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December 1, 2023

Electronic Filing

Sherri L. Golden
Board Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 1st Floor
P. O. Box 350
Trenton, NJ 08625-0350

**Re: In the Matter of the Petition of South Jersey Gas Company for Approval of Triennium
2 Clean Energy Programs and Associated Cost Recovery Pursuant to the Clean
Energy Act
BPU Docket No. _____**

Dear Secretary Golden:

Enclosed please find the Verified Petition and supporting documents of South Jersey Gas Company which have been filed electronically today through the Board's e-filing program. The Company will also provide three (3) hard copies to the Division of Rate Counsel and five (5) hard copies to Board of Public Utilities Staff, as requested by those parties.

If you have any questions, please feel free to contact me directly.

Respectfully submitted,

A handwritten signature in black ink that reads "Dominick DiRocco".

Dominick DiRocco
VP, Rates & Regulatory Affairs

DD:caj
Enclosure

cc: See attached Service List

**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR
APPROVAL OF TRIENNIUM 2 CLEAN ENERGY PROGRAMS AND ASSOCIATED
COST RECOVERY PURSUANT TO THE CLEAN ENERGY ACT
BPU DOCKET NO. _____**

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**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR
APPROVAL OF TRIENNIUM 2 CLEAN ENERGY PROGRAMS AND ASSOCIATED
COST RECOVERY PURSUANT TO THE CLEAN ENERGY ACT
BPU DOCKET NO. _____**

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**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR
APPROVAL OF TRIENNIUM 2 CLEAN ENERGY PROGRAMS AND ASSOCIATED
COST RECOVERY PURSUANT TO THE CLEAN ENERGY ACT
BPU DOCKET NO. _____**

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**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR
APPROVAL OF TRIENNIUM 2 CLEAN ENERGY PROGRAMS AND ASSOCIATED
COST RECOVERY PURSUANT TO THE CLEAN ENERGY ACT
BPU DOCKET NO. _____**

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

IN THE MATTER OF THE	:	VERIFIED PETITION
PETITION OF SOUTH JERSEY GAS	:	
COMPANY FOR APPROVAL OF	:	BPU DOCKET NO. _____
TRIENNium 2 CLEAN ENERGY	:	
PROGRAMS AND ASSOCIATED	:	
COST RECOVERY PURSUANT TO	:	
THE CLEAN ENERGY ACT	:	

**CASE SUMMARY, VERIFIED PETITION, TESTIMONY AND
SCHEDULES**

December 1, 2023

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

IN THE MATTER OF THE PETITION	:	CASE SUMMARY
OF SOUTH JERSEY GAS COMPANY	:	
FOR APPROVAL OF TRIENNIUM 2	:	BPU DOCKET NO. _____
CLEAN ENERGY PROGRAMS AND	:	
ASSOCIATED COST RECOVERY	:	
PURSUANT TO THE CLEAN	:	
ENERGY ACT	:	

South Jersey Gas Company (“South Jersey” or “Company”) files this Verified Petition with the Board of Public Utilities (“Board”) for approval of proposed Energy Efficiency (“EE”) Programs (“EEPs” or “EE Programs”), Building Decarbonization Programs (“BDs” or “BD Programs”), and Demand Response Programs (“DRs” or “DR Programs”) (collectively referred to as “Triennium 2 Programs”) and to recover costs and lost revenues associated with the Triennium 2 Programs through the existing Energy Efficiency Tracker (“EET”) mechanism and Conservation Incentive Program (“CIP”) mechanism. The Board first authorized South Jersey to offer EEPs in July 2009. Since that time, South Jersey has made multiple filings seeking approval to implement EEPs that complement and supplement the offerings of the New Jersey Clean Energy Program, encourage customers to reduce their overall energy usage, and create jobs. The Board has also approved the recovery of EEP-related costs through Rider “N” to the Company’s tariff, the EET, in July 2009. The Board also approved the recovery of lost revenues associated with EEPs through the CIP, Rider “M” of the Company’s tariff, in October 2006. In 2023, the Board issued a series of orders directing South Jersey, along with the State’s other utilities, to propose new EEPs, as well as BD Programs and DR Programs, in furtherance of the State’s energy policy goals set forth in the Clean Energy Act of 2018 and the 2019 New Jersey Energy Master Plan.

Through this Verified Petition and the accompanying Direct Testimony and Schedules, South Jersey seeks Board approval to implement new Triennium 2 Programs for a 2.5-year period commencing January 1, 2025, with a total budget of approximately \$425 million. The proposed Triennium 2 Programs include: (1) Residential: Whole Home, Energy Efficient Products, Income Qualified, Behavioral; (2) Commercial & Industrial (“C&I”): Energy Solutions, Direct Install, Prescriptive and Custom; (3) Multifamily; (4) the Next Generation Savings Program; (5) the BD Program; and (6) the DR Program. Further, South Jersey proposes that administration of the Comfort Partners Program be transferred from the State of New Jersey to South Jersey as part of the Residential: Income Qualified Program. South Jersey is also seeking authorization to recover all costs associated with the Triennium 2 Programs and to be permitted to earn a return on and of investments associated with these programs through its EET rate, set forth in Rider “N” of the Company’s Tariff. South Jersey further proposes that lost revenues associated with these programs be recovered through the CIP, set forth in Rider “M” of the Company’s Tariff.

Consistent with the 2019 New Jersey Energy Master Plan and the Clean Energy Act of 2018, these programs solidify South Jersey’s commitment to the State’s climate priorities and advance New Jersey’s clean energy goals in a manner that will benefit customers, the environment, and the State’s green economy.

If approved by the Board, the impact of the proposed Triennium 2 Programs on the monthly bill of a residential heating customer using 100 therms would be an increase of \$1.24, or 0.7 % as compared to current rates.

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

IN THE MATTER OF THE PETITION	:	VERIFIED PETITION
OF SOUTH JERSEY GAS COMPANY	:	
FOR APPROVAL OF TRIENNIUM 2	:	BPU DOCKET NO. _____
CLEAN ENERGY PROGRAMS AND	:	
ASSOCIATED COST RECOVERY	:	
PURSUANT TO THE CLEAN	:	
ENERGY ACT	:	

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Petitioner, South Jersey Gas Company (“South Jersey” or “Company”), a public utility corporation of the State of New Jersey, with its principal office at One South Jersey Place, Atlantic City, New Jersey, hereby petitions the Board of Public Utilities (“Board”) for approval of proposed Energy Efficiency (“EE”) Programs (“EEPs” or “EE Programs”), Building Decarbonization Start-Up Programs (“BDs” or “BD Programs”), and Demand Response Programs (“DRs” or “DR Programs”) (EEPs, BDs, and DRs are collectively referred to as “Triennium 2 Programs”), as well as associated cost recovery through its existing Energy Efficiency Tracker (“EET”) and recovery of associated lost revenues through its Conservation Incentive Program (“CIP”), pursuant to N.J.S.A. 48:3-87.8 et seq., 48:3-98.1 et seq. and any other statutes and regulations deemed relevant by the Board and, in support thereof, states as follows:

I. INTRODUCTION

1. South Jersey is a corporation duly organized under the laws of the State of New Jersey and is a public utility engaged in the transmission, distribution, transportation, and sale of natural gas in its service territory within the State of New Jersey. Said service territory includes all or portions of the following counties: Atlantic, Burlington, Camden, Cape May, Cumberland,

Gloucester and Salem. Within its service territory, South Jersey serves approximately 417,400 customers.

2. South Jersey is subject to regulation by the Board for the purposes of ensuring safe, adequate, and proper natural gas service pursuant to N.J.S.A. 48:2-23.3.

3. Through this Verified Petition and the accompanying Direct Testimony and Schedules, South Jersey seeks Board approval to implement new Triennium 2 Programs for a two and a half year period commencing January 1, 2025, with a total budget of approximately \$425 million. South Jersey also seeks approval to recover costs associated with the Triennium 2 Programs described herein through the existing EET and the recovery of lost revenues related to the Triennium 2 Programs through the existing CIP. Through this filing and the programs proposed, South Jersey is solidifying its commitment to the State's climate priorities and advancing New Jersey's clean energy goals, including those set forth in the New Jersey 2019 Energy Master Plan ("2019 EMP"), the Clean Energy Act of 2018 ("CEA"), and the Global Warming Response Act of 2007, in a manner that will benefit customers, the environment and the State's green economy.

II. BACKGROUND

4. On January 13, 2008, New Jersey enacted a series of statutes to implement the Regional Greenhouse Gas Initiative within the State ("2008 RGGI Legislation").¹ In enacting the 2008 RGGI Legislation, the Legislature found that the State's public utilities play a critical role in reducing energy usage and greenhouse gas ("GHG") emissions. To this end, Section 13 of the 2008 RGGI Legislation, N.J.S.A. 48:3-98.1, authorizes an electric or natural gas utility to provide and invest in energy efficiency and conservation programs in its service territory on a regulated

¹ P.L. 2007, c. 340.

basis and provides that the electric or natural gas utility may seek cost recovery for any such programs by filing a petition with the Board. Cost recovery for EEPs under the 2008 RGGI Legislation may include a return on equity, the establishment of incentives and the development of a rate mechanism that breaks the link between utility revenues and customer usage. The eligible ratemaking treatment can provide for the inclusion of certain related investments in rate base or the recovery of such costs through another BPU-approved method.

5. On May 12, 2008, the Board issued an Order (the “May 2008 Order”) establishing the procedures by which electric and natural gas utilities can seek approval of energy efficiency and conservation programs on a regulated basis, as authorized by N.J.S.A. 48:3-98.1.² The May 2008 Order also set forth certain Minimum Filing Requirements (“MFRs”) to be included with any such filings with the Board. On October 20, 2017, the Board issued an Order (the “October 2017 Order”) revising and superseding the MFRs adopted in the May 2008 Order.³

6. On May 23, 2018, Governor Murphy signed into law the CEA, P.L. 2018, c. 17, which supports and expands upon the 2008 RGGI Legislation.⁴ The CEA is designed to allow the State to achieve its goal of 100% clean energy by 2050 through the implementation of mandated energy reduction requirements, as well as other clean energy strategies. Pursuant to Section 3 of the CEA, the Board issued an Order on June 10, 2020, directing utilities to develop

² 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, BPU Docket No. EO08030164 (May 12, 2008).

³ I/M/O Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources Pursuant to N.J.S.A. 48:3-98.1 – Minimum Filing Requirements, Order Pursuant to N.J.S.A. 48:3-98.1(c) (Oct. 20, 2017).

⁴ P.L. 2018, c. 17 (N.J.S.A. 48:3-87.8 et seq.).

three-year programs to be implemented for a three-year period beginning July 1, 2021 and ending June 30, 2024 (“Triennium 1”).⁵

7. By Order dated May 24, 2023, the Board directed New Jersey utilities to propose EE programs for the second three-year cycle of programs (“Triennium 2”) under the CEA.⁶ The May 2023 Order establishes certain elements of the Board’s Triennium 2 framework, including the program years, utility core programs, program funding, filing requirements, cost recovery, energy efficiency as a resource, evaluation, measurement, and verification (“EM&V”), and reporting requirements. The Board issued a subsequent Order on July 26, 2023 addressing the remaining elements of the Triennium 2 framework, including goals, targets, performance incentive mechanism, energy savings carryover, BD Programs and DR Programs.⁷

8. On September 21, 2023, the New Jersey Utilities Association (“NJUA”) submitted a request to the Board for a two-month extension of the October 2 filing deadline for Triennium 2

⁵ See, I/M/O the Implementation Of P.L. 2018, c. 17 Regarding The Establishment Of Energy Efficiency And Peak Demand Reduction Programs, et al, Order Directing The Utilities To Establish Energy Efficiency And Peak Demand Reduction Programs (“June 2020 Order”), BPU Docket Nos. QO19010040; QO19060748; and QO17091004. (June 10, 2020). On November 9, 2022, the Board issued an Order approving updates and revisions to the Triennium 1 EE framework. I/M/O the Implementation of L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs et. al., BPU Docket Nos. QO19010040, EO20090621, GO20090619, EO20090620, GO20090622, GO18101112, EO18101113, EO20090623, & GO20090618, Order (Nov. 9, 2022).

⁶ 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; I/M/O/ 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; I/M/O 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, QO17091004, Order Directing Utilities to Propose Second Triennium Energy Efficiency and Peak Demand Reduction Programs (May 24, 2023) (“May 2023 Order”).

⁷ 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; I/M/O/ 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; I/M/O 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, QO17091004, Order Directing Utilities to Propose Second Triennium Energy Efficiency and Peak Demand Reduction Programs (July 26, 2023) (“July 2023 Order”).

Programs to December 1, 2023. The Board granted NJUA's request by Order dated September 27, 2023 ("September 2023 Order"). The September 2023 Order also designated Board President Christine Guhl-Sadovy as the Presiding Commissioner for South Jersey's Triennium 2 filing.⁸ On October 25, 2023, the Board issued an Order further revising the term of Triennium 2 and providing additional guidance and modifications regarding the savings targets and filing and reporting requirements for Triennium 2.⁹

9. The Triennium 2 Orders reviewed the results of the first program year for the utilities' Triennium 1 programs (i.e., July 1, 2021 through June 30, 2022) and found that utilities' Triennium 1 EE programs, together with New Jersey Clean Energy Program ("NJCEP") EE programs, and other utility "legacy" EE programs, produced cumulative statewide results as follows:

- Budgets: \$1.02 billion;
- Expenditures: \$501 million, including \$241 million in incentives;
- Electric savings: 138,480 kilowatts ("kW") of demand savings, 1,067,697 megawatt hours ("MWh") of annual savings, and 14,763,458 MWh of lifetime savings;
- Gas savings: 2,907,504 MMBtu of annual savings and 27,549,801 MMBtu of lifetime savings;
- Annual GHG emissions reductions: 817,352 metric tons of carbon dioxide ("CO₂"), 1,500 metric tons of nitrogen oxide, 325 metric tons of sulfur dioxide, and 1,174 grams of mercury; and
- Lifetime GHG emissions reductions: 10,839,794 metric tons of CO₂, 15,963 metric tons of nitrogen oxide, 4,496 metric tons of sulfur dioxide, and 16,240 grams of mercury.

⁸ 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; I/M/O/ 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; I/M/O 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, QO17091004, Order Designating Commissioner, Setting Manner of Service, and Bar Dates (Sept. 27, 2023).

⁹ I/M/O/ 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, Order (Oct. 25, 2023) ("October 2023 Order"). The May 2023, July 2023, September 2023, and October 2023 Orders are collectively referred to as the "Triennium 2 Orders."

