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Sheree L. Kelly, Esq.
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April 5, 2024

Sherri Golden
Office of the Secretary
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

Re: In the Matter of the Petition of Elizabethtown Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Mechanism Pursuant to the Clean Energy Act and the Establishment of a Conservation Incentive Program BPU Docket Nos. GO20090619

Dear Secretary Golden:

Enclosed for filing in the above-referenced proceeding is a Stipulation executed by representatives of Elizabethtown Gas Company, the Staff of the Board of Public Utilities, the Division of Rate Counsel, New Jersey Large Energy Users Coalition and Energy Efficiency Alliance of New Jersey. It is respectfully requested that the Board consider the Stipulation at its next agenda meeting.

Should you have any questions, please do not hesitate to contact me.

Respectfully

A handwritten signature in black ink that reads "Sheree L. Kelly".

Sheree L. Kelly

SLK:caj
Enclosures

cc: See attached Service List (with enclosures)

**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY FOR
APPROVAL OF NEW ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED COST
RECOVERY PURSUANT TO THE CLEAN ENERGY ACT AND THE ESTABLISHMENT
OF A CONSERVATION INCENTIVE PROGRAM
BPU DOCKET NO. GO20090619**

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**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY FOR
APPROVAL OF NEW ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED COST
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BPU DOCKET NO. GO20090619**

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**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY FOR
APPROVAL OF NEW ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED COST
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SERVICE LIST

NJ Large Energy Users Coalition

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

IN THE MATTER OF THE PETITION :
OF ELIZABETHTOWN GAS COMPANY : **STIPULATION OF SETTLEMENT**
FOR APPROVAL OF NEW ENERGY :
EFFICIENCY PROGRAMS AND THE : **BPU DOCKET NO. GO20090619**
ASSOCIATED COST RECOVERY :
MECHANISM PURSUANT TO THE :
CLEAN ENERGY ACT AND THE :
ESTABLISHMENT OF A CONSERVATION :
INCENTIVE PROGRAM :

APPEARANCES:

Sheree L. Kelly, Esq., Regulatory Affairs Counsel for the Petitioner, Elizabethtown Gas Company

Maura Caroselli, Esq., Managing Attorney – Gas, **Sarah Steindel, Esq.**, **Mamie W. Purnell, Esq.**, **Megan Lupo, Esq.**, and **Andrew H. Gold, Esq.**, Assistant Deputies Rate Counsel, for the New Jersey Division of Rate Counsel (**Brian O. Lipman, Esq.**, Director)

Steven Chaplar, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Matthew J. Platkin**, Attorney General of New Jersey)

John Kolesnik, Esq., Policy Counsel for the Energy Efficiency Alliance of New Jersey

Steven S. Goldenberg, Esq., Counsel for the New Jersey Large Energy Users Coalition

TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES

BACKGROUND

1. On September 25, 2020, Elizabethtown Gas Company (“ETG” or “Company”) filed a petition with the Board requesting approval of new energy efficiency (“EE”) programs and associated cost recovery pursuant to the New Jersey Clean Energy Act of 2018 (“CEA”) and the establishment of a Conservation Incentive Program.¹ On October 20, 2020, the

¹ N.J.S.A. 48:3-87.8 et seq.

Company updated the petition in accordance with an Administrative Determination Letter.²

2. On April 7, 2021, the Board issued an Order approving a stipulation executed by ETG, the New Jersey Division of Rate Counsel (“Rate Counsel”), Board Staff (“Staff”), the Energy Efficiency Alliance of New Jersey (“EEA-NJ”), and the New Jersey Large Energy Users Coalition (“NJLEUC”) (collectively, “Parties”) for the period commencing July 1, 2021 and ending June 30, 2024.³ The Parties agreed and the BPU approved a program budget not to exceed \$83.415 million, with Operating and Maintenance (“O&M”) expenses – including Administration and Program Development, Marketing, Quality Control and Evaluation – in an amount not to exceed \$7.394 million (“Triennium 1”).

