 million by $30.8 million to $115 million. The main areas of increase are for $10.5 million for Electric School buses to satisfy recent legislation. There are also increases for other incentive funds totaling over $12 million. While there is an extension in the Local Clean Fleet program which appears to be the reason for the $3.5M increase, Rate Counsel questions the need for increasing the funding for the Multi-Unit Dwelling Charger program and the State Vehicle Fleet programs

[11] DCE Compliance Filing, p. 35.

which appear unchanged. Rate Counsel questions whether this large amount of budget, $30.8 million, added at this stage will be spent given the short amount of time before the end of the fiscal year. Furthermore, the DCE should seek any available federal funding through the IIJA 2021 before seeking funds from ratepayers for these programs.

Workforce Development

The NJCEP workforce development subprogram has been allocated $4,500,000 in FY 2022, FY2023, and FY2024. The March 2024 DCEP Funding Levels Analysis notes the intention to "[w]henever possible, NJCEP EE programs include a particular focus on outreach and education to ensure equity in access to EE and development of a diverse EE workforce."[12] No information is available in the 2024 materials on actual spending or the efficacy of any workforce development under NJCEP programs. It is unclear whether there is sufficient coordination between workforce development programs administered by NJ BPU and the NJ Department of Labor & Workforce Development regarding federal funding opportunities for workforce development in delivery of energy efficiency, electrification, and clean energy improvements. Additionally, Rate Counsel would like to understand better how this budget will be used in conjunction with the utilities' energy efficiency filings which also contain workforce development programs.

The U.S. Department of Energy announced State-based Home Energy Efficiency Contractor Training Grants under IRA Section 50123, providing $150 million in formula grants

[12] New Jersey Clean Energy Program, Comprehensive Energy Efficiency & Renewable Energy Resource Analysis, Funding Levels Fiscal Year 2024 (March 2024), https://www.njcleanenergy.com/files/file/New%20Construction/FY24/Revised%20Draft%20FY24%20True-Up%20Comprehensive%20Resource%20Analysis.pdf.

and up to $40 million in competitive grants, without cost matching by eligible States.[13] New Jersey is allocated $3,517,680 in two installments of $1,758,840, however there is no mention of federal funding under IRA Section 50123 in the March 2024 CEP materials. The NJ Department of Labor & Workforce Development FY 2023 Clean Energy Employment and Training (CEETP) Grant is a $1,500,000 competitive grant available from April 2023 through September 2024.[14]

Energy Bill Assistance

DCE is proposing to add $30,000,000 to the current budget of $21,831,897 for Energy Bill Assistance. As explained in at page 29 of Rate Counsel's June 14, 2023 comments in this docket, the entire amount in the current budget was carried over from the FY23 budget, and it was only near the end of FY23, in April of 2023, that the Board entered into an Memorandum of Understanding ("MOU") with the Department of Community Affairs ("DCA") to distribute the funds. As also noted in Rate Counsel's earlier comments, the MOU stated that the funds would be used to continue providing the arrearage payment assistance that was previously provided to customers using designated funds from the federal American Rescue Plan ("ARP"). To date it appears that none of the budgeted funds have been distributed to customers in need. DCE's revised draft Compliance Filing at page 36 deletes the reference to the MOU, indicating that the Board has abandoned its efforts to distribute the funds through DCA.

Now DCE is proposing to budget an additional $30 million for a new initiative which, according to DCE's revised draft Compliance Filing at page 36, would "refund a portion of the Societal Benefits Charge to residential customers most in need of financial assistance." The

[13] U.S. Department of Energy, State and Community Energy Programs, State-based Home Energy Efficiency Contractor Training Grant Program (July 17, 2023), https://www.energy.gov/scep/articles/alrd-state-based-home-energy-efficiency-contractor-training-grants-ctg-program.
[14] NJ Department of Labor & Workforce Development FY 2023 Clean Energy Employment and Training (CEETP) Grant https://www.nj.gov/labor/assets/PDFs/Grants/FY23/23_04_Final_FY23_CleanEnergy_NGO.pdf.

revised Compliance Filing also indicates, at page 35, that all or part of the $21.8 million originally budgeted for arrearage relief could be used for the new initiative. The Compliance Filing contains no additional details on how this proposed new program will be designed or implemented.

While Rate Counsel supports maximizing the use of funds to benefit ratepayers, it is not clear that DCE’s proposals will provide the most benefit to customers in need of assistance. DCE’s proposal involves the creation of two new programs. The apparent cancellation of the MOU with DCA is indicative of the difficulty of creating and launching a new program. The revised draft Compliance Filing is lacking in any concrete plans to assure that the approximately $51.8 million total budget can be distributed to customers in need in a timely manner.

Instead, as recommended in Rate Counsel’s June 14, 2023 comments in this docket, the funds could be transferred to the Universal Service Fund (“USF”) The USF a well-established program that has a long track record providing timely assistance to customers in need. The DCE’s Compliance Filing acknowledges at page 35 that the cost of the USF program has increased as a result of the COVID pandemic and changes in the USF program rules. This cost must be borne by all ratepayers, including those that do not qualify for assistance but still struggle with their utility bills. Transferring the funds budgeted for energy bill assistance to the USF Program would assure that this program continues providing benefits, while relieving other ratepayers of some of the burden of paying for recent cost increases.