

**New Jersey's Clean Energy Program
Draft FY 15 Program Descriptions and Budgets**

**Utility Residential Low Income
Comfort Partners Program and Clean Power Choice Program**

**Program Description and Budget
Revised July 15, 2014**

Residential Low Income Program “New Jersey Comfort Partners”

Description

The Residential Low Income Program known as Comfort Partners, managed by Atlantic City Electric, JCP&L, New Jersey Natural Gas, Elizabethtown Gas, PSE&G and South Jersey Gas is designed to improve energy affordability for low-income households through energy conservation. To achieve this objective, several market barriers must be overcome. Key among these are: (1) lack of information on either how to improve efficiency or the benefits of efficiency; (2) low income customers do not have the capital necessary to upgrade efficiency or even, in many cases, keep up with regular bills; (3) low income customers are the least likely target of market-based residential service providers due to perceptions of less capital, credit risk and/or high transaction costs; and (4) split incentives between renters and landlords. The Program addresses these barriers through:

- Direct installation of all cost-effective energy efficiency measures.
- Comprehensive, personalized customer energy education and counseling.
- Installation of health and safety measures as appropriate.

Target Market and Eligibility

The Program is targeted at participants in the Universal Service Fund. By definition this target population is characterized by high-energy burdens based on their income. Program participation will be prioritized by energy use with the highest energy users being served first.

The Program is available to any household with income at or below 225% of the federal poverty guidelines. Customers who receive Federal Supplemental Security Income (SSI), Home Energy Assistance (HEAP), Universal Service Fund (USF), Lifeline, Pharmaceutical Assistance to the Aged and Disabled (PAAD), Temporary Assistance to Needy Families (TANF), or Section 8 Housing also may be eligible.

A participant must be a customer of record with a separately metered electric or gas account, and live in a building with 1-14 units; the residence must be their primary home. Customers who heat with fuel oil are eligible for Comfort Partners; however, they will be referred to the Department of Community Affairs' Weatherization Assistance Program (WAP) for services in conjunction with a verbal agreement between Comfort Partners and WAP. In addition, customers who receive natural gas service from an investor-owned natural gas NJ utility, and who receive electric service from a municipal electric company will also be eligible for Comfort Partners services. Ineligible customers will be referred to WAP or Home Performance with Energy Star (HPWES) for services.

Referrals will be made between Comfort Partners and WAP for measures not performed by either entity, i.e. WAP may refer customers to Comfort Partners for evaluation of central air conditioning and freezer replacements.

Offerings and Customer Incentives

Among the measures to be considered for each home are efficient lighting products; hot water conservation measures (water heater replacement and tank temperature turn-down); replacement of

inefficient refrigerators and freezers; energy saving thermostats; insulation up-grades (attic, wall, basement, etc.); blower-door guided air sealing; duct sealing and repair; heating/cooling equipment maintenance, repair and/or replacement; and other “custom” measures.

Failed or failing heating or cooling systems can be replaced for efficiency and/or health and safety reasons, on a case-by-case basis as program funds permit. In the event of insufficient funding, or if Comfort Partner customer homes require more treatment than the Comfort Partners program is designed to deliver, the Utilities’ Working Group will attempt to maximize and leverage available resources by entering into discussions with the NJ Department of Community Affairs Weatherization Assistance Program. The goal of such discussions will be to determine their interest in accepting Comfort Partners program referrals to install heating systems, and perform other needed work for energy efficiency and/or health and safety reasons. Requests for replacement of oil-fired equipment will be referred to the DCA Weatherization Assistance Program (WAP).

Measure Selection

Cost-effective measures, and other reasonable repairs required to install the efficiency measures, may be installed in each home. The program will review, on a case-by-case basis, the repair and installation of items that in and of themselves, may not be considered energy saving technologies, but would be required in order to effectively install energy conservation measures, such as the repair of a roof prior to the installation of attic insulation. Cost-effectiveness will be assessed on a measure and site-specific basis. All measures and energy education services will be provided free of charge. The selection of measures designed to reduce heating and cooling will be guided by a spending calculation based on past energy consumption which is a guide for contractors and is not an absolute or prescriptive target or cap. If the site needs are greater than the calculated spending guideline, the contractor will confer with the appropriate utility after documenting reasons for going beyond the spending guideline. The utility will decide to what extent additional work can be performed.

Refrigerator or freezer replacement will be based on on-site monitoring of the energy use of the existing unit. Consumption thresholds for cost-effective replacement vary according to size. Any refrigerator or freezer with measured consumption above the threshold values is eligible for free replacement with a new energy-efficient model. These values and procedures will be updated periodically to reflect changes in refrigerator costs and/or efficiency.

The cost-effective installation of energy-efficient lighting products will be based upon the wattage and the estimated average daily burn time for the existing lamp.

Domestic hot water and other custom measures will be installed according to program guidelines.

The costs associated with home repairs, such as the repair of a roof, will be excluded from the cost effectiveness test used to determine measure eligibility.

The Utilities will initiate an effort to consider installation protocols that are sensitive to indoor air quality issues over the program year, commencing on July 1, 2014.

Delivery Methods

Electric and gas utilities with overlapping service territories will jointly deliver efficiency, health and safety and education services so that customers receive both gas and electric efficiency measures simultaneously. Selection of program delivery contractors and program delivery costs is shared between the participating gas and electric utilities. Implementation vendor contracts finalized in May, 2014 include a total of six (6) program contractors.

