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July 30, 2024

VIA E-MAIL

Sherri Golden, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0359

Re: In the Matter of Petition of Public Service Electric and Gas Company for Approval of its Energy Efficiency Clean Energy Future – Energy Efficiency Program and Recovery of Associated Costs (“CEF-EE”), BPU Dockets GO18101112 and EO10121113

Notice of Transfer of Funds

Dear Secretary Golden:

Please allow this letter to serve as notice of budget reallocations among Public Service Electric & Gas Company’s (“PSE&G” or the “Company”) Clean Energy Future – Energy Efficiency (“CEF-EE”) program sectors and subprograms, as specified below. PSE&G is providing this notice in accordance with the established Staff Notification requirements for shifting sub-program budgets within a sector, as detailed on page seven of the Board’s September 23, 2020 Order Adopting Stipulation (“CEF-EE Order”)¹ and further clarified in paragraph 25 on page 9 of the Stipulation approved by the Board on May 24, 2023 (“CEF-EE Extension Order”).²

On June 10, 2020, the New Jersey Board of Public Utilities (the “Board”) issued an Order that directed each electric and gas public utility in the State of New Jersey to establish energy

¹ In the Matter of the Petition of Public Service Electric and Gas Company for Approval of its Clean Energy Future-Energy Efficiency (“CEF-EE”) Program on a Regulated basis, Order Approving Stipulation, BPU Docket Nos. GO18101112 and EO1012113, dated September 23, 2020.

² In the Matter of the Petition of Public Service Electric and Gas Company for Approval of its Clean Energy Future-Energy Efficiency (“CEF-EE”) Program on a Regulated basis, Order Approving Stipulation, BPU Docket Nos. GO18101112 and EO1012113, dated May 24, 2023.

efficiency and peak demand reduction programs pursuant to the Clean Energy Act of 2018. In accordance with the June 10, 2020 Order and Stipulation, the CEF-EE Stipulation provides flexibility in the administration of the EE subprograms by allowing PSE&G to shift its sub-program budgets out of an individual sub-program within the residential sector or within the C&I sector, up to 25% of the individual sub-program’s total budget with Staff notification (which should be provided within 30 days following the change), 25-50% with Staff approval, and over 50% with Board approval. The CEF-EE Stipulation identifies the subprogram budgets for the program’s first triennium. Additionally, up to 5% of individual sector budgets may be shifted between or among sectors with Staff notification, 5-10% with Staff approval and over 10% with Board approval.

On May 24, 2023, the Board issued the CEF-EE Extension Order, which provided for additional funding for CEF-EE subprograms for an additional nine months, through June 2024.³ As part of the Order, the budgets for CEF-EE and CEF-EE Extension were combined.

The Company is providing notice of two causes of funding reallocation: the Completion of the CEF-EE and CEF-EE Extension period, and reallocation of funding due to shifts in market demand during the CEF EE Extension 2 period. Each is presented separately.

CEF EE and CEF-EE Extension Completion

The CEF-EE and CEF-EE extension periods concluded on June 30, 2024. In the table below is a final allocation of funds, reflected in the “Final Reallocations” column. This reflects minor reallocations necessary to close out the CEF-EE and CEF-EE Extension periods. This final reallocation shifted budget dollars out to the Residential Existing Homes Program into the Residential Efficient Products and Residential Behavioral Programs.