South Jersey EE Filing History

10. Based on the 2008 RGGI Legislation and the May 2008 Order, South Jersey has made multiple filings in BPU Docket Nos. EO09010059 and GO09010057, GO12050363, GR15010090 and GO18030350 seeking approval to implement EEPs that complemented or supplemented existing programs offered through the New Jersey Clean Energy Program (“NJCEP”) and for approval of an associated cost recovery rider mechanism, the EET.¹⁰ In the July 2009 Order, the June 2013 Order, the August 2015 Order, and the October 2018 Order, the BPU adopted the terms of the Stipulations entered into among representatives from the Staff, Rate Counsel and South Jersey (the “Parties”) approving the implementation of EEPs and the associated cost recovery mechanism. Cost recovery was through the creation of the EET, which consisted of two parts. The first part of the EET allowed the Company to earn a return on the investment and recover the amortization of the regulatory asset to be created on South Jersey’s balance sheet. The second part of the EET allowed the Company to recover incremental operating and maintenance (“O&M”) expenses associated with the EEPs.

11. On September 25, 2020, South Jersey filed a petition with the Board proposing to implement EEPs in compliance with the June 2020 Order. On April 7, 2021, the Board issued an order approving a stipulation of settlement between South Jersey, Staff, Rate Counsel, and the

¹⁰ I/M/O Energy Efficiency Programs and Associated Cost Recovery Mechanisms and In the Matter of the Petition of South Jersey Gas Company for Approval of Energy Efficiency Program (EEP) with an Associated Energy Tracker (EET) Pursuant to N.J.S.A. 48:3-98.1; and to Modify Rate Schedule EGS-LV, BPU Docket Nos. EO09010056 and GO09010057, Decision and Order Approving Stipulation (July 24, 2009) (“July 2009 Order”); I/M/O Petition of South Jersey Gas Company for Approval of an Energy Efficiency Program (“EEP”) with an Associated Energy Efficiency Tracker (“EET”) Pursuant to N.J.S.A. 48:3-98.1, Order, BPU Docket No. GO12050363 (June 21, 2013) (“June 2013 Order”); I/M/O Petition of South Jersey Gas Company for Approval to Continue Its Energy Efficiency Programs and Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1, Order Approving Stipulation, BPU Docket No. GO15010090 (Aug. 19, 2015) (“August 2015 Order”); I/M/O Petition of South Jersey Gas Company for Approval to Continue Its Energy Efficiency Programs (“EEP IV”) and Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1, Order Adopting Stipulation (Oct. 29, 2018) (“October 2018 Order”).

Energy Efficiency Alliance of New Jersey and the New Jersey Large Energy Users Coalition (“NJLEUC”) authorizing South Jersey to implement the EEP V program for Triennium 1.¹¹ The EEP V program included the following programs: 1) Behavioral; 2) Energy Efficient Products; 3) Existing Homes; 4) Multi-family; 5) Direct Install; and 6) Energy Solutions for Business.¹² The October 2023 Order further directed utilities to file a letter petition to extend the Triennium 1 energy efficiency programs for a period of six (6) months, from July 1, 2024 through December 31, 2024. (“Extension Period”). South Jersey filed a letter petition on November 20, 2023 in BPU Docket Nos. QO19010040 and GO20090618 extending the term of its Triennium 1 Programs for six months, as required by the October 2023 Order.

12. In the instant proceeding, South Jersey is seeking Board approval to implement the Triennium 2 Programs and associated cost recovery described herein, as directed by the Triennium 2 Orders. The Triennium 2 Programs are further described in the testimony and supporting schedules of Peter Druckenmiller (Exhibit D) and cost recovery is further described in the testimony and supporting schedules of James Fredericks (Exhibit E) attached to this Verified Petition.

III. PROGRAM DESCRIPTION

13. In this filing, South Jersey proposes to build upon the success of its prior EEPs with the new Triennium 2 Programs that have been developed in response to market demands, the Triennium 2 Orders and the State’s clean energy laws and policies, and customer needs. South Jersey respectfully requests approval to implement the new Triennium 2 Programs over a 2.5-year

¹¹ I/M/O the Implementation of L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs and I/M/O the Petition of South Jersey Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act, BPU Docket Nos. QO19010040 and GO20090618, Order Adopting Stipulation (Apr. 7, 2021).

¹² Id.

period beginning on January 1, 2025 or such date set in a Board order approving the Triennium 2 Programs.

14. South Jersey proposes to implement and invest in the following Utility Core Programs:

a. Residential

- (i) Whole Home: a comprehensive program providing whole home energy efficiency opportunities, including assessments, and providing rebates and on-bill repayment options.
- (ii) Income Qualified: a comprehensive program providing whole home energy efficiency opportunities, including assessments, to income-qualified customers; includes two pathways (moderate income and low income, *i.e.* Comfort Partners) with tiered benefits, based on household income and other qualifying factors.
- (iii) Energy Efficient Products: a program providing rebates on energy efficient products, may include online marketplace and retail store rebates, appliance recycling, HVAC rebates; may include on-bill repayment options.
- (iv) Behavioral: a program providing energy use information, including analytics, and information and tips related to energy conservation via digital and/or mailed reports to residential customers.

b. C&I

- (i) Energy Solutions: a comprehensive program offering various whole-building solutions to energy efficiency upgrades, including energy assessments, engagement, comprehensive services, and technical support; includes incentives and on-bill repayment options.
- (ii) Direct Install: a program providing energy assessment and financial incentives for the installation of energy efficiency measures; the program aims to make energy efficiency upgrades more accessible to small commercial customers; includes on-bill repayment options.
- (iii) Prescriptive/Custom: a program providing opportunities for commercial and industrial facilities to implement individual or groups of efficiency measures based on prescriptive rebates and/or per kwh and per therm financial incentives for custom measures; includes on-bill repayment options.

c. Multifamily

- (i) Multifamily: a program providing a variety of options for multifamily properties, including rebates for in unit or common areas solutions as well as more comprehensive offerings for whole-building retrofits; including on-bill repayment options. The program is aimed at reducing the barriers that multifamily properties often face to participating in efficiency programs and providing a variety of options to fulfill the needs of various building types and metering structures. Some options will offer greater incentives for properties serving LMI customers. This program also includes on-bill repayment options.

15. South Jersey also proposes that administration of the Comfort Partners Program be transferred from the State of New Jersey to South Jersey as part of the Residential Income Qualified Program. The Company proposes to transition the Comfort Partners Program to South Jersey in two stages over the course of Triennium 2. In the first stage, South Jersey will continue operating the program “as is”, but with budgets and reporting included with rest of the Company’s EE portfolio and reviewed and approved through EE Filing process. In the second stage, South Jersey will fully implement the new integrated Income Qualified approach to the Comfort Partners Program.

16. South Jersey also proposes to implement a utility-led Next Generation Savings Program that will target new technologies and approaches that are ready for broader adoption but need enhanced training, customer incentives, or other key elements to provide support in the market.

- a. The Company requests that the Next Generation Savings Program be exempt from the Benefit-Cost Analysis (“BCA”) requirements set forth in Section V.b of the EE MFRs and the Triennium 2 Orders. As discussed in the Direct Testimony of Peter Druckenmiller, the Next Generation Savings Program will provide valuable market support for emerging and nascent EE technologies that will help to unlock potential EE savings in the future and allow the Company

and State to continue to make progress towards their energy policy goals after more readily accessible EE savings opportunities are exhausted. Due to the longer-term nature of the benefits from this program, the program may not immediately meet the New Jersey Cost Test thresholds set forth in the Triennium 2 Orders. However, the Company submits that this program serves as a foundational investment that will be needed to meet New Jersey's long term energy policy goals. Therefore, the Company believes that an exemption from Section V of the MFRs is warranted for the Next Generation Savings Program.

17. South Jersey further proposes to implement and invest in the BD Program, which offers incentives and on-bill repayment options for the installation of residential hybrid heat systems.

18. The Company also proposes to implement and invest in the DR Program, which uses a Bring Your Own Thermostat ("BYOT") approach and offers incentives to customers to reduce their energy usage during times of peak usage.

- a. The Company requests that the DR Program be exempt from the BCA Requirements in Section 4.b of the DR MFRs and the Triennium 2 Orders. As discussed in the Direct Testimony of Peter Druckenmiller, because the DR Program is a new program with limited historical experience, documentation supporting estimated costs and benefits may not be easily produced. The Company believes demand response is an important tool in making continued progress towards the State's clean energy goals and will help to unlock deeper emissions savings in the future, after more readily accessible savings

opportunities have been exhausted. Therefore, the Company is requesting that the DR Program be exempt from the BCA requirements of Section 4 of the DR MFRs.

19. A detailed description of each of the Triennium 2 Programs identified above is provided in the Direct Testimony of Peter Druckenmiller and the Program Plan attached as Schedule PD-1 thereto included with this filing.

20. Also included herewith is the Direct Testimony of Isaac Gabel-Frank of Gabel Associates. Mr. Gabel-Frank's BCA is summarized in and supported by his Direct Testimony (Exhibit F), which demonstrates the quantified beneficial nature of the Company's proposal.

IV. PROGRAM INVESTMENTS

21. South Jersey proposes a total Triennium 2 Program budget of approximately \$406.6 million over a 2.5 year period and an administrative cost allowance of approximately \$18.4 million. The administrative costs, also referred to as O&M expenses, primarily consist of administration, marketing, inspections and quality control, and evaluation costs to support the delivery of the Triennium 2 Programs.

22. The proposed Triennium 2 Program cost allocation between investment and O&M expenses is summarized below:

Triennium 2 Program Budget (\$ Millions)	
Program Investment	\$406.6
Operations and Maintenance	\$18.4
Total	\$425.0

23. Based on market conditions and the level of market response to each of the Triennium 2 Program, South Jersey also proposes that it be permitted the flexibility to transfer

funding between Triennium 2 Programs, subject to the applicable notification and approval requirements set forth in the Triennium 2 Orders,¹³ to maximize energy savings and Triennium 2 Program resources.

24. As required by the Triennium 2 Orders,¹⁴ South Jersey's Triennium 2 Program Budget includes South Jersey's estimate of the net impact of payments South Jersey sends to and receives from electric utilities whose service territory overlaps the service territory of South Jersey (the "Partner Utilities"), *i.e.*, Public Service Electric and Gas Company ("PSEG") and Atlantic City Electric Company ("ACE").¹⁵

25. The net impact of payments to and from Partner Utilities included in the budget is a high-level estimate based on the best information available to South Jersey at the time of this filing. These estimates are highly subject to market changes and customer participation trends in different areas of the State. As such, the budgets should not be considered final. Rather, South Jersey submits that the Board should view these amounts as directional estimates and permit South Jersey flexibility in incorporating Partner Utility payments into its Triennium 2 budget.

26. In light of the extraordinary challenges presented in predicting the level of shared and cross-fuel savings, especially when a utility overlaps with multiple Partner Utilities, as South Jersey does, the Company reserves the right to adjust its budget request if it appears that the current estimate of the net Partner Utility transfers will not be sufficient to support Partner Utility needs for investment in measures/projects with natural gas savings in South Jersey's service territory or if there is a significant change in outlook for the budget adjustment proposal. The Company would also be open to considering a mechanism or process that would allow adjustments to the Triennium

¹³ See May 2023 Order at 18-19, 36.

¹⁴ See *id.* at 17-18, 36.

¹⁵ South Jersey currently estimates that the net impact of payments to and from Partner Utilities will be \$120.9 million, which is included in the Total Budget set forth above.

2 Budget to account for updated estimates of the net impact of Partner Utility payments as part of a settlement in this proceeding. The Company's request for flexibility to incorporate net impact of payments to and from Partner Utilities is further discussed in the Testimony of Company witness Druckenmiller.

V. RECOVERY OF PROGRAM COSTS AND LOST REVENUES

27. South Jersey requests approval to continue to recover costs associated with the Triennium 2 Programs through the existing EET rate mechanism. As previously approved, the cost recovery will consist of two parts. One part will allow the Company to earn a return on the investment and recover the amortization of the regulatory asset. The second part of the EET will recover incremental O&M expenses associated with the Triennium 2 Programs.

28. South Jersey proposes to earn a return on its net investment based upon the rate of return utilized to set rates in the Company's most recent base rate case in Docket No. GR22040253. The weighted average cost of capital utilized to calculate the return on the unamortized portion of the program investments and to set rates will be 6.93%, which is the Company's ROR set in its last base rate case effective January 1, 2023. Any change in the ROR authorized by the Board in a subsequent base rate case will be reflected in the subsequent monthly revenue requirement calculations.

29. South Jersey proposes to amortize its program investments over 10 years.

30. The cost recovery mechanism and revenue requirements associated with the Triennium 2 Programs are discussed in more detail in the Direct Testimony of James Fredericks.

31. South Jersey requests that the initial revenue requirement for the Triennium 2 Programs and an associated EET rate commence during the month in which the Triennium 2 Programs and associated EET are approved by the Board based on projected expenditures for the Triennium 2 Programs.

32. Based on the foregoing, and the information provided in the attached Direct Testimony and supporting Schedules, South Jersey proposes an initial EET rate associated with the proposed Triennium 2 Programs of \$0.012440 per therm, including taxes. This represents an increase of \$0.012440 per therm to the current EET rate of \$0.027382 per therm, for a total combined EET rate of \$0.039822 per therm.

33. As a result of these proposed rates, the monthly bill impact for a typical residential heating customer using 100 therms will be an increase of \$1.24, or 0.7%, as compared to current rates, effective upon Board approval.

34. Consistent with its currently approved EEPs and EET cost recovery mechanism, and as required by the Triennium 2 Orders, South Jersey will continue to file with the Board, on an annual basis, a petition seeking to establish future EET rates and to adjust its EET rates to reflect over and under recoveries.

35. South Jersey requests further approval to recover potential lost revenues attributable to utility-run Triennium 2 Programs through its existing CIP mechanism, as approved by the Board in its Order dated May 21, 2014 in Docket No. GR13030185.

VI. PROCEDURAL MATTERS AND DIRECT TESTIMONY

36. The May 2008 Order established that certain information must be included in any petition for approval to offer energy-efficiency programs in order to permit a comprehensive review of these filings by Staff and Rate Counsel within the statutorily designated 180-day review period. The MFRs were subsequently updated in the October 2017 Order and June 2020 Order. The MFRs were updated again by the Triennium 2 Orders, with new MFRs put in place for BD Programs and DR Programs. The MFRs detail the information, analyses and data that must be included within such a filing. A Schedule of MFRs and their location in the Company's filing is attached hereto as Exhibit B.

37. The May 2008 Order required that a utility must meet with Staff and Rate Counsel at least 30 days prior to filing a petition requesting approval of EEPs to discuss the nature of the program and program cost recovery mechanism to be proposed. Accordingly, South Jersey, along with the other New Jersey utilities, met with representatives of Staff and Rate Counsel on August 29, 2023, September 5, 2023 and November 28, 2023 to provide an overview of common elements among proposed utility Triennium 2 Programs, including a description of the proposed Programs and the proposed cost recovery mechanism. South Jersey, along with its affiliate Elizabethtown Gas Company, also met with Staff and Rate Counsel on September 14, 2023 to discuss company-specific elements of the proposed Triennium 2 Programs.