3. By Order dated May 24, 2023, the Board directed each electric and gas public utility to propose EE programs for the second triennium period (“Triennium 2”) on or before October 2, 2023 and addressed certain aspects of the EE Triennium 2 framework.⁴ By Order dated July 26, 2023, the Board approved the remaining aspects of the Triennium 2 framework necessary for the utilities to submit their Triennium 2 filings.⁵

² In re the Petition of Elizabethtown Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act and the Establishment of a Conservation Incentive Program, BPU Docket No. GO20090619.

³ In re the Implementation of L.2018 c.17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, I/M/O the Petition of Elizabethtown Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act and the Establishment of a Conservation Incentive Program, BPU Docket Nos. QO19010040 and GO20090619, Order dated April 7, 2021 (“April 2021 Order”).

⁴ In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs; In re the Implementation of P.L. 2018, c. 17, The New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reduction Programs; 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 and N.J.S.A. 48:3-87.9 - Minimum Filing Requirements, BPU Docket Nos. QO19010040, QO23030150, and QO17091004, Order dated May 24, 2023 (“May 2023 Order”).

⁵ In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs; In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reduction Programs; 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

4. By Order dated September 27, 2023, the Board established a December 1, 2023 deadline for EE program filings to be submitted by New Jersey’s electric and gas public utilities for Triennium 2 implemented pursuant to the CEA.⁶

5. By Order dated October 25, 2023, the Board found that it was reasonable, prudent, and in the public interest to provide additional time for Staff and Rate Counsel to conduct a thorough and diligent concurrent review of the Triennium 2 filings, as well as to provide parties and interested stakeholders with additional time to review, analyze, and discuss the filings.⁷ By the October 2023 Order, the Board ordered that Triennium 2 shall commence on January 1, 2025 and conclude on June 30, 2027, for a total term of 2.5 years. The Board further directed the electric and gas public utilities to submit filings in accordance with the new Triennium 2 term.

6. Also, by the October 2023 Order, the Board directed the utilities to file petitions to extend their respective Triennium 1 programs, without changes, by six (6) months for the Board’s approval.⁸ The Board ordered that each utility’s Triennium 1 extension budget should not exceed 50% of the utility’s third program year (“Program Year 3” or “PY3”) budget in order to align with the progress and ramping of the EE programs. Further, the Board ordered that, as part of the Triennium 1 extension, each utility shall meet energy savings targets equivalent to

Territories on a Regulated Basis, Pursuant to N.J.S.A. 48:3-98.1 and N.J.S.A. 48:3-87.9 - Minimum Filing Requirements, BPU Docket Nos. QO19010040, QO23030150, and QO17091004, Order dated July 26, 2023 (“July 2023 Order”).

⁶ In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs; In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reduction Programs; In re Electric Public Utilities and Gas 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 and N.J.S.A. 48:3-87.9 – Minimum Filing Requirements, BPU Docket Nos. QO19010040, QO23030150, and QO17091004, Order dated September 27, 2023 (“September 2023 Order”).

⁷ In the Matter of the Implementation of P.L. 2018, C. 17 the New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO23030150 (“October 2023 Order”).

⁸ Ibid.

50% of its PY3 energy savings targets in order to align with the progress and ramping of the EE programs. The Board further authorized the utilities to shift program budgets within the same sector or among sectors during the Triennium 1 extension according to the parameters applicable to Triennium 2.⁹

7. Pursuant to the October 2023 Order, on November 20, 2023, ETG filed a letter petition with the Board seeking approval to extend the Company’s Triennium 1 program by six (6) months, to December 31, 2024, with a budget of \$32.028 million designed to meet customer demand for the Company’s current Triennium 1 program (“Extension Petition”).

8. In the Extension Petition, ETG agreed to abide by all the terms and conditions of the Stipulation of Settlement approved by the April 2021 Order, including, but not limited to, the cost recovery mechanism, calculation of carrying costs, committed funds not yet expended by the end of the term, and annual filing components.