Program Component	CEF-EE I + 9m Ext Extension	CEF-EE I Revised Budget as of Apr 2024	Final Reallocation	CEF-EE I Revised Budget as of June 30, 2024	Cumulative Subprogram % Reallocation	Cumulative Sector % Change
Residential Efficient Products	\$ 248,000,000	\$ 313,000,000	\$ 1,367,707	\$ 314,367,707	26.8%	16.6%
Residential Existing Homes	\$ 112,100,000	\$ 126,100,000	\$ (1,692,596)	\$ 124,407,404	11.0%	
Residential Behavior	\$ 25,200,000	\$ 25,200,000	\$ 324,889	\$ 25,524,889	1.3%	
Residential Multifamily	\$ 11,000,000	\$ 13,000,000		\$ 13,000,000	18.2%	
Income Eligible	\$ 61,000,000	\$ 56,000,000		\$ 56,000,000	-8.2%	
C&I Prescriptive	\$ 243,900,000	\$ 263,900,000		\$ 263,900,000	8.2%	-9.6%
C&I Custom	\$ 23,900,000	\$ 18,000,000		\$ 18,000,000	-24.7%	
C&I Small Non-Resi Efficiency	\$ 191,000,091	\$ 182,800,091		\$ 182,800,091	-4.3%	
C&I Energy Management	\$ 4,000,000	\$ 3,100,000		\$ 3,100,000	-22.5%	
C&I Engineered Solutions	\$ 327,675,900	\$ 246,675,900		\$ 246,675,900	-24.7%	
IT	\$ 36,371,822	\$ 36,371,822		\$ 36,371,822	0.0%	
Total Investment	\$ 1,284,147,813	\$ 1,284,147,813		\$ 1,284,147,813	0.0%	

³ The CEF-EE Extension Order reset the baseline for future budget adjustments.

CEF-EE Extension 2

By Order dated October 25, 2023, the Board ordered that Triennium 1 be extended for a period of six (6) months through December 31, 2024.⁴⁵ As part of this Order, the Board authorized the utilities to shift program budgets within the same sector or among sectors during the half-year Triennium 1 extension according to the parameters applicable to Triennium 2. Under the Triennium 2 parameters, PSE&G may shift its program budgets for programs within the same sector up to 25% with notification to Staff, above 25% up to 50% with Staff approval, and over 50% with Board approval. PSE&G may also shift up to and including 10% of its sector budgets between or among sectors with notification to Staff, greater than 10% and up to 20% with Staff approval, and over 20% with Board approval.

On May 22, 2024, the Board issued an Order for an additional six-month extension of PSE&G's CEF-EE Program ("CEF-EE Ext 2") for the period July 1, 2024 - December 31, 2024. The total extended triennium 1 EE program represents the baseline for future budget transfers between programs.

The table below sets forth the budget reallocation under the column titled "July 2024 Reallocation." The table also includes the approved budget amounts for CEF-EE, CEF-EE Ext and CEF-EE Ext 2.

This reallocation shifts budget dollars out of C&I Engineered Solutions and C&I Energy Management programs into C&I Small Non-Resi Efficiency, Residential Efficient Products, Residential Existing Homes and Residential Behavioral programs and is made to better align with customer and market demands.

⁴ I/M/O 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

⁵ Together, the CEF-EE, CEF-EE Ext. and CEF-EE Ext 2 are referred to as the extended triennium 1 EE program.

Program Component	CEF-EE I + 9m Ext + 6m Ext	July 2024 Reallocation	Revised Budget with July 2024 Transfer	Cumulative Subprogram % Reallocation	Cumulative Sector % Change
Residential Efficient Products	\$ 308,280,682	\$ 77,000,000	\$ 385,280,682	24.98%	15.56%
Residential Existing Homes	\$ 136,386,989	\$ 10,500,000	\$ 146,886,989	7.70%	
Residential Behavior	\$ 28,930,137	\$ 500,000	\$ 29,430,137	1.73%	
Residential Multifamily	\$ 14,157,240		\$ 14,157,240	0.00%	
Income Eligible	\$ 77,649,641		\$ 77,649,641	0.00%	
C&I Prescriptive	\$ 330,654,434		\$ 330,654,434	0.00%	-8.90%
C&I Custom	\$ 28,023,231		\$ 28,023,231	0.00%	
C&I Small Non-Resi Efficiency	\$ 246,398,679	\$ 7,200,000	\$ 253,598,679	2.92%	
C&I Energy Management	\$ 5,102,390	\$ (1,200,000)	\$ 3,902,390	-23.52%	
C&I Engineered Solutions	\$ 378,192,568	\$ (94,000,000)	\$ 284,192,568	-24.86%	
IT	\$ 36,371,822		\$ 36,371,822		
	\$ 1,590,147,813		\$ 1,590,147,813		

Thank you for your attention to this matter.

Respectfully submitted,

Stacey M. Mickles, Esq.

cc: Service List (via email)