38. As a condition of the Board's approval of the merger between South Jersey Industries, Inc., South Jersey's parent company, and Boardwalk Merger Sub, Inc., a subsidiary of IIF US Holding 2 LP, South Jersey agreed to coordinate with the BPU and the other New Jersey utilities to deliver cost effective energy efficiency programs in accordance with the CEA.¹⁶ South Jersey submits that this filing and the Company's continued work with the BPU in pursuance of the Triennium 2 Programs is in furtherance of this commitment.

39. South Jersey further committed in the Merger Order to consider how it can expand a current offers and rebates to C&I customers and to work collaboratively with the New Jersey Large Energy Users Coalition ("NJLEUC") to explore energy efficiency and demand response offerings beneficial to commercial and industrial customers. Accordingly, South Jersey met with NJLEUC and its members on August 25, 2023 to discuss the Company's proposed C&I programs and receive feedback from NJLEUC and its members. South Jersey expects to continue to work with NJLEUC and other stakeholders to implement Triennium 2 Programs.

¹⁶ I/M/O the Matter of the Merger of South Jersey Industries, Inc. and Boardwalk Merger Sub, Inc., BPU Docket No. GM22040270, Order on Stipulation of Settlement (Jan. 25, 2023) ("Merger Order").

40. South Jersey reserves the right to amend this filing should that be necessitated by future modifications or changes to the current NJCEP offerings, incentives, grants, program management, evaluation, statewide policies, overall budget, and/or coordination with other utilities, state agencies and other interested participants at any time during the review period. Because South Jersey anticipates that any amendment would serve to better align its program with State policy, the Company requests that such amendment be addressed within the original 180-day period.

41. South Jersey has included as part of this filing certain confidential information that should be protected from public disclosure. This confidential information includes:

- a. The Company's most recent balance sheet, attached as Schedule JGF-7 to the Direct Testimony of James Fredericks. Following the close of the merger approved by the Board's Order in BPU docket No. GM22040270, In the Matter of the Merger of South Jersey Industries, Inc. and Boardwalk Merger Sub, Inc., the Company is now a privately held entity and the attached financial data constitutes proprietary financial information that is not publicly available.
- b. Energy Efficiency Program BCA Workpapers, attached as Schedule IGF-3 to the Direct Testimony of Isaac Gabel-Frank. Schedule IGF-3 provides detailed workpapers supporting the BCA that are contained in a proprietary model.
- c. A consolidated tax adjustment ("CTA") savings schedule calculation, attached to this Verified Petition as Schedule P-1, as required by the MFRs.

After the execution of an Agreement of Non-Disclosure, a proposed version of which is included with this filing as Exhibit C, Schedule P-1, Schedule JGF-7, and Schedule IGF-3 will be provided to the parties.

42. A draft Notice of Filing and of Public Hearing is attached hereto as Exhibit A.

43. Also attached to this Verified Petition, in support of the requests made herein, are the following Direct Testimony and schedules:

Exhibit D: Direct Testimony of Peter Druckenmiller, Program Manager,
Energy Efficiency for South Jersey;

Exhibit E: Direct Testimony of James Fredericks, Rates Analyst Lead for
South Jersey; and

Exhibit F: Direct Testimony of Isaac Gabel-Frank, Vice President, Gabel
Associates.

44. The Company is serving notice of this filing on the Director, Division of Rate Counsel via electronic mail. Pursuant to Rate Counsel's request, the Company will also provide three (3) hard copies of this filing to Rate Counsel via overnight mail.

45. Similarly, South Jersey Gas has also served notice of the filing on the Department of Law and Public Safety ("Department of Law") via electronic mail. Pursuant to Board Staff's request, the Company will also provide five (5) hard copies of this filing to Board Staff via overnight mail.

46. The Company reserves the right to amend this filing should that be necessitated by future modifications or changes to the current NJCEP offerings, incentives, grants, program management, evaluation, statewide policies, overall budget, and/or coordination with other utilities and state agencies at any time during the review period. Since South Jersey anticipates that any amendment would serve to better align its program with State policy, the Company requests that such amendment be addressed within the original 180-day period.

VII. CONCLUSION AND REQUEST FOR APPROVAL

For the foregoing reasons, as supported by the Direct Testimony attached to this Verified Petition, South Jersey respectfully requests that the Board issue an Order as follows:

1. Finding that the Triennium 2 Programs are in the public interest and authorizing South Jersey to implement and administer the Triennium 2 Programs under the terms set forth in this Petition and accompanying Exhibits, for a 2.5-year period commencing January 1, 2025, upon Board approval;
2. Authorizing the use of deferred accounting and the recovery of the costs associated with the Triennium 2 Programs through the EET (Rider “N” of the Company’s Tariff);
3. Authorizing the use of deferred accounting and the recovery of lost revenues resulting from the Triennium 2 Programs through the CIP (Rider “M” of the Company’s Tariff);
4. Approving South Jersey’s request for an increase of \$0.012440 per therm to its EET rate until the Company submits its next annual EET filing or the Board issues an Order changing such rates;
5. Permitting projects committed and/or started prior to June 30, 2027 to continue for close-out and completion activities;
6. Exempting the proposed Next Generation Savings Program from Section V of the MFRs and the proposed DR Program from Section 4 of the DR MFRs;
7. Authorizing South Jersey to make adjustments to budgets and incentives for Triennium 2 Programs as permitted by the Triennium 2 Orders; and
8. Granting such other relief as the Board deems just, reasonable and necessary.

Respectfully submitted,

SOUTH JERSEY GAS COMPANY



By: Dominick DiRocco
VP, Rates & Regulatory Affairs

Dated: December 1, 2023

Communications addressed to Petitioner
in this case are to be sent to:

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VERIFICATION

I, Dominick DiRocco, of full age, being duly sworn according to law, upon my oath, depose and say:

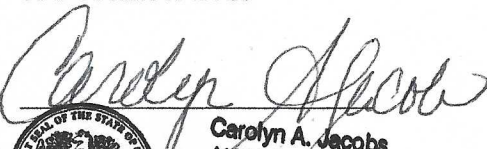
1. I am Vice President, Rates & Regulatory Affairs of SJI Utilities, Inc. and I am authorized to make this verification on behalf of South Jersey Gas Company.

2. I have reviewed the within petition and the information contained therein is true according to the best of my knowledge, information and belief.



Dominick DiRocco, Esq.
Vice President, Rates & Regulatory Affairs

Sworn to and subscribed
before me this 17 day
of December 2023





Carolyn A. Jacobs
NOTARY PUBLIC
State of New Jersey
My Commission Expires
October 28, 2028



PRELIMINARY PUBLIC COPY

Schedule P-1
Page 1 of 2

**South Jersey Gas Company
Consolidated Tax Calculation
Pursuant to N.J.A.C. 14:1-5.12(a)(10)**

[illegible]

South Jersey Gas Company
Consolidated Tax Calculation
Pusuant to *N.J.A.C. 14:1 - 5.12 (a)(10)*

2018	2019	2020	2021	2022	Cumulative
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South Jersey Gas Company
Notice of Public Hearings Regarding
Petition of South Jersey Gas Company for Approval of Triennium 2 Clean Energy
Programs and Associated Cost Recovery Pursuant to the Clean
Energy Act
BPU Docket No. _____

On December 1, 2023, South Jersey Gas Company (“Company” or “South Jersey”) filed a petition with the New Jersey Board of Public Utilities (“Board”) in Docket No. _____ to establish new Energy Efficiency Programs (“EETs”) as well as Building Decarbonization Programs (“BDs”), and Demand Response Programs (“DRs”) (collectively “Triennium 2 Programs”) for a 2.5-year term from January 1, 2025 to June 30, 2027 and to recover costs and lost revenues associated with the Triennium 2 Programs through the existing Energy Efficiency Tracker (“EET”) mechanism and the Conservation Incentive Program (“CIP”) mechanism. The proposed Triennium 2 Programs and cost recovery mechanism are filed in accordance with the Clean Energy Act of 2018 (“CEA”) and the Board’s Orders dated May 24, 2023, July 26, 2023, September 27, 2023, and October 25, 2023 in Docket Nos. QO19010040, QO19060748, and QO17091004. In general, the proposed Triennium 2 Programs provide monetary incentives and customer education to South Jersey’s residential and commercial customers through programs and initiatives designed to support the clean energy policy goals of the State, including but not limited to those set forth in the CEA and the 2019 New Jersey Energy Master Plan.

The proposed program budget is \$425 million, which is comprised of \$406.6 million of program investment and \$18.4 million of operations and maintenance costs. South Jersey requests that the Board allow the Company to recover the costs of the Triennium 2 Program, including a return on and return of the investments associated with the programs, as well as the associated lost revenues. It is estimated that South Jersey would recover a total of approximately \$419.2 million from ratepayers and \$142.3 million from loan participants from 2025 through 2037.

The Company recovers the cost of its current EETs through its EET rate. The Company’s current EET rate is \$0.027382 per therm, including taxes. The proposed EET rate including Year 1 of the new program will be \$0.039822 per therm, including taxes. This represents an increase of \$0.012440 per therm to the current EET rate including taxes, to be effective upon issuance of a Board Order. The following chart reflects projections of the potential future rates and bill impacts through 2026:

	<u>Current</u> <u>Program</u>	<u>Including</u> <u>New Program</u>	<u>Increase</u>	<u>100 Therm</u> <u>Bill Change</u>
January 1, 2025	\$0.027382	\$0.039822	\$0.012440	\$1.24
July 1, 2025	\$0.027382	\$0.082742	\$0.055360	\$5.53
July 1, 2026	\$0.027382	\$0.129145	\$0.101763	\$10.17

If the new program is approved, the effect of the Year 1 rate change of \$0.012440 per therm on the monthly bill of a typical residential heating customer using an average of 100 therms per month is illustrated below:

<u>Consumption</u> <u>in Therms</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Change in Bill</u>	<u>Percent Change</u>
100	\$181.24	\$182.48	\$1.24	0.7%

The Board has the statutory authority to establish the EET charges at levels it finds just and reasonable. Therefore, the Board may establish the EET charge at levels other than those proposed by South Jersey.

A copy of the Filing can be viewed on the Company’s website at: www.SouthJerseyGas.com under Regulatory Information. The Petition is also available to review online through the Board’s website, <http://publicaccess.bpu.state.nj.us/> where you can search by the above-captioned docket number. The Petition

Exhibit A

and Board file may also be reviewed at the Board located at 44 South Clinton Avenue, 1st Floor, Trenton, New Jersey, with an appointment. To make an appointment, please call (609) 913-6298.

PLEASE TAKE FURTHER NOTICE that virtual public hearings will be held on following date and times so that members of the public may present their views on the Petition:

VIRTUAL PUBLIC HEARING

DATE:

HEARING TIMES: 4:30 p.m. and 5:30 p.m.

LOCATION: Microsoft Teams Meeting

ID:

PASSCODE:

(Access the Microsoft Teams App or Microsoft Teams on the web. On the left side of the screen, click the “Teams” icon. Select “Join or ‘create a team’”. Press “Join” and enter the Meeting ID and Passcode when prompted.)

-or-

Dial-In: 866-984-3164

Conference ID: followed by the # sign

Representatives of the Company, Board Staff and the New Jersey Division of Rate Counsel will participate in the virtual public hearings. Members of the public may use the video conference link or the Dial-In Number and Conference ID to express their views on this matter. All comments will be part of the final record of the proceeding and will be considered by the Board. To encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, such as interpreters or listening assistance, 48 hours prior to the above hearings to the Board Secretary at board.secretary@bpu.nj.gov.

The Board is also accepting written and electronic comments. Comments may be submitted directly to the specific docket listed above using the “Post Comments” button on the Board’s Public Document Search tool. Comments are considered public documents for purposes of the State’s Open Public Records Act. Only public documents should be submitted using the “Post Comments” button on the Board’s Public Document Search tool. Any confidential information should be submitted in accordance with the procedures set forth in N.J.A.C. 14:1-12.3. In addition to hard copy submissions, confidential information may also be filed electronically via the Board’s e-filing system or by email to the Secretary of the Board. Please include “Confidential Information” in the subject line of any email. Instructions for confidential e-filing are found on the Board’s webpage. <https://www.nj.gov/bpu/agenda/efiling/>.

Emailed and/or written comments may also be submitted to:

Secretary of the Board

44 South Clinton Ave., 1st Floor

PO Box 350

Trenton, NJ 08625-0350

Phone: 609-913-6241

Email: board.secretary@bpu.nj.gov

South Jersey Gas Company

Brent Schomber

President and Chief Operating Officer

Energy Efficiency Program Minimum Filing Requirements¹

Filing Requirement	Location in Filing
I. General Filing Requirements	
a. The utility shall provide a table of contents for each filing.	Case Summary – Contents of Filing Tables of Contents are also provided each Testimony and the Program Plan
b. The utility shall provide with all filings, information and data pertaining to the specific program proposed, as set forth in applicable sections of N.J.A.C. 14:1-5.11 and N.J.A.C. 14:1-5.12.	JGF-5 – Comparative Balance Sheet 2020-2022 JGF-6 – Comparative Income Statement 2020-2022 JGF-7 – Balance Sheet at Sept. 30, 2023 (Confidential) JGF-8 – Statement of Revenue at December 2022 JGF-9 – Payments and Accruals to Affiliates 2022 JGF-11 – Pro Forma Income Statement JGF -12 – Pro Forma Balance Sheet JGF-14 – Proposed Tariff Sheets Exhibit-A – Form of Public Notice Exhibit P-1 – CTA Calculation (Confidential)
c. All filings shall contain information and financial statements for the proposed program(s) in accordance with the applicable Uniform System of Accounts that is set forth in N.J.A.C. 14:1-5.12. The utility shall provide the accounts and account numbers that will be utilized in booking the revenues, costs, expenses, and assets pertaining to each proposed program so that they can be properly separated and allocated from other regulated and/or other programs.	JGF-10 – Energy Efficiency Chart of Accounts JGF-12 – Pro Forma Balance Sheet JGF-14 – Proposed Tariff Sheets

¹ The Energy Efficiency Program Minimum Filing Requirements are set forth in Attachment A of the Board's October 2023 Order in these proceedings.