Pilot programs to address neighborhood canvassing, mold/moisture remediation, roof repairs, electrical repairs, lead and asbestos remediation will be considered on a case-by-case basis with the implementation contractors, contracting directly with the above mentioned organizations. The utilities will not continue the pilot program for cool roofs implemented during 2011. The utilities, along with our quality assurance inspectors, want to evaluate each of the treated homes to verify that the cool roof systems installed do not contribute to condensation which could lead to mold. This pilot was performed in the spring of 2011. Subsequent monitoring determined that the installation of cool roofs can cause, and has caused moisture and ceiling issues, and therefore was suspended. The applicability of Cool roofs will be investigated further, and a formal report will be issued as part of the Comfort Partners Program evaluation, to be completed in 2014.

The utilities will continue to use the JCP&L web-based CP System as the statewide platform to track all program participants, measures and energy savings. The system is used by all utilities, BPU Clean Energy staff, multiple program delivery vendors, inspection vendors and State WAP agencies. Maintenance and enhancements to the system will be paid by JCP&L and are incorporated in the budget in Appendix A.

Quality Assurance Provisions

A minimum of 15 percent of randomly selected treated homes will be subject to verification and inspection by an independent contractor(s) hired by the utilities. Third-party quality assurance process enhancements may take place.

Budgets

A detailed budget for this program is attached in Appendix A. Allocation of costs in different cost categories may appear to be inconsistent among utilities; for example PSE&G covers the cost of statewide printing and JCP&L covers the cost for statewide CP System administration, program evaluation, etc.

The utilities initiated a program evaluation in 2013 and have continued it throughout the 2014 calendar year. The timeline needed to be pushed back for this project, given the logistics leading to the execution of the contract with the winning bidder, Apprise Incorporated, in April 2013. Therefore the program evaluation commenced during the spring of 2013, and will be completed during the third quarter of calendar year 2014.

The program spending allowance guidelines were increased at the end of 2009 in order for the Comfort Partners Program to be consistent with other low income state weatherization programs using federal stimulus funds will remain in place as long as program funds permit.

Goals and Energy Savings

Goals

The Electric service customer goal will range from 5,760 to 7,630, on a twelve month basis from July 1 2014 through June 30, 2015. The Gas service customer goal will range from 5,542 to 7,125 on a twelve month basis from July 1, 2014 through June 30, 2015.

The 2006 APPRISE Inc. evaluation of the Universal Service Fund recommends “high use households should be targeted by the Comfort Partners and WAP programs to ensure that clients have affordable bills” (Executive Summary page iv). It further recommends that “The BPU should work with the utilities to standardize their system for referring USF clients to the Comfort Partners program and establish official guidelines for coordinating these two benefits” (Executive Summary page xxii).

Energy Savings

Following approval of the above goals, energy savings will be calculated consistent with the goals. Energy savings estimates will be calculated using the latest protocols approved by the Board. The Electric service customer savings target will range from 5,422 MWh to 7,183 MWh on a twelve month basis from July 1, 2014 through June 30, 2015. The Gas customer savings target will range from 64,504 MMBTU to 82,928 MMBTU on a twelve month basis from July 1, 2014 through June 30, 2015.

**New Jersey Clean Energy Campaign:
Clean Power Choice Program (CPC)
Description**

The Clean Power Choice Program ceased being delivered under the NJ Clean Energy Program and ceased being financially supported in the NJ Clean Energy Budget as of January 1, 2013. Since that time, decisions regarding assessment of costs to the Clean Power Marketers and continued support of the program have rested entirely with the business judgment of the Electric Distribution Companies. Atlantic City Electric, Jersey Central Power and Light, and Public Service Electric and Gas have and will continue to maintain the existing CPC program in their respective service territories as long as there are no incremental costs to these three Electric Distribution Companies in doing so. Rockland Electric Company has and will continue to maintain the existing program in its service territory, as long as all costs in doing so are borne by the Clean Power Marketers, and there are no incremental costs.

Appendix A: FY15 Comfort Partner Program Detailed Budget

July 1st 2014 - June 30th 2015 CP Budget (Proposed 7/14/2014)								
		Admin and Program Development	Sales, Marketing, Call Centers, Web Site	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other QC	Evaluation & Research	Contractor Perf. Incentives
ACE	\$1,599,256.35	\$111,349.73	\$16,568.89	\$16,289.57	\$1,361,875.53	\$93,172.63	\$0.00	\$0.00
JCP&L	\$4,874,927.64	\$404,042.79	\$90,722.68	\$45,867.01	\$3,999,149.89	\$335,145.27	\$0.00	\$0.00
PSE&G- Elec	\$7,708,737.27	\$441,336.77	\$197,750.62	\$79,920.66	\$6,615,219.22	\$374,510.00	\$0.00	\$0.00
RECO	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NJNG	\$4,338,972.17	\$163,060.00	\$173,052.17	\$43,460.00	\$3,746,000.00	\$213,400.00	\$0.00	\$0.00
Elizabethtown	\$2,562,761.44	\$138,345.23	\$47,467.00	\$39,197.00	\$2,186,059.61	\$151,692.60	\$0.00	\$0.00
PSE&G-Gas	\$11,563,105.93	\$662,005.17	\$296,625.93	\$119,881.00	\$9,922,828.83	\$561,765.00	\$0.00	\$0.00
SJG	\$2,352,239.20	\$195,051.70	\$19,316.05	\$19,606.95	\$1,925,949.78	\$192,314.72	\$0.00	\$0.00
TOTAL	\$35,000,000.00	\$2,115,191.39	\$841,503.34	\$364,222.19	\$29,757,082.86	\$1,922,000.22	\$0.00	\$0.00
PSE&G - Combined	\$19,271,843.20	\$1,103,341.94	\$494,376.55	\$199,801.66	\$16,538,048.05	\$936,275.00	\$0.00	\$0.00