9. ETG requested that the entire 18-month extended PY3 period be used for purposes of evaluation and reporting. In setting the goal for the Triennium 1 extension period (July 1, 2024 through December 31, 2024 or “Extension Period”) at 50% of the PY3 goal, the Company requested that its energy savings goal be set at 0.255%. ETG calculated this goal based on the original goals established for PY3 from the June 10, 2020 Order.¹⁰ For ETG, the goal for annual energy use reductions will be 1.258 million therms of natural gas. ETG’s original therm reduction goal for the 12-month PY3 was 2,515,213. The target for this additional six (6)-month period would be 1,257,606 therms. Accordingly, the final therm reduction goal for ETG would be 3,772,819 for the 18-month extended PY3 period.

⁹ See the October 2023 Order and the May 2023 Order, p. 18-19.

¹⁰ 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.

10. The Company also requested one (1) minor change related to measure category financing limits for the Energy Efficient Products Program. Currently, ETG imposes financing limits for individual measure categories. As represented by the Company in the Extension Petition, feedback from contractors indicated they would strongly prefer to see ETG operate consistent with the approach the other utilities use of imposing just a project level cap. These contractors have voiced that ETG's measure category caps can limit EE since they have not been updated to reflect the inflationary pressures on equipment costs since those limits were filed in 2020. Therefore, in the interest of consistency with how the other utilities are implementing financing and to support contractor and customer needs, ETG requested to eliminate the measure category financing caps for the duration of Triennium 1, effective the date of the approval of this extension. ETG would maintain the same overall financing cap of \$15,000 for the Extension Period.

11. A public hearing in this matter was held on March 4, 2024. No members of the public appeared.

12. Upon review of the Extension Petition and responses to discovery, the Parties to this proceeding stipulate and agree as follows:

STIPULATED ISSUES

13. The Parties agree that the Company's previously Board-approved Triennium 1 program shall be extended six (6) months beyond the current termination date of June 30, 2024 and ETG is fully authorized to implement and administer the Triennium 1 program on a regulated basis for an additional six (6)-month term through December 31, 2024 under the terms and conditions set forth in the Board's April 2021 Order approving the Company's Triennium 1 program, except as otherwise set forth herein.

14. The Parties agree that the budget for the Extension Period shall not exceed \$32.028 million, which includes \$2.839 million of incremental O&M, and associated cost recovery. The Parties agree that ETG is authorized to utilize deferred accounting for all prudently incurred costs associated with the Triennium 1 program and recover all prudently incurred costs associated with the Triennium 1 program herein through Rider “E” to the ETG tariff.

15. The Parties agree that any projects committed and/or started prior to December 31, 2024 may continue for close-out and completion activities.

16. The Parties agree that ETG is authorized to eliminate the measure category financing caps for the Energy Efficient Products Program but retain the original project level cap as of the effective date of the Board Order in this docket.

17. The Parties agree that the PY3 goal shall be 50% of the original goal established for PY3 from the June 2020 Order or 0.255% as outlined in the October 2023 Order. For ETG, the goal for annual energy use reductions will be 1,257,606 therms of natural gas.

18. 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 aspect of this Stipulation is not accepted and approved in its entirety by the Board, 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, if this Stipulation is not adopted in its entirety by the Board in any applicable Order, then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

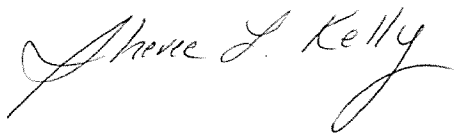
19. The Parties agree that they consider the Stipulation to be binding on them for all purposes herein.

20. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, ETG, Board Staff, and Rate Counsel 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, in total or by specific item. The Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

21. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

WHEREFORE, the Parties hereto respectfully request that the Board issue a Decision and Order approving this Stipulation in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

**ELIZABETHTOWN GAS COMPANY
PETITIONER**




By: _____
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Date: April 4, 2024