Filing Requirement	Location in Filing
d. The utility shall provide supporting explanations, assumptions, calculations, and work papers as necessary for each proposed program and cost recovery mechanism petition filed under N.J.S.A. 48:3-98.1. The utility shall provide electronic copies of such supporting information, with all inputs and formulae intact, where applicable.	Exhibit E - Direct Testimony of James Fredericks, §§ III-V JGF -1- Annual Revenue Requirements JGF -2- Rate of Return JGF -3- Derivation of Revenue Factor JGF-4 – Monthly Recovery and Interest Calculation Exhibit F - Direct Testimony of Isaac Gabel-Frank, §§ III-IV PD-1 Triennium 2 Program Plan IGF-3 – Cost-Benefit Analysis Workpapers (Confidential)
e. The filing shall include testimony supporting the petition, including all proposed programs.	Exhibit D – Direct Testimony of Peter Druckenmiller Exhibit E – Direct Testimony of James Fredericks Exhibit F – Direct Testimony of Isaac Gabel-Frank
f. For any proposed program, the utility shall be subject to the requirements in this and all subsequent Sections. If compliance with Section V and VI of these requirements would not be feasible for a particular program or sub-program, the utility may request an exemption but must demonstrate why such exemption should be granted. Examples of historical situations that have qualified for exemption include pilot programs, programs that had an educational or policy goal rather than resource acquisition focus, and programs that introduced novel ideas where documentation supporting estimated costs/benefits may not be easily produced.	Verified Petition, ¶ 16.a (Next Generation Savings) Exhibit D – Direct Testimony of Peter Druckenmiller, § VII
g. If the utility is filing for an increase in rates, charges, etc. or for approval of a program that may increase rates/changes to ratepayers in the future, the utility shall include a draft public notice with the petition and proposed publication dates.	Exhibit A – Form of Public Notice
II. Program Description	
a. The utility shall provide a detailed description of each proposed program for which the utility seeks approval, including, if applicable: i. Program description/design	Verified Petition, §§ III, IV Exhibit D – Testimony of Peter Druckenmiller, §§ III, IV, V PD-1 – Program Plan, §§ 3a, 3b.i, and Appendices A & B

Filing Requirement	Location in Filing
<ul style="list-style-type: none"> ii. Target market segment – including eligible customers, properties, and measures/services – and eligibility requirements and processes iii. Existing incentives iv. Proposed incentive structure or incentive ranges, including incentive payment processes and timeframes v. Customer financing options vi. Contractor requirements and role: The utility shall provide a description of the extent to which the utility intends to utilize employees, contractors, or both to deliver the program(s). The utility shall also provide a description of contractor requirements, including common application elements and training requirements vii. Estimated program participants, by year viii. Projections for energy savings and associated metrics for each program year relative to the quantitative performance indicators in Section VII ix. Program budget, by year x. Projected program costs, by year, broken down into the following categories, as applicable: <ul style="list-style-type: none"> • Capital cost; • Utility administration; • Marketing and outreach; • Outside services; • Incentives (including rebates and low- or no-interest loans); • Inspections and quality control; and • Evaluation. <p>To the extent that the New Jersey Board of Public Utilities (“Board” or “BPU”) directs New Jersey’s Clean Energy Program (“NJCEP”) to report additional categories, the utility shall provide additional categories, as applicable.</p> <p>Any workforce development and job training costs, health and safety costs, and costs of outreach to community-based organizations shall be shown separately.</p>	<p>(See above)</p>

Filing Requirement	Location in Filing
<p>b. The utility shall provide the following information about the proposed portfolio:</p> <ul style="list-style-type: none"> i. Quality assurance and control standards and remediation policies: The utility shall provide a detailed description of the process(es) for ensuring the quality of the programs and resolving any customer complaints related to the program(s). ii. Plan for workforce development and job training partnerships and pipelines for energy efficiency jobs, including for local, underrepresented, and disadvantaged workers. The utility will also provide a description of how the utility plans to engage with and support participation by minority-, women-, and veteran-owned and other underrepresented businesses to ensure equitable access to contracting opportunities under the proposed programs. iii. Customer access to current and historic energy usage data iv. Total budget summary, including an annual budget summary and joint budgets with partner utilities v. Benefit-cost analysis (as defined in Section V) vi. The utility shall list its forecasted average cost to achieve each unit of energy savings in each sector. vii. Marketing plan: The utility shall provide a description of where and how the proposed portfolio will be marketed or promoted to the sectors served by the utility's customer base, including coordinated customer outreach on core programs with other utilities. This shall include an explanation of how the specific services, along with prices, incentives, and energy bill savings for the proposed portfolio, will be conveyed to customers, where available and applicable. The marketing plan shall also include a description of any known market barriers that may impact implementation and strategies to address known market barriers. 	<p>Exhibit D – Testimony of Peter Druckenmiller, §§ VI, VII PD-1 – Program Plan, §§ 4a, 4b, 4c, and 4d and Appendices C, D, and E Exhibit F – Testimony of Isaac Gabel-Frank, §§ III, IV IGF-2 – Benefit-Cost Analysis Results IGF-3 – Benefit-Cost Analysis Workpapers (Confidential)</p>

Filing Requirement	Location in Filing
c. In areas where gas and electric service territories overlap, the utility shall provide a description of the program structure for coordinated, consistent delivery of programs between the utilities and estimated coordinated budgets and allocation of costs and energy savings between the utilities. The utility shall provide a description of how the utilities coordinated their program assumptions and other factors that could influence results for each coordinated program.	Verified Petition, ¶¶ 24-26 Exhibit D – Testimony of Peter Druckenmiller, § VII PD-1 – Program Plan, § 5 Exhibit E – Testimony of James Fredericks, § III
III. Additional Filing Information Applicable Only to Renewable Energy Projects	
a. The utility shall propose the method for treatment of Renewable Energy Certificates (“RECs”), including solar incentives, or any other renewable energy incentive developed by the Board, including Greenhouse Gas Emissions Portfolio and Energy Efficiency Portfolio Standards including ownership and use of the certificate revenue stream(s).	Not applicable
b. The utility shall also propose the method for treatment of any air emission credits and offsets, including Regional Greenhouse Gas Initiative carbon dioxide allowances and offsets, including ownership and use of the certificate revenue stream(s). For programs that are anticipated to reduce electricity sales in its service territory, the utility shall quantify the expected associated annual savings in REC, solar incentive, and any other renewable energy incentive costs.	Not applicable

Filing Requirement	Location in Filing
IV. Cost Recovery Mechanism	
a. The utility shall provide appropriate financial data for the proposed program(s), including estimated revenues, expenses, and capitalized investments for each of the first three years of operations and at the beginning and end of each year of the three-year period. The utility shall include pro forma income statements for the proposed program(s) for each of the first three years of operations and actual or estimated balance sheets at the beginning and end of each year of the three-year period.	Verified Petition, §§ IV, V Exhibit E – Testimony of James Fredericks, § III JGF-11 – Pro Forma Income Statement JGF-12 – Pro Forma Balance Sheet
b. The utility shall provide detailed spreadsheets of the accounting treatment of the proposed cost recovery, including describing how costs will be amortized, which accounts will be debited or credited each month, and how the costs will flow through the proposed program cost recovery method.	Exhibit E – Testimony of James Fredericks, §§ IV, V, VI JGF-10 – Energy Efficiency Program Accounting Entries
c. The utility shall provide a detailed explanation, with all supporting documentation, of the recovery mechanism it proposes to utilize for cost recovery of the proposed program(s), including proposed recovery through the Societal Benefits Charge, a separate clause established for these programs, base rate revenue requirements, government funding reimbursement, retail margin, and/or other mechanisms.	Verified Petition, § V Exhibit E – Testimony of James Fredericks, § IV, V JGF-14 – Proposed Tariff Sheets
d. The utility's petition for approval, including proposed tariff sheets and other required information, shall be verified as to its accuracy and shall be accompanied by a certification of service demonstrating that the petition was served on the New Jersey Division of Rate Counsel simultaneous to its submission to the Board.	Verifications of Dominick DiRocco, Peter Druckenmiller, James Fredericks, and Isaac Gabel-Frank

Filing Requirement	Location in Filing
<p>e. The utility shall provide a rate impact summary by year for the proposed program(s) and a cumulative rate impact summary by year for all approved and proposed programs showing the impact of individual programs, based upon a revenue requirement analysis that identifies all estimated program costs and revenues for each proposed program on an annual basis. Such rate impacts shall be calculated for each customer class. The utility shall also provide an annual bill impact summary by year for each program, and an annual cumulative bill impact summary by year for all approved and proposed programs showing bill impacts on a typical customer for each class.</p>	<p>Verified Petition, ¶¶ 32-33 Exhibit E – Testimony of James Fredericks, §§ IV, VI JGF-1 – Annual Revenue Requirements JGF-13 – Annual Rate and Bill Impact Summary</p>
<p>f. The utility shall provide, with supporting documentation, a detailed breakdown of the total costs for the proposed program(s), identified by cost segment, consistent with the program cost categories enumerated in Section II(a)(x). This shall also include a detailed analysis and breakdown and separation of the embedded and incremental costs that will be incurred to provide the services under the proposed program(s), with all supporting documentation. Embedded costs are costs that are provided for in the utility's base rates or through another rate mechanism. Incremental costs are costs associated with or created by the proposed program that are not provided for in base rates or another rate mechanism.</p>	<p>Exhibit D – Testimony of Peter Druckenmiller, § V PD-1 – Program Plan, Appendices B and C IGF-3 – Benefit Cost Analysis Workpapers (Confidential)</p>
<p>g. The utility shall provide a detailed revenue requirement analysis that clearly identifies all estimated annual program costs and revenues for the proposed program(s), including effects upon rate base and pro forma income calculations.</p>	<p>Exhibit E – Testimony of James Fredericks, § III JGF-1 – Annual Revenue Requirements</p>
<p>h. The utility shall provide, with supporting documentation: (i) a calculation of its current capital structure, as well as its calculation of the capital structure approved by the Board in its most recent electric and/or gas base rate cases, and (ii) a statement as to its allowed overall rate of return approved by the Board in its most recent electric and/or gas base rate cases.</p>	<p>Exhibit E – Testimony of James Fredericks, § III JGF-2 – Rate of Return</p>

Filing Requirement	Location in Filing
<p>i. If the utility is seeking carrying costs for a proposed program, the filing shall include a description of the methodology, capital structure, and capital cost rates used by the utility. A utility seeking performance incentives shall provide all supporting justifications and rationales for the incentives, along with supporting documentation, assumptions, and calculations. Utilities that have approved rate mechanisms or incentive treatment from previous cases and are not seeking a modification of such treatment through the current filing are not subject to this requirement.</p>	<p>Exhibit E – Testimony of James Fredericks, § III JGF-4 – Monthly Recovery and Interest Calculation</p>
<p>V. Benefit-Cost Analysis</p>	
<p>a. The utility shall conduct a benefit-cost analysis of the programs and portfolio using the most recent New Jersey Cost Test, including its most recent avoided cost methodologies, as a primary test. In addition, the utility shall conduct benefit-cost analysis using the Participant Cost Test, Program Administrator Cost Test, Ratepayer Impact Measure Test, Total Resource Cost Test, and Societal Cost Test that assesses all program costs and benefits from a societal perspective i.e., that includes the combined financial costs and benefits realized by the utility and the customer as defined in the then-current version of the California Standard Practice Manual. The utility may also provide any additional benefit-cost analysis that it believes appropriate with supporting rationales and documentation.</p>	<p>PD-1 – Program Plan, Appendix E Exhibit F – Testimony of Isaac Gabel-Frank IGF-2 – Benefit-Cost Analysis Results IGF-3 – Benefit-Cost Analysis Workpapers (Confidential)</p>
<p>b. The utility must demonstrate how the results of the tests in Section V(a) support Board approval of the proposed program(s), including how the programs are designed to achieve a benefit-to-cost ratio greater than or equal to 1.0 at the portfolio level when using the New Jersey Cost Test.</p>	<p>IGF-2 – Benefit-Cost Analysis Results</p> <p>The Company requests that the Board grant an exemption from this requirement for the Next Generation Savings Program. Regarding the exemption request, see Verified Petition ¶16.a and Exhibit D – Testimony of Peter Druckenmiller, § VII</p>

Filing Requirement	Location in Filing
c. Renewable energy programs, workforce development and job training costs, health and safety measures, and outreach to community-based organizations shall not be subject to a benefit-cost test, but the utility must estimate all direct and indirect benefits resulting from such a proposed program as well as provide the projected costs.	Exhibit D – Testimony of Peter Druckenmiller, § VII PD-1 – Program Plan, Appendix B Exhibit F – Testimony of Isaac Gabel-Frank IGF-2 – Benefit-Cost Analysis Results IGF-3 – Benefit-Cost Analysis Workpapers (Confidential)
d. The level of energy and capacity savings shall be calculated using the most recent Technical Reference Manual approved by the Board. To the extent that a protocol does not exist or an alternative protocol is proposed for a filed program, the utility must submit a savings methodology for the program or contemplated measure for approval by the Board.	Exhibit F – Testimony of Isaac Gabel-Frank, §§ III, IV IGF-4 – Emissions Avoided Results
e. For calculation of energy and capacity savings, as well as for cost effectiveness calculations, the utility shall apply the applicable net-to-gross (“NTG”) ratio and realization rates provided in the current Technical Reference Manual. To the extent that a NTG value does not exist or an alternative NTG value is proposed for a filed program, the utility must submit a NTG value for the program or contemplated measure for approval by the Board.	Exhibit F – Testimony of Isaac Gabel-Frank, §§ III, IV IGF-3 – Benefit-Cost Analysis Workpapers (Confidential)
VI. Evaluation, Measurement, and Verification (“EM&V”)	
a. The utility shall describe the methodology, processes, and strategies for monitoring and improving program and portfolio performance related to the utility’s targets established pursuant to the Quantitative Performance Indicators (“QPIs”) in Section VII. The utility shall confirm that these methodologies, processes, and strategies conform with the current New Jersey EM&V guidance documents and standards. The utility shall also provide an EM&V budget consistent with the current New Jersey EM&V guidance documents and standards.	Exhibit D – Testimony of Peter Druckenmiller, § VII PD-1 – Program Plan, § 4e

Filing Requirement	Location in Filing
VII. Quantitative Performance Indicators: Targets	
a. The utility shall file QPI target values based on the metrics applicable to each program year of the three-year program filing cycle.	Exhibit D – Testimony of Peter Druckenmiller, § VI PD-1 – Program Plan, Appendix F
b. The utility shall provide a description of how the proposed portfolio achieves the targets established for each utility pursuant to the QPIs outlined in the BPU's most recent Energy Efficiency Framework Order, as applicable for each program year: 1) Annual Energy Savings 2) Annual Demand Savings 3) Lifetime Energy Savings 4) LMI and OBC Lifetime Energy Savings 5) Small Business Lifetime Energy Savings 6) Cost to Achieve	Exhibit D – Testimony of Peter Druckenmiller, § VI PD-1 – Program Plan, Appendix F
VIII. Reporting Plan	
The utility shall comply with the reporting requirements as outlined in the BPU's most recent Energy Efficiency Framework Order.	Exhibit D – Testimony of Peter Druckenmiller, § VI PD-1 – Program Plan, § 4f

Building Decarbonization Program Minimum Filing Requirements¹

Filing Requirement	Location in Filing
I. General Filing Requirements	
a. The utility shall provide a table of contents for each filing.	Case Summary – Contents of Filing Tables of Contents are also provided each Testimony and the Program Plan
b. The utility shall provide with all filings, information and data pertaining to the specific program proposed, as set forth in applicable sections of N.J.A.C. 14:1-5.11 and N.J.A.C. 14:1-5.12.	JGF-5 – Comparative Balance Sheet 2020-2022 JGF-6 – Comparative Income Statement 2020-2022 JGF-7 – Balance Sheet at Sept. 30, 2023 (Confidential) JGF-8 – Statement of Revenue at December 2022 JGF-9 – Payments and Accruals to Affiliates 2022 JGF-11 – Pro Forma Income Statement JGF -12 – Pro Forma Balance Sheet JGF-14 – Proposed Tariff Sheets Exhibit-A – Form of Public Notice Exhibit P-1 – CTA Calculation (Confidential)
c. All filings shall contain information and financial statements for the proposed program(s) in accordance with the applicable Uniform System of Accounts that is set forth in N.J.A.C. 14:1-5.12. The utility shall provide the accounts and account numbers that will be utilized in booking the revenues, costs, expenses, and assets pertaining to each proposed program so that they can be properly separated and allocated from other regulated and/or other programs.	JGF-10 – Energy Efficiency Chart of Accounts JGF-12 – Pro Forma Balance Sheet JGF-14 – Proposed Tariff Sheets

¹ The Building Decarbonization Program Minimum Filing Requirements are set forth in Attachment B of the Board's October 2023 Order in these proceedings.

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Filing Requirement	Location in Filing
d. The utility shall provide supporting explanations, assumptions, calculations, and work papers as necessary for each proposed program and cost recovery mechanism petition filed under N.J.S.A. 48:3-98.1. The utility shall provide electronic copies of such supporting information, with all inputs and formulae intact, where applicable.	Exhibit E - Direct Testimony of James Fredericks, §§ III-V JGF -1- Annual Revenue Requirements JGF -2- Rate of Return JGF -3- Derivation of Revenue Factor JGF-4 – Monthly Recovery and Interest Calculation Exhibit F - Direct Testimony of Isaac Gabel-Frank, §§ III-IV PD-1 Triennium 2 Program Plan IGF-3 – Cost-Benefit Analysis Workpapers (Confidential)
e. The filing shall include testimony supporting the petition, including all proposed programs.	Exhibit D – Direct Testimony of Peter Druckenmiller Exhibit E – Direct Testimony of James Fredericks Exhibit F – Direct Testimony of Isaac Gabel-Frank
f. For any proposed program, the utility shall be subject to the requirements in this and all subsequent Sections. If compliance with Section V and VI of these requirements would not be feasible for a particular program or sub-program, the utility may request an exemption but must demonstrate why such exemption should be granted. Examples of historical situations that have qualified for exemption include pilot programs, programs that had an educational or policy goal rather than resource acquisition focus, and programs that introduced novel ideas where documentation supporting estimated costs/benefits may not be easily produced.	Not applicable, as the Company is not requesting any exemptions related to the BD Program.
g. If the utility is filing for an increase in rates, charges, etc. or for approval of a program that may increase rates/changes to ratepayers in the future, the utility shall include a draft public notice with the petition and proposed publication dates.	Exhibit A – Form of Public Notice

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Filing Requirement	Location in Filing
II. Program Description	
<p>a. The utility shall provide a detailed description of each proposed program for which the utility seeks approval, including, if applicable:</p> <ul style="list-style-type: none"> i. Program description/design ii. Target market segment – including eligible customers, properties, and measures/services – and eligibility requirements and processes iii. Existing incentives iv. Proposed incentive structure or incentive ranges, including incentive payment processes and timeframes v. Customer financing options vi. Contractor requirements and role: The utility shall provide a description of the extent to which the utility intends to utilize employees, contractors, or both to deliver the program(s). The utility shall also provide a description of contractor requirements, including common application elements and training requirements vii. Estimated program participants, by year viii. Projections for energy savings and associated metrics for each program year relative to the quantitative performance indicators in Section VII ix. Program budget, by year x. Projected program costs, by year, broken down into the following categories, as applicable: <ul style="list-style-type: none"> • Capital cost; • Utility administration; • Marketing and outreach; • Outside services; • Incentives (including rebates and low- or no-interest loans); • Inspections and quality control; and • Evaluation. 	<p>Verified Petition, §§ III, IV Exhibit D – Testimony of Peter Druckenmiller, §§ III, IV, V PD-1 – Program Plan, §§ 3b.ii and Appendices A & B</p>

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Filing Requirement	Location in Filing
<p>To the extent that the New Jersey Board of Public Utilities (“Board” or “BPU”) directs New Jersey’s Clean Energy Program (“NJCEP”) to report additional categories, the utility shall provide additional categories, as applicable.</p> <p>Any workforce development and job training costs, health and safety costs, and costs of outreach to community-based organizations shall be shown separately.</p>	(See above)
<p>b. The utility shall provide the following information about the proposed portfolio:</p> <ul style="list-style-type: none"> i. Quality assurance and control standards and remediation policies: The utility shall provide a detailed description of the process(es) for ensuring the quality of the programs and resolving any customer complaints related to the program(s). ii. Plan for workforce development and job training partnerships and pipelines for energy efficiency jobs, including for local, underrepresented, and disadvantaged workers. The utility will also provide a description of how the utility plans to engage with and support participation by minority-, women-, and veteran-owned and other underrepresented businesses to ensure equitable access to contracting opportunities under the proposed programs. iii. Customer access to current and historic energy usage data iv. Total budget summary, including an annual budget summary and joint budgets with partner utilities v. Benefit-cost analysis (as defined in Section V) vi. The utility shall list its forecasted average cost to achieve each unit of energy savings in each sector. vii. Marketing plan: The utility shall provide a description of where and how the proposed portfolio will be marketed or promoted to the sectors served by the utility’s customer base, including coordinated customer outreach on core programs with other utilities. This shall include an explanation of how the specific services, along with prices, incentives, and energy bill savings for the proposed portfolio, will be conveyed to customers, where 	<p>Exhibit D – Testimony of Peter Druckenmiller, §§ VI, VII PD-1 – Program Plan, §§ 4a, 4b, 4c, and 4d and Appendices C, D, and E Exhibit F – Testimony of Isaac Gabel-Frank, §§ III, IV IGF-2 – Benefit-Cost Analysis Results IGF-3 – Benefit-Cost Analysis Workpapers (Confidential)</p>

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Filing Requirement	Location in Filing
available and applicable. The marketing plan shall also include a description of any known market barriers that may impact implementation and strategies to address known market barriers.	
c. In areas where gas and electric service territories overlap, the utility shall provide a description of the program structure for coordinated, consistent delivery of programs between the utilities and estimated coordinated budgets and allocation of costs and energy savings between the utilities. The utility shall provide a description of how the utilities coordinated their program assumptions and other factors that could influence results for each coordinated program.	Verified Petition, ¶ 24-26 Exhibit D – Testimony of Peter Druckenmiller, § VII PD-1 – Program Plan, § 5 Exhibit E – Testimony of James Fredericks, § III
III. Additional Filing Information Applicable Only to Renewable Energy Projects	
a. The utility shall propose the method for treatment of Renewable Energy Certificates (“RECs”), including solar incentives, or any other renewable energy incentive developed by the Board, including Greenhouse Gas Emissions Portfolio and Energy Efficiency Portfolio Standards including ownership and use of the certificate revenue stream(s).	Not Applicable
b. The utility shall also propose the method for treatment of any air emission credits and offsets, including Regional Greenhouse Gas Initiative carbon dioxide allowances and offsets, including ownership and use of the certificate revenue stream(s). For programs that are anticipated to reduce electricity sales in its service territory, the utility shall quantify the expected associated annual savings in REC, solar incentive, and any other renewable energy incentive costs.	Not Applicable

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Filing Requirement	Location in Filing
IV. Cost Recovery Mechanism	
a. The utility shall provide appropriate financial data for the proposed program(s), including estimated revenues, expenses, and capitalized investments for each of the first three years of operations and at the beginning and end of each year of the three-year period. The utility shall include pro forma income statements for the proposed program(s) for each of the first three years of operations and actual or estimated balance sheets at the beginning and end of each year of the three-year period.	Verified Petition, §§ IV, V Exhibit E – Testimony of James Fredericks, § III JGF-11 – Pro Forma Income Statement JGF-12 – Pro Forma Balance Sheet
b. The utility shall provide detailed spreadsheets of the accounting treatment of the proposed cost recovery, including describing how costs will be amortized, which accounts will be debited or credited each month, and how the costs will flow through the proposed program cost recovery method.	Exhibit E – Testimony of James Fredericks, §§ IV, V, VI JGF-10 – Energy Efficiency Program Accounting Entries
c. The utility shall provide a detailed explanation, with all supporting documentation, of the recovery mechanism it proposes to utilize for cost recovery of the proposed program(s), including proposed recovery through the Societal Benefits Charge, a separate clause established for these programs, base rate revenue requirements, government funding reimbursement, retail margin, and/or other mechanisms.	Verified Petition, § V Exhibit E – Testimony of James Fredericks, § IV, V JGF-14 – Proposed Tariff Sheets
d. The utility's petition for approval, including proposed tariff sheets and other required information, shall be verified as to its accuracy and shall be accompanied by a certification of service demonstrating that the petition was served on the New Jersey Division of Rate Counsel simultaneous to its submission to the Board.	Verifications of Dominick DiRocco, Peter Druckenmiller, James Fredericks, and Isaac Gabel-Frank

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Filing Requirement	Location in Filing
<p>e. The utility shall provide a rate impact summary by year for the proposed program(s) and a cumulative rate impact summary by year for all approved and proposed programs showing the impact of individual programs, based upon a revenue requirement analysis that identifies all estimated program costs and revenues for each proposed program on an annual basis. Such rate impacts shall be calculated for each customer class. The utility shall also provide an annual bill impact summary by year for each program, and an annual cumulative bill impact summary by year for all approved and proposed programs showing bill impacts on a typical customer for each class.</p>	<p>Verified Petition, ¶¶ 32-33 Exhibit E – Testimony of James Fredericks, §§ IV, VI JGF-1 – Annual Revenue Requirements JGF-13 – Annual Rate and Bill Impact Summary</p>
<p>f. The utility shall provide, with supporting documentation, a detailed breakdown of the total costs for the proposed program(s), identified by cost segment, consistent with the program cost categories enumerated in Section II(a)(x). This shall also include a detailed analysis and breakdown and separation of the embedded and incremental costs that will be incurred to provide the services under the proposed program(s), with all supporting documentation. Embedded costs are costs that are provided for in the utility's base rates or through another rate mechanism. Incremental costs are costs associated with or created by the proposed program that are not provided for in base rates or another rate mechanism.</p>	<p>Exhibit D – Testimony of Peter Druckenmiller, § V PD-1 – Program Plan, Appendices B and C IGF-3 – Benefit Cost Analysis Workpapers (Confidential)</p>
<p>g. The utility shall provide a detailed revenue requirement analysis that clearly identifies all estimated annual program costs and revenues for the proposed program(s), including effects upon rate base and pro forma income calculations.</p>	<p>Exhibit E – Testimony of James Fredericks, § III JGF-1 – Annual Revenue Requirements</p>

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Filing Requirement	Location in Filing
h. The utility shall provide, with supporting documentation: (i) a calculation of its current capital structure, as well as its calculation of the capital structure approved by the Board in its most recent electric and/or gas base rate cases, and (ii) a statement as to its allowed overall rate of return approved by the Board in its most recent electric and/or gas base rate cases.	Exhibit E – Testimony of James Fredericks, § III JGF-2 – Rate of Return
i. If the utility is seeking carrying costs for a proposed program, the filing shall include a description of the methodology, capital structure, and capital cost rates used by the utility. A utility seeking performance incentives shall provide all supporting justifications and rationales for the incentives, along with supporting documentation, assumptions, and calculations. Utilities that have approved rate mechanisms or incentive treatment from previous cases and are not seeking a modification of such treatment through the current filing are not subject to this requirement.	Exhibit E – Testimony of James Fredericks, § III JGF-4 – Monthly Recovery and Interest Calculation
V. Benefit-Cost Analysis	
a. The utility shall conduct a benefit-cost analysis of the programs and portfolio using the most recent New Jersey Cost Test, including its most recent avoided cost methodologies, as a primary test. In addition, the utility shall conduct benefit-cost analysis using the Participant Cost Test, Program Administrator Cost Test, Ratepayer Impact Measure Test, Total Resource Cost Test, and Societal Cost Test that assesses all program costs and benefits from a societal perspective i.e., that includes the combined financial costs and benefits realized by the utility and the customer as defined in the then-current version of the California Standard Practice Manual. The utility may also provide any additional benefit-cost analysis that it believes appropriate with supporting rationales and documentation.	PD-1 – Program Plan, Appendix E Exhibit F – Testimony of Isaac Gabel-Frank IGF-2 – Benefit-Cost Analysis Results IGF-3 – Benefit-Cost Analysis Workpapers (Confidential)

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Filing Requirement	Location in Filing
b. The utility must calculate and track the results of the tests in Section V(a) to analyze and improve program design and performance with the goal of having BD Programs for Triennium 3 that achieve a benefit-to-cost ratio greater than or equal to 1.0 when using the New Jersey Cost Test.	IGF-2 – Benefit-Cost Analysis Results
c. Renewable energy programs, workforce development and job training costs, health and safety measures, and outreach to community-based organizations shall not be subject to a benefit-cost test, but the utility must estimate all direct and indirect benefits resulting from such a proposed program as well as provide the projected costs.	Exhibit D – Testimony of Peter Druckenmiller, § VII PD-1 – Program Plan, Appendix B Exhibit F – Testimony of Isaac Gabel-Frank IGF-2 – Benefit-Cost Analysis Results IGF-3 – Benefit-Cost Analysis Workpapers (Confidential)
d. The level of energy and capacity savings shall be calculated using the most recent Technical Reference Manual approved by the Board. To the extent that a protocol does not exist or an alternative protocol is proposed for a filed program, the utility must submit a savings methodology for the program or contemplated measure for approval by the Board.	Exhibit F – Testimony of Isaac Gabel-Frank, §§ III, IV IGF-4 – Emissions Avoided Results
e. For calculation of energy and capacity savings, as well as for cost effectiveness calculations, the utility shall apply the applicable net-to-gross (“NTG”) ratio and realization rates provided in the current Technical Reference Manual. To the extent that a NTG value does not exist or an alternative NTG value is proposed for a filed program, the utility must submit a NTG value for the program or contemplated measure for approval by the Board.	Exhibit F – Testimony of Isaac Gabel-Frank, §§ III, IV IGF-3 – Benefit-Cost Analysis Workpapers (Confidential)

