

June 15, 2015

VIA E-MAIL AND UPS OVERNIGHT

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Irene Kim Asbury
Board Secretary
Board of Public Utilities
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**Re: In the Matter of Comprehensive Energy Efficiency and Renewable
Energy Resource Analysis
FY 2016 Program Descriptions and Budgets: Compliance Filing
BPU Docket No. EO07030203**

Dear Secretary Asbury:

Enclosed for filing in the above-referenced matter, please find an original and ten (10) copies of the FY 2016 Program Descriptions and Budgets for the Utility Residential Low-Income Comfort Partners Program ("Comfort Partners Program" or the "Program"), dated May 6, 2015. Atlantic City Electric Company, Elizabethtown Gas Company, Jersey Central Power & Light Company, New Jersey Natural Gas Company, Public Service Electric & Gas Company, and South Jersey Gas Company are managing the Comfort Partners Program. Atlantic City Electric, JCP&L, and PSE&G are supporting the Clean Power Choice Program.

As demonstrated by the enclosed, funding in the amount of \$30 million is required to keep the Comfort Partners Program operating through June 2016. It is the customers that are served by this Program who are the most vulnerable in our State and are in need of assistance. Please note that the utilities anticipate that the Comfort Partners Program will serve 6,916 electric service customers and 6,427 gas service customers on a twelve month basis from July 1, 2015 through June 30, 2016.

The Comfort Partners Program is designed to improve energy affordability for low-income households through energy conservation. The Program has been recognized nationally for its success in delivering proven energy savings and continues to have broad based support. The Comfort Partners Program is also a proven example of a successful societal benefits program, as the implemented measures lower the long-term societal costs by reducing or potentially eliminating Universal Service Fund (USF) subsidies for customers that participate in that program over future years. Such plan reduction subsidies has the effect of creating an economic benefit to all ratepayers. This Program is also known for its important work in finding and alleviating potential serious health and safety issues; such as faulty heating equipment, mold prevention, and non-compliant electrical code problems.

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As such, we respectfully request that the Board continue its support of the Comfort Partners Program and approve the Budget as set forth in this Compliance Filing.

Very truly yours,

COZEN O'CONNOR, PC



By: Stacy A. Mitchell

Attorney for South Jersey Gas Company and on behalf of Public Service Electric & Gas Company, Jersey Central Power & Light Company, Atlantic City Electric Company, New Jersey Natural Gas Company and Elizabethtown Gas Company

SAM/kn
Enclosure

cc: Service List Attached

**COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE ENERGY
RESOURCE ANALYSIS FOR THE 2009-2012 CLEAN ENERGY PROGRAM
BPU DOCKET NO. EO07030203**

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**New Jersey's Clean Energy Program
FY 16 Program Descriptions and Budgets**

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

**Program Description and Budget
May 6, 2015**

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 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 New Jersey 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’s 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 New Jersey 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 Department of Community Affairs Weatherization Assistance Program.

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 requesting to exceed 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.

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 appropriate organizations or approved subcontractors following utility approval. The utilities will not continue the pilot program for cool roofs implemented during 2011.

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, The Board of Public 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. Quality assurance process enhancements will continue to take place. In the event utilities are prevented from using the current independent contractor, the utilities will perform their own inspections while procuring a replacement independent contractor.

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 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. These programs will remain in place as long as program funds permit.

Goals and Energy Savings

Goals

The Electric service customer goal is 6,916, on a twelve month basis from July 1, 2015 through June 30, 2016. The Gas service customer goal is 6,427 on a twelve month basis from July 1, 2015 through June 30, 2016.

The Comfort Partners utilities' Working Group adopted the 2006 APPRISE Inc. recommendation from the evaluation of the Universal Service Fund that "high use households should be targeted by the Comfort Partners and WAP programs to ensure that clients have affordable bills" (Executive Summary page iv). Apprise further recommended 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). Due to the dwindling pool of applicants and the high cost of marketing, the Comfort Partners Utilities' Working Group fully supports this initiative and would like to move forward with the support of the BPU.

Energy Savings

Following approval of the above goals, energy savings will be calculated consistent with the goals. Energy saving estimates will be calculated using the latest protocols approved by the Board. Given that standard, it is estimated that the Program will save approximately 7,670 Mwh of electric and 61,740 DTh of gas during FY 2016.

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

The Clean Power Choice Program ceased being delivered under the New Jersey Clean Energy Program and ceased being financially supported in the New Jersey 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

July 1st 2015 - June 30th 2016 CP Budget								
		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	\$1,370,791.14	\$95,442.63	\$14,201.90	\$13,962.48	\$1,167,321.88	\$79,862.25	\$0.00	\$0.00
JCP&L	\$3,787,858.00	\$343,733.84	\$74,709.21	\$35,354.58	\$3,066,128.48	\$267,931.89	\$0.00	\$0.00
PSE&G- Elec	\$6,551,946.24	\$397,008.67	\$168,883.38	\$68,092.00	\$5,618,759.33	\$299,202.86	\$0.00	\$0.00
RECO	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NJNG	\$3,942,216.15	\$227,397.78	\$206,577.43	\$40,757.71	\$3,329,709.68	\$137,773.55	\$0.00	\$0.00
Elizabethtown	\$2,503,064.09	\$130,706.32	\$44,886.28	\$35,873.28	\$2,177,664.00	\$113,934.21	\$0.00	\$0.00
PSE&G-Gas	\$9,827,919.36	\$595,513.00	\$253,325.08	\$102,138.00	\$8,428,138.99	\$448,804.29	\$0.00	\$0.00
SJG	\$2,016,205.02	\$202,993.63	\$52,363.06	\$52,612.41	\$1,543,394.74	\$164,841.18	\$0.00	\$0.00
TOTAL	\$30,000,000.00	\$1,992,795.87	\$814,946.34	\$348,790.46	\$25,331,117.10	\$1,512,350.23	\$0.00	\$0.00
PSE&G - Combined	\$16,379,865.60	\$992,521.67	\$422,208.46	\$170,230.00	\$14,046,898.32	\$748,007.15	\$0.00	\$0.00