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Filing Requirement	Location in Filing
VI. Evaluation, Measurement, and Verification (“EM&V”)	
<p>a. The utility shall describe the methodology, processes, and strategies for monitoring and improving program and portfolio performance related to developing a full program for Triennium 2. The utility shall confirm that these methodologies, processes, and strategies conform with the current New Jersey EM&V guidance documents and standards or propose modifications and additions as needed for BD Programs. The utility shall also provide an EM&V budget consistent with the current New Jersey EM&V guidance documents and standards.</p> <p>Additionally, the utility shall provide information on data transparency.</p> <ol style="list-style-type: none"> 1. To support any evaluation-related work, data should be provided by the utility or State or their program administrator in full and within four weeks of the request. Time extensions may be approved by Staff if they are received more than a week before the data are due and if a meeting has been held with the Statewide Evaluator team requesting the data to identify if there are adequate substitutes (in the Statewide Evaluator’s judgment) for the initially-requested data. Evaluation-related work includes but is not limited to impact, process, net-to-gross, baseline, EUL/RUL, cost-effectiveness, TRM, full load hours, non-energy impacts, market research, surveys, and numerous other evaluation-related analyses. 2. Data delivery must use appropriate secure delivery systems. 3. Staff will require regular (at least quarterly) reporting on data requests and their fulfillment status (timeliness, completeness, data quality, etc.) 	<p>Exhibit D – Testimony of Peter Druckenmiller, §§ VI, VII</p> <p>PD-1 – Program Plan, § 4e</p>

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Filing Requirement	Location in Filing
VII. Quantitative Performance Indicators: Targets	
<p>a. The utility shall file estimated values for each program year for the following metrics:</p> <ul style="list-style-type: none"> • Site and source energy savings by fuel (MMBtu) • Site and source lifetime energy savings by fuel (MMBtu) • Site and source annual emissions by fuel (CO₂e MT) • Site and source lifetime emissions by fuel (CO₂e MT) • Net annual peak demand savings by fuel (electricity and natural gas only) (peak MW or peak-day therm) • CO₂ emissions impacts by fuel (CO₂e MT) • Net CO₂ emissions impacts across fuels (CO₂e MT) • Levelized cost per metric ton of CO₂e (costs levelized over the EUL or AUL, as appropriate, of the measure or project divided by lifetime net CO₂e impacts) • Number of distributors and contractors engaged in the program • Number of program participants and installations, overall and for LMI • Number and geographic location of installations 	PD-1 – Program Plan, Appendix G
<p>b. The utility shall provide a description of how the proposed portfolio achieves the estimated outcomes.</p>	PD-1 – Program Plan, § 3b.ii and Appendix G
VIII. Reporting Plan	
<p>The utility shall comply with the reporting requirements as outlined in the BPU's most recent Energy Efficiency Framework Order.</p>	PD-1 – Program Plan, § 4f

Demand Response Program Minimum Filing Requirements¹

Filing Requirement	Location in Filing
1. General Filing Requirements	
a. The utility shall provide a table of contents for each filing.	Case Summary – Contents of Filing Tables of Contents are also provided each Testimony and the Program Plan
b. The utility shall provide with all filings, information and data pertaining to the specific program proposed, as set forth in applicable sections of N.J.A.C. 14:1-5.11 and N.J.A.C. 14:1-5.12.	JGF-5 – Comparative Balance Sheet 2020-2022 JGF-6 – Comparative Income Statement 2020-2022 JGF-7 – Balance Sheet at Sept. 30, 2023 (Confidential) JGF-8 – Statement of Revenue at December 2022 JGF-9 – Payments and Accruals to Affiliates 2022 JGF-11 – Pro Forma Income Statement JGF-12 – Pro Forma Balance Sheet JGF-14 – Proposed Tariff Sheets Exhibit-A – Form of Public Notice Exhibit P-1 – CTA Calculation (Confidential)
c. All filings shall contain information and financial statements for the proposed program(s) in accordance with the applicable Uniform System of Accounts that is set forth in N.J.A.C. 14:1-5.12. The utility shall provide the accounts and account numbers that will be utilized in booking the revenues, costs, expenses, and assets pertaining to each proposed program so that they can be properly separated and allocated from other regulated and/or other programs.	JGF-10 – Energy Efficiency Chart of Accounts JGF-12 – Pro Forma Balance Sheet JGF-14 – Proposed Tariff Sheets

¹ The Demand Response Program Minimum Filing Requirements are set forth in Attachment C of the Board's October 2023 Order in these proceedings.

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Filing Requirement	Location in Filing
d. The utility shall provide supporting explanations, assumptions, calculations, and work papers as necessary for each proposed program and cost recovery mechanism petition filed under N.J.S.A. 48:3-98.1. The utility shall provide electronic copies of such supporting information, with all inputs and formulae intact, where applicable.	Exhibit E - Direct Testimony of James Fredericks, §§ III-V JGF -1- Annual Revenue Requirements JGF -2- Rate of Return JGF -3- Derivation of Revenue Factor JGF-4 – Monthly Recovery and Interest Calculation Exhibit F - Direct Testimony of Isaac Gabel-Frank, §§ III-IV PD-1 Triennium 2 Program Plan IGF-3 – Cost-Benefit Analysis Workpapers (Confidential)
e. The filing shall include testimony supporting the petition, including all proposed programs.	Exhibit D – Direct Testimony of Peter Druckenmiller Exhibit E – Direct Testimony of James Fredericks Exhibit F – Direct Testimony of Isaac Gabel-Frank
f. For any proposed program, the utility shall be subject to the requirements in this and all subsequent Sections. If compliance with Section V and VI of these requirements would not be feasible for a particular program or sub-program, the utility may request an exemption but must demonstrate why such exemption should be granted. Examples of historical situations that have qualified for exemption include pilot programs, programs that had an educational or policy goal rather than resource acquisition focus, and programs that introduced novel ideas where documentation supporting estimated costs/benefits may not be easily produced.	Verified Petition, ¶ 18.a (Demand Response) Exhibit D – Direct Testimony of Peter Druckenmiller, § VII
g. If the utility is filing for an increase in rates, charges, etc. or for approval of a program that may increase rates/changes to ratepayers in the future, the utility shall include a draft public notice with the petition and proposed publication dates.	Exhibit A – Form of Public Notice

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Filing Requirement	Location in Filing
2 Program Description (As Applicable to GDCs)	
<p>b. GDC DR Programs</p> <p>i. The utility shall provide a detailed description of each proposed program for which the utility seeks approval, including, if applicable:</p> <p>(1) Program description/design, including:</p> <p>(a) Program therm demand reduction goals and curtailment objective(s);</p> <p>(b) Demand response description, including hardware and software used, event triggers, maximum event count, and customer override rules; and</p> <p>(c) Release clauses for customers to discontinue program participation.</p> <p>(2) Target market segment(s) and their priorities – including:</p> <p>(a) Eligible customers;</p> <p>(b) Measures/services;</p> <p>(c) Eligibility requirements and processes; and</p> <p>(d) Methodology to prioritize the procurement of customers for DR program participation over distribution system investments.</p> <p>(3) Proposed incentives and/or tariffs</p> <p>(a) How demand reduction performance is measured, including data sources and methodology to calculate baseline, definition of turndown events, and capacity savings;</p> <p>(b) Program design and measurement to minimize rebound effects after a turndown event;</p> <p>(c) Incentives structure and ranges for demand reduction performance achieved, including incentive payment processes and timeframes; and</p> <p>(d) Any mutual exclusivity terms that may be needed for</p>	<p>Verified Petition, §§ III, IV</p> <p>Exhibit D – Testimony of Peter Druckenmiller, §§ III, IV, V</p> <p>PD-1 – Program Plan, §§ 3b.ii, 4b, and Appendices A, B, & H.</p>

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Filing Requirement	Location in Filing
<p>avoiding double counting in newly proposed DR programs.</p> <p>(4) Qualified equipment supported by incentives, such as smart thermostats:</p> <p>(a) Incentives structure and ranges for the equipment, including incentive payment processes and timeframes; and;</p> <p>(b) A description of data and communication standards. If the standard is not an internationally recognized standard, give justification for why.</p> <p>(5) Capital investments, such as IT hardware and infrastructure to support DR. Such investments may be rate-based, but must be justified in the benefit-cost analysis.</p> <p>(6) Customer Financing options;</p> <p>(7) Contractor requirements and role: The utility shall provide a description of the extent to which the utility intends to utilize employees, contractors, or both to deliver the program(s). The utility shall also provide a description of contractor requirements, including common application elements and training/certification/recertification requirements.</p> <p>(8) Estimated program participants, by market segment each year.</p> <p>(9) Projections for performance metrics for each program year relative to the program's targets or quantitative performance indicators as defined in Section VII.</p> <p>(10) Program budget, by year.</p> <p>(11) Projected program costs, by year, broken down into the following categories, as applicable:</p> <ul style="list-style-type: none"> • Capital cost; • Utility administration; • Marketing and outreach; • Outside services; • Incentives (including rebates and low- or no-interest loans); 	(See above)

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Filing Requirement	Location in Filing
<ul style="list-style-type: none"> • Inspections and quality control; • Evaluation. <p>To the extent that the Board directs New Jersey's Clean Energy Program ("NJCEP") to report additional categories, the utility shall provide additional categories, as applicable.</p> <p>ii. Any workforce development and job training costs, health and safety costs, and costs of outreach to community-based organizations shall be shown separately.</p>	<p><i>(See above)</i></p>

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<p>c. The utility shall provide the following information about the proposed Demand Response program(s):</p> <ul style="list-style-type: none"> i. Quality assurance and control standards and remediation policies: The utility shall provide a detailed description of the process(es) for ensuring the quality of the programs and resolving any customer complaints related to the program(s). ii. Plan for workforce development and job training partnerships and pipelines for energy efficiency jobs, including for local, underrepresented, and disadvantaged workers. The utility will also provide a description of how the utility plans to engage with and support participation by minority-, women-, and veteran-owned and other underrepresented businesses to ensure equitable access to contracting opportunities under the proposed programs. iii. Data Transparency <ul style="list-style-type: none"> (1) To support any evaluation-related work, data should be provided by the utility or state or their program administrator in full and within four weeks of the request. Time extensions may be approved by Staff if they are received more than a week before the data are due and if a meeting has been held with the Statewide Evaluator team requesting the data to identify if there are adequate substitutes (in the Statewide Evaluator's judgment) for the initially-requested data. (2) Data delivery must use appropriate secure delivery systems. (3) Staff will require regular (at least quarterly) reporting on data requests and their fulfillment status (timeliness, completeness, data quality, etc.). iv. Customer access to current and historic energy usage data from smart meters, including available data fields, access rules, and technology standards. v. Total budget summary, including an annual budget summary and joint budgets with partner utilities. vi. Benefit-Cost Analysis (as defined in Section V). vii. The utility shall list its forecasted average cost to achieve each 	<p>Exhibit D – Testimony of Peter Druckenmiller, §§ VI, VII PD-1 – Program Plan, §§ 4a, 4b, 4c, 4d, and 5, and Appendices B, C, D, and E Exhibit F – Testimony of Isaac Gabel-Frank, §§ III, IV IGF-2 – Benefit-Cost Analysis Results IGF-3 – Benefit-Cost Analysis Workpapers (Confidential)</p>
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Filing Requirement	Location in Filing
<p>unit of capacity and energy savings in each program.</p> <p>viii. Marketing plan: The utility shall provide a description of where and how the proposed portfolio will be marketed or promoted to the sectors served by the utility's customer base, including coordinated customer outreach on core programs with other utilities. This shall include an explanation of how the specific services, along with prices, incentives, and energy bill savings for the proposed portfolio, will be conveyed to customers, where available and applicable. The marketing plan shall also include a description of any known market barriers that may impact implementation and strategies to address known market barriers.</p> <p>ix. In areas where gas and electric service territories overlap, the utility shall provide a description of the program structure for coordinated, consistent delivery of programs between the utilities and estimated coordinated budgets and allocation of costs and capacity and energy savings between the utilities. The utility shall provide a description of how the utilities coordinated their program assumptions and other factors that could influence results for each coordinated program.</p>	<p>(See above)</p>

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Filing Requirement	Location in Filing
2. Additional Filing Information Applicable Only to DR programs that are integrated with Renewable Energy Projects	
a. The utility shall propose the method for treatment of Renewable Energy Certificates (“RECs”), including solar incentives, or any other renewable energy incentive developed by the Board, including Greenhouse Gas Emissions Portfolio and Energy Efficiency Portfolio Standards including ownership and use of the certificate revenue stream(s). The utility shall also propose the method for treatment of any air emission credits and offsets, including Regional Greenhouse Gas Initiative carbon dioxide allowances and offsets, including ownership and use of the certificate revenue stream(s). For programs that are anticipated to reduce electricity sales in its service territory, the utility shall quantify the expected associated annual savings in REC, solar incentive, and any other renewable energy incentive costs.	Not applicable
b. The utility shall state how any Net Energy Metering billing treatment would be impacted when a demand response event is called to reduce load behind the meter, specifically for loads that will no longer exceed generation.	Not applicable
3. Cost Recovery Mechanism	
a. The utility shall provide appropriate financial data for the proposed program(s), including estimated revenues, expenses, and capitalized investments for each of the first three years of operations and at the beginning and end of each year of the three-year period. The utility shall include pro forma income statements for the proposed program(s) for each of the first three years of operations and actual or estimated balance sheets at the beginning and end of each year of the three-year period.	Verified Petition, §§ IV, V Exhibit E – Testimony of James Fredericks, § III JGF-11 – Pro Forma Income Statement JGF-12 – Pro Forma Balance Sheet

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Filing Requirement	Location in Filing
b. The utility shall provide detailed spreadsheets of the accounting treatment of the proposed cost recovery, including describing how costs will be amortized, which accounts will be debited or credited each month, and how the costs will flow through the proposed program cost recovery method.	Exhibit E – Testimony of James Fredericks, §§ IV, V, VI JGF-10 – Energy Efficiency Program Accounting Entries
c. The utility shall provide a detailed explanation, with all supporting documentation, of the recovery mechanism it proposes to utilize for cost recovery of the proposed program(s), including proposed recovery through the Societal Benefits Charge, a separate clause established for these programs, base rate revenue requirements, government funding reimbursement, retail margin, and/or other mechanisms.	Petition, § V Exhibit E – Testimony of James Fredericks, § IV, V JGF-14 – Proposed Tariff Sheets
d. The utility's petition for approval, including proposed tariff sheets and other required information, shall be verified as to its accuracy and shall be accompanied by a certification of service demonstrating that the petition was served on the New Jersey Division of Rate Counsel simultaneous to its submission to the Board.	Verifications of Dominick DiRocco, Peter Druckenmiller, James Fredericks, and Isaac Gabel-Frank
e. The utility shall provide a rate impact summary by year for the proposed program(s) and a cumulative rate impact summary by year for all approved and proposed programs showing the impact of individual programs, based upon a revenue requirement analysis that identifies all estimated program costs and revenues for each proposed program on an annual basis. Such rate impacts shall be calculated for each customer class. The utility shall also provide an annual bill impact summary by year for each program, and an annual cumulative bill impact summary by year for all approved and proposed programs showing bill impacts on a typical customer for each class.	Verified Petition, ¶¶ 32-33 Exhibit E – Testimony of James Fredericks, §§ IV, VI JGF-1 – Annual Revenue Requirements JGF-13 – Annual Rate and Bill Impact Summary

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Filing Requirement	Location in Filing
<p>f. The utility shall provide, with supporting documentation, a detailed breakdown of the total costs for the proposed program(s), identified by cost segment, consistent with the program cost categories enumerated in Section II(a)(x). This shall also include a detailed analysis and breakdown and separation of the embedded and incremental costs that will be incurred to provide the services under the proposed program(s), with all supporting documentation. Embedded costs are costs that are provided for in the utility's base rates or through another rate mechanism. Incremental costs are costs associated with or created by the proposed program that are not provided for in base rates or another rate mechanism. Customer recovered costs is income received from customers or their agents upon exit from the program or conversion to third party operation.</p>	<p>Exhibit D – Testimony of Peter Druckenmiller, § V PD-1 – Program Plan, Appendices B and C IGF-3 – Benefit Cost Analysis Workpapers (Confidential)</p>
<p>g. The utility shall provide a detailed revenue requirement analysis that clearly identifies all estimated annual program costs and revenues for the proposed program(s), including effects upon rate base and pro forma income calculations.</p>	<p>Exhibit E – Testimony of James Fredericks, § III JGF-1 – Annual Revenue Requirements</p>
<p>h. The utility shall provide, with supporting documentation: (i) a calculation of its current capital structure, as well as its calculation of the capital structure approved by the Board in its most recent electric and/or gas base rate cases, and (ii) a statement as to its allowed overall rate of return approved by the Board in its most recent electric and/or gas base rate cases.</p>	<p>Exhibit E – Testimony of James Fredericks, § III JGF-2 – Rate of Return</p>
<p>i. If the utility is seeking carrying costs for a proposed program, the filing shall include a description of the methodology, capital structure, and capital cost rates used by the utility. A utility seeking performance incentives shall provide all supporting justifications and rationales for the incentives, along with supporting documentation, assumptions, and calculations. Utilities that have approved rate mechanisms or incentive treatment from previous cases and are not seeking a modification of such treatment through the current filing are not subject to this requirement.</p>	<p>Exhibit E – Testimony of James Fredericks, § III JGF-4 – Monthly Recovery and Interest Calculation</p>

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Filing Requirement	Location in Filing
4. Benefit-Cost Analysis	
<p>a. The utility shall conduct a benefit-cost analysis of the programs using the most recent New Jersey Cost Test, including its most recent avoided cost methodologies, as a primary test. In addition, the utility shall conduct benefit-cost analysis using the Participant Cost Test, Program Administrator Cost Test, Ratepayer Impact Measure Test, Total Resource Cost Test, and Societal Cost Test that assesses all program costs and benefits from a societal perspective i.e., that includes the combined financial costs and benefits realized by the utility and the customer as defined in the then-current version of the California Standard Practice Manual. The utility may also provide any additional benefit-cost analysis that it believes appropriate with supporting rationales and documentation.</p>	<p>PD-1 – Program Plan, Appendix E Exhibit F – Testimony of Isaac Gabel-Frank IGF-2 – Benefit-Cost Analysis Results IGF-3 – Benefit-Cost Analysis Workpapers (Confidential)</p>
<p>b. The utility must demonstrate how the results of the tests in Section V(a) support Board approval of the proposed program(s), including how the programs are designed to achieve a benefit-to-cost ratio greater than or equal to 1.0 at the portfolio level when using the New Jersey Cost Test.</p>	<p>IGF-2 – Benefit-Cost Analysis Results</p> <p>The Company requests that the Board grant an exemption from this requirement for the DR Program. Regarding the exemption request, see Verified Petition ¶ 18.a and Exhibit D – Testimony of Peter Druckenmiller, § VII</p>
<p>c. Renewable energy programs, workforce development and job training costs, health and safety measures, and outreach to community-based organizations shall not be subject to a benefit-cost test, but the utility must estimate all direct and indirect benefits resulting from such a proposed program as well as provide the projected costs.</p>	<p>Exhibit D – Testimony of Peter Druckenmiller, § VII Exhibit F – Testimony of Isaac Gabel-Frank IGF-2 – Benefit-Cost Analysis Results IGF-3 – Benefit-Cost Analysis Workpapers (Confidential)</p>

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Filing Requirement	Location in Filing
d. The level of capacity and energy savings shall be calculated using the most recent Technical Reference Manual approved by the Board. To the extent that a protocol does not exist or an alternative protocol is proposed for a filed program, the utility must submit a savings methodology for the program or contemplated measure for approval by the Board.	Exhibit F – Testimony of Isaac Gabel-Frank, §§ III, IV IGF-4 – Emissions Avoided Results
e. For calculation of capacity and energy savings, as well as for cost effectiveness calculations, the utility shall report net impact by applying applicable NTG ratios (“NTG”) or some form of “direct to net” measurement. . To the extent that a NTG value does not exist or an alternative NTG value is proposed for a filed program, the utility must submit a NTG value for the program or contemplated measure for approval by the Board.	Exhibit F – Testimony of Isaac Gabel-Frank, §§ III, IV IGF-3 – Benefit-Cost Analysis Workpapers (Confidential)
5. Evaluation, Measurement, and Verification (“EM&V”)	
The utility shall describe the methodology, processes, and strategies for monitoring and improving program and portfolio performance related to the utility’s targets established pursuant to the Reporting Plan for Performance Metrics in Section VII. Demand Response program impact methodology shall clearly define the calculation of baseline consumption and demand reduction volumes. Net-to-gross evaluation methods shall be described if the proposed measurement approach is not inherently “direct-to-net,” such as measurement that uses a control group. The utility shall confirm that these methodologies, processes, and strategies conform with the current New Jersey EM&V guidance documents and standards. The utility shall also provide an EM&V budget consistent with the current New Jersey EM&V guidance documents and standards.	Exhibit D – Testimony of Peter Druckenmiller, § VII PD-1 – Program Plan, § 3b.iii, 4e

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Filing Requirement	Location in Filing
6. Reporting Plan for Performance Metrics	
a. The utility shall file target values based on key performance metrics applicable to each program year of the three-year program filing cycle.	Exhibit D – Testimony of Peter Druckenmiller, § VI PD-1 – Program Plan, Appendix G
b. The utility shall provide a description of how the proposed portfolio achieves the targets established for each utility pursuant to the following performance metrics as applicable for each program year: <ul style="list-style-type: none"> i. Dollars spent per customer enrolled per \$ spent (\$/participant) by segment for each proposed program; ii. Dollars spent per capacity enrolled (\$/kW) by each segment for each proposed program; iii. Intensity impact (kWh or CO₂ during peak event) for each proposed program. The utility shall, based on the program design, define the specific calculation to measure intensity impact; iv. Ratio of number of customer responses to control requests over number of control requests. 	Exhibit D – Testimony of Peter Druckenmiller, § VI PD-1 – Program Plan, Appendix G

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

**IN THE MATTER OF THE PETITION
OF SOUTH JERSEY GAS COMPANY
FOR APPROVAL OF TRIENNium 2
CLEAN ENERGY PROGRAMS AND
ASSOCIATED COST RECOVERY
PURSUANT TO THE CLEAN ENERGY
ACT**

**AGREEMENT OF
NON-DISCLOSURE**

BPU DOCKET NO. _____

It is hereby AGREED, as of the ____ day of December 2023, by and among South Jersey Gas Company (“Petitioner”), the Staff of the New Jersey Board of Public Utilities (“Board Staff”) and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, the “Parties”), who have agreed to execute this Agreement of Non-Disclosure of Information Claimed to be Confidential (“Agreement”), and to be bound thereby that:

WHEREAS, in connection with the above-captioned proceeding before the New Jersey Board of Public Utilities (“Board”), Petitioner and/or another party (“Producing Party”) may be requested or required to provide petitions, prefiled testimony and schedules, other documents, analyses and/or other data or information regarding the subject matter of this proceeding that the Producing Party may claim constitutes or contains confidential, proprietary or trade secret information, or which otherwise may be claimed by the Producing Party to be of a market-sensitive, competitive, confidential or proprietary nature (hereinafter sometimes referred to as “Confidential Information” or “Information Claimed to be Confidential”); and

WHEREAS, the Parties wish to enter into this Agreement to facilitate the exchange of information while recognizing that under Board regulations at N.J.A.C. 14:1-12 et seq., a request for confidential treatment shall be submitted to the Custodian who is to rule on requests made pursuant to the Open Public Records Act (“OPRA”), N.J.S.A. 47:1A-1 et seq., unless such

information is to be kept confidential pursuant to court or administrative order (including, but not limited to, an Order by an Administrative Law Judge sealing the record or a portion thereof pursuant to N.J.A.C. 1:1-14.1, and the Parties acknowledge that an Order by an Administrative Law Judge to seal the record is subject to modification by the Board), and also recognizing that a request may be made to designate any such purportedly confidential information as public through the course of this administrative proceeding; and

WHEREAS, the Parties acknowledge that unfiled discovery materials are not subject to public access under OPRA; and

WHEREAS, the Parties acknowledge that, despite each Party's best efforts to conduct a thorough pre-production review of all documents and electronically stored information ("ESI"), some work product material and/or privileged material may be inadvertently disclosed to another Party during the course of this proceeding; and

WHEREAS, the undersigned Parties desire to establish a mechanism to avoid waiver of privilege or any other applicable protective evidentiary doctrine as a result of the inadvertent disclosure of protected material;

NOW, THEREFORE, the Parties hereto, intending to be legally bound thereby, DO HEREBY AGREE as follows:

1. The inadvertent disclosure of any document or ESI which is subject to a legitimate claim that the document or ESI should have been withheld from disclosure as protected material shall not waive any privilege or other applicable protective doctrine for that document or ESI or for the subject matter of the inadvertently disclosed document or ESI if the Producing Party, upon becoming aware of the disclosure, promptly requests its return and takes reasonable precautions to avoid such inadvertent disclosure.

2. Except in the event that the receiving party or parties disputes the claim, any documents or ESI which the Producing Party deems to contain inadvertently disclosed protected material shall be, upon written request, promptly returned to the Producing Party or destroyed at the Producing Party's option. This includes all copies, electronic or otherwise, of any such documents or ESI. In the event that the Producing Party requests destruction, the receiving party shall provide written confirmation of compliance within thirty (30) days of such written request. In the event that the receiving party disputes the Producing Party's claim as to the protected nature of the inadvertently disclosed protected material, a single set of copies may be sequestered and retained by and under the control of the receiving party until such time as the Producing Party has received final determination of the issue by the Board or an Administrative Law Judge, provided that the Board has not modified or rejected such order by the Administrative Law Judge.

3. Any such protected material inadvertently disclosed by the Producing Party to the receiving party pursuant to this Agreement shall be and remain the property of the Producing Party.

4. Any Information Claimed to be Confidential that the Producing Party produces to any of the other Parties in connection with the above-captioned proceeding and pursuant to the terms of this Agreement shall be specifically identified and marked by the Producing Party as Confidential Information when provided hereunder. If only portions of a document are claimed to be confidential, the Producing Party shall specifically identify which portions of that document are claimed to be confidential. Additionally, any such Information Claimed to be Confidential shall be provided in the form and manner prescribed by the Board's regulations at N.J.A.C. 14:1-12 et seq., unless such information is to be kept confidential pursuant

to court or administrative order. However, nothing in this Agreement shall require the Producing Party to file a request with the Board's Custodian of Records for a confidentiality determination under N.J.A.C. 14:1-12 et seq. with respect to any Information Claimed to be Confidential that is provided in discovery and not filed with the Board.

5. With respect to documents identified and marked as Confidential Information, if the Producing Party's intention is that not all of the information contained therein should be given protected status, the Producing Party shall indicate which portions of such documents contain the Confidential Information in accordance with the Board's regulations at N.J.A.C. 14:1-12.2 and 12.3. Additionally, the Producing Party shall provide the party signatories to this Agreement full and complete copies of both the proposed public version and the proposed confidential version of any information for which confidential status is sought.

6. With respect to all Information Claimed to be Confidential, it is further agreed that:

(a) Access to the documents designated as Confidential Information, and to the information contained therein, shall be limited to the party signatories to this Agreement and their identified attorneys, employees, experts and consultants whose examination of the Information Claimed to be Confidential is required for the conduct of this particular proceeding.

(b) Recipients of Confidential Information shall not disclose the contents of the documents produced pursuant to this Agreement to any person(s) other than their identified employees and any identified experts and consultants whom they may retain in connection with this proceeding, irrespective of whether any such expert is retained specially and is not expected to testify, or is called to testify in this proceeding. All consultants or experts of any Party to this Agreement who are to receive copies of documents produced pursuant to this

Agreement shall have previously executed a copy of the Acknowledgement of Agreement attached hereto as “Attachment 1”, which executed Acknowledgement of Agreement shall be forthwith provided to counsel for the Producing Party, with copies to counsel for Board Staff and Rate Counsel.

(c) No other disclosure of Information Claimed to be Confidential shall be made to any person or entity except with the express written consent of the Producing Party or their counsel, or upon further determination by the Custodian, or order of the Board, the Government Records Council or of any court of competent jurisdiction that may review these matters.

7. The undersigned Parties have executed this Agreement for the exchange of Information Claimed to be Confidential only to the extent that it does not contradict or in any way restrict any applicable Agency Custodian, the Government Records Council, an Administrative Law Judge of the State of New Jersey, the Board, or any court of competent jurisdiction from conducting appropriate analysis and making a determination as to the confidential nature of said information, where a request is made pursuant to OPRA, N.J.S.A. 47:1A-1 et seq. Absent a determination by any applicable custodian, the Government Records Council, an Administrative Law Judge, the Board, or any court of competent jurisdiction that a document(s) is to be made public, the treatment of the documents exchanged during the course of this proceeding and any subsequent appeals is to be governed by the terms of this Agreement.

8. In the absence of a decision by the Custodian, the Government Records Council, an Administrative Law Judge, or any court of competent jurisdiction, the acceptance by the undersigned Parties of information which the Producing Party has identified and marked as Confidential Information shall not serve to create a presumption that the material is in fact entitled

to any special status in this proceeding or any other proceedings. Likewise, the affidavit(s) submitted pursuant to N.J.A.C. 14:1-12.8 shall not alone be presumed to constitute adequate proof that the Producing Party is entitled to a protective order for any of the information provided hereunder.

9. In the event that any Party seeks to use the Information Claimed to be Confidential in the course of any hearings or as part of the record of this proceeding, the Parties shall seek a determination by the trier of fact as to whether the portion of the record containing the Information Claimed to be Confidential should be placed under seal. Furthermore, if any Party wishes to challenge the Producing Party's designation of the material as Confidential Information, such Party shall provide reasonable notice to all other Parties of such challenge and the Producing Party may make a motion seeking a protective order. In the event of such challenge to the designation of material as Confidential Information, the Producing Party, as the provider of the Information Claimed to be Confidential, shall have the burden of proving that the material is entitled to protected status. However, all Parties shall continue to treat the material as Confidential Information in accordance with the terms of this Agreement, pending resolution of the dispute as to its status by the trier of fact.

10. Confidential Information that is placed on the record of this proceeding under seal pursuant to a protective order issued by the Board or an Administrative Law Judge, provided that the Board has not modified or rejected such order by the Administrative Law Judge, or any court of competent jurisdiction shall remain with the Board under seal after the conclusion of this proceeding. If such Confidential Information is provided to appellate courts for the purposes of an appeal(s) from this Proceeding, such information shall be provided, and shall continue to remain, under seal.

11. This Agreement shall not:

(a) Operate as an admission for any purpose that any documents or information produced pursuant to this Agreement are admissible or inadmissible in any proceeding;

(b) Prejudice in any way the right of the Parties, at any time, on notice given in accordance with the rules of the Board, to seek appropriate relief in the exercise of discretion by the Board for violations of any provision of this Agreement.

12. Within forty-five (45) days of the final Board Order resolving the above-referenced proceeding, all documents, materials and other information designated as Confidential Information, regardless of format, shall be destroyed or returned to counsel for the Producing Party. In the event that such Board Order is appealed, the documents and materials designated as Confidential Information shall be returned to counsel for the Producing Party or destroyed within forty-five (45) days of the conclusion of the appeal.

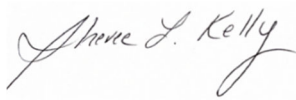
Notwithstanding the above return requirement, Board Staff and Rate Counsel may maintain in their files copies of all pleadings, briefs, transcripts, discovery and other documents, materials and information designated as Confidential Information, regardless of format, exchanged or otherwise produced during these proceedings, provided that all such information and/or materials that contain Information Claimed to be Confidential shall remain subject to the terms of this Agreement. The Producing Party may request experts who received Confidential Information who have not returned such material to counsel for the Producing Party as required above to certify in writing to counsel for the Producing Party that the terms of this Agreement have been met upon resolution of the proceeding.

13. The execution of this Agreement shall not prejudice the rights of any Party to seek relief from discovery under any applicable law providing relief from discovery.

14. The Parties agree that one original of this Agreement shall be created for each of the signatory parties for the convenience of all. The signature pages of each original shall be executed by the recipient and transmitted to counsel of record for Petitioner, who shall send a copy of the fully executed document to all counsel of record. The multiple signature pages shall be regarded as, and given the same effect as, a single page executed by all Parties.

IN WITNESS THEREOF, the undersigned Parties do HEREBY AGREE to the form and execution of this Agreement.

SOUTH JERSEY GAS COMPANY

By: 
Sheree L. Kelly, Esq.
Regulatory Affairs Counsel

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF
NEW JERSEY
Attorney for the Staff of the Board of Public
Utilities

BRIAN O. LIPMAN, ESQ.
DIRECTOR
NEW JERSEY DIVISION OF RATE
COUNSEL

By: _____
Steven A. Chaplar, Esq.
Deputy Attorney General

By: _____
Megan Lupo, Esq.
Assistant Deputy Rate Counsel

DATE:

ATTACHMENT 1

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

**IN THE MATTER OF THE PETITION OF
SOUTH JERSEY GAS COMPANY FOR
APPROVAL OF TRIENNIAL 2 CLEAN
ENERGY PROGRAMS AND ASSOCIATED
COST RECOVERY PURSUANT TO THE
CLEAN ENERGY ACT**

AGREEMENT OF NON-DISCLOSURE

BPU DOCKET NO. _____

ACKNOWLEDGMENT OF AGREEMENT

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Dated:

By:_____

(Name, Title and Affiliation)

**BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES**

DIRECT TESTIMONY

OF

W. PETER DRUCKENMILLER

**Manager, Energy Efficiency
South Jersey Gas Company**

**On Behalf of
South Jersey Gas Company**

December 1, 2023

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I. INTRODUCTION

Q. Please state your name, affiliation, and business address.

A. My name is Peter Druckenmiller. My business address is One South Jersey Place, Atlantic City New Jersey, 08401. I am employed by South Jersey Gas Company (“South Jersey” or “Company”) as Manager – Energy Efficiency Programs.

Q. What are the scope of your duties at South Jersey?

A. I manage all residential, multifamily, and commercial and industrial energy efficiency programs for South Jersey.

Q. Please briefly summarize your educational background and industry-related experience.

A. I have a Bachelor of Arts degree in Economics and Business Administration from Ursinus College. I have 16 years’ experience in the natural gas business including energy efficiency program implementation. I joined the South Jersey team in July 2019 as the Program Manager – Energy Efficiency Programs. In my current position as Program Manager, I manage program activities within the Company’s Energy Efficiency Department and provide subject matter expertise in energy efficiency program designs. I also represent the Company in civic and regulatory forums related to conservation and energy efficiency.

Prior to serving the Company in my current role, I was the Manager of Energy Efficiency Implementation for a number of utilities’ programs in Pennsylvania for five years. Prior to energy efficiency implementation, I have served in several roles in natural

gas transportation, and in scheduling and trading, and working with portfolios through the Mid-Atlantic utilities.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to provide an overview of the Company’s proposed Energy Efficiency (“EE”) Programs (“EEPs” or “EE Programs”), Building Decarbonization Programs (“BDs” or “BD Programs”), and Demand Response Programs (“DRs” or “DR Programs”) (collectively referred to as “Triennium 2 Programs”). The Triennium 2 Programs consist of the Core Programs for the Residential, Multifamily, and Commercial and Industrial (“C&I”) sectors, as well as the Utility-Led Programs. These Programs are described in Schedule PD-1. The proposed Triennium 2 Programs are filed in accordance with the Clean Energy Act of 2018 (“CEA”) and the Board of Public Utilities’ (“Board” or “BPU”) Orders dated May 24, 2023, July 26, 2023, September 27, 2023, and October 25, 2023 in Docket Nos. QO19010040, QO23030150 and QO17091004 (the “May 2023 Order”, “July 2023 Order”, “September 2023 Order”, and “October 2023 Order”, respectively, and collectively the “Triennium 2 Orders”). My testimony also provides information responsive to certain Minimum Filing Requirements (“MFRs”) required pursuant to the Triennium 2 Orders as referenced in the MFR Index attached to the Petition as Exhibit B.

1 **Q. Do you sponsor any schedules as part of your direct testimony?**

2 **A.** Yes. I am sponsoring Schedule PD-1, which was prepared by me or under my direction
3 and supervision. This schedule contains the Triennium 2 Program Plan, which provides
4 information responsive to various MFRs and a breakdown of expenditures, participants,
5 savings, and emissions data related to the Triennium 2 Programs.

6
III. PROGRAM OVERVIEW

7 **Q.** **Please describe the proposed Triennium 2 Programs.**

8 **A.** The Company is proposing to invest up to \$406.6 million and spend approximately \$18.4
9 million in operations and maintenance (“O&M”) expenses related to its Triennium 2
10 Programs over a 2.5-year period and beyond. The proposed Triennium 2 Programs serve
11 the Residential, Multi-Family, and C&I sectors, and include additional utility-led programs
12 for DR, BD, and Next Generation Savings. A list of the proposed Triennium 2 Programs
13 is set forth in Table 1 below. Detailed program descriptions are included in the Program
14 Plan, attached hereto as Schedule PD-1, which includes information required in MFR
15 Section II.a.

Table 1: Triennium 2 Programs

Type	Sector	Program
Core	Residential	Whole Home
Core	Residential	Income Qualified
Core	Residential	Energy Efficient Products
Core	Residential	Behavioral
Core	Multifamily	Multifamily
Core	C&I	Energy Solutions
Core	C&I	Direct Install
Core	C&I	Prescriptive / Custom
Utility Led	DR	Demand Response
Utility Led	BD	Building Decarbonization
Utility Led	Cross	Next Generation Savings

IV. PARTICIPATION AND BENEFITS

Q. What is the forecasted participation level for each of the proposed Triennium 2 Programs?

A. Table 2 below contains a summary of the forecasted participation for the proposed programs:

Table 2: Participation for Triennium 2 Programs

Program	Program Year 4	Program Year 5	Program Year 6	Total
Behavioral	160,000	160,000	160,000	480,000
Energy Efficient Products	9,439	28,531	29,223	67,193
Whole Home	265	935	998	2,198
Income Qualified	124	569	557	1,250
Multifamily	490	1,366	1,379	3,235
Prescriptive / Custom	626	989	1,015	2,630
Direct Install	27	77	76	180
Energy Solutions	4	16	19	39
Next Generation Savings	-	-	-	-
Demand Response	2,403	10,379	13,833	26,615
Building Decarbonization	31	150	250	431

Q. Please summarize the benefits achieved through South Jersey’s proposed programs.

A. South Jersey developed the proposed programs to expand availability of energy efficiency initiatives for its customer base. This effort is directed to all customer groups, including but not limited to those most in need of support and those most challenging to reach, such as residential low- and moderate-income (“LMI”) customers and commercial small businesses. The proposed programs will reduce natural gas bills, reduce greenhouse gas emissions, increase job opportunities and associated economic activity, and reduce local pollution, consistent with the goals of 2019 New Jersey Energy Master Plan, the New Jersey Global Warming Response Act, and the CEA.

The South Jersey Triennium 2 Program Plan, attached hereto as Schedule PD-1, is a cost-effective portfolio of programs designed to achieve State energy policy goals as directed in the Board’s Triennium 2 Orders. The programs provide energy savings opportunities to all customers in South Jersey’s service territory and ensure LMI customers have equal opportunity to realize program benefits. The portfolio also puts South Jersey on a trajectory to meet the Program Year 5 energy savings target mandated in the CEA and the October 2023 Order, as set forth in Table 3 below.

Table 3: Actual and Projected Energy Savings of Triennium 2 Programs

Program Year	PY 4	PY 5	PY 6
Period	Jan 25 - June 25	July 25 - June 26	July 26 - June 27
3-Yr Avg Sales Baseline (MMBtu)	52,668,449	53,465,854	55,654,034
Utility Savings Target (%)	0.49%	0.55%	0.55%
Utility Savings Target (MMBtu)*	129,038	294,062	306,097
Projected Savings (MMBtu)	130,580	299,555	316,013
Achieved Goal	Yes	Yes	Yes

*PY 4 target for 6 month period is 50% of annual goal.

1 **Q. Has the Company considered and evaluated the impact of the Triennium 2 Programs**
2 **related to renewable energy programs, workforce development and job training costs,**
3 **health and safety measures, and outreach to community-based organizations?**

4 **A.** Each of these categories creates enumerable benefits for the Company's customers and the
5 business community throughout the region. Workforce development programs nurture a
6 strong pool of qualified candidates to meet the increased demand for the energy efficiency
7 programs and projects. It is an investment in both energy efficiency as well as our
8 community at large. Expenditures on health and safety measures increase the customer
9 base eligible to participate in the Company's suite of LMI programs. Not only does this
10 provide energy savings to customers that would otherwise not be able to participate, it also
11 increases the comfort and health of these customers whom currently reside in homes in
12 need of these upgrades. Outreach to community-based organizations like the chambers of
13 commerce and other local organizations, including those comprised of underrepresented
14 and socially or economically disadvantaged communities and individuals, can assist in
15 raising awareness regarding our program offerings, particularly those available to low to
16 moderate income customers. Accessing these communities that have historically been
17 difficult to reach is vital to meeting the Company's goal of providing savings to all
18 customers. The Company has estimated the costs and benefits of these factors, as shown
19 in Appendix B of the Program Plan (Schedule PD-1).

V. PROGRAM BUDGET AND DURATION

Q. What is the Company's proposed overall program investment and administrative cost budget?

A. As noted above, South Jersey is proposing an investment budget of approximately \$406.6 million and an O&M budget of approximately \$18.4 million, for a total overall Program budget of approximately \$425.0 million. This budget reflects incremental costs that will be incurred in connection with the proposed programs. A summary of the proposed expenditures for each Triennium 2 Program, including a breakdown by cost category, is shown on Schedule PD-1. Subject to the requirements set forth in the May 2023 Order, South Jersey will have the flexibility to modify program budgets and incentive levels to best adapt to market conditions.

The impact of the savings and spending summarized above is a significant benefit to participants, customers, and society as a whole. In their entirety, the Triennium 2 programs proposed in the Program Plan result in approximately \$127.3 million in participant bill savings. In addition, such programs resulted in 0.6 million tons of avoided CO2 emissions as shown on Schedule IGF-4, attached to the Direct Testimony of Isaac Gabel-Frank.

Q. Please summarize the proposed time period for which these investments will be made.

A. In accordance with the May 2023 Order, the Company is requesting that the Triennium 2 programs commence January 1, 2025, and continue for a period of 2.5 years through June 30, 2027.

Q. Please explain how South Jersey reflected the impact of coordinated programs and budgets with overlapping utilities in the Company’s Triennium 2 budget.

A. As required by the Triennium 2 Orders, South Jersey’s budget includes the estimated net impact of payments South Jersey sends to and receives from electric utilities whose service territory overlaps the service territory of South Jersey (the “Partner Utilities”), i.e., Public Service Electric and Gas Company (“PSEG”) and Atlantic City Electric Company (“ACE”).

The amount currently included in the budget is a high level estimate based on the best information available at the time of this filing. This estimate is highly subject to market changes and customer participation trends in different areas of the State and, as such, should not be considered final. Rather, these amounts should be viewed as directional estimates and South Jersey should be allowed flexibility in incorporating Partner Utility payments into its Triennium 2 budget.

Q. Why is flexibility needed for incorporating Partner Utility payments into the Triennium 2 budget?

A. Flexibility in incorporating Partner Utility payments into the Triennium 2 budget is needed for several reasons. First, as noted above, although the Company used the best available information to forecast Partner Utility payments, the estimates are highly dependent on customer adoption rates and other market trends in particular subsections of the Company’s service territory that overlaps with the service territories of PSEG or ACE. Second, South Jersey has very little, if any, control over the projects implemented by its Partner Utilities or the manner or extent of the Partner Utilities’ marketing, scheduling, or implementation

1 of such projects. Finally, the process for managing the budgets in overlapping utility
2 territories in Triennium 1 was inefficient and time consuming. For these reasons, the
3 Company believes that providing additional flexibility in implementing Partner Utility
4 payments will benefit the Company, its customers, and the State by allowing for a more
5 efficient and seamless process for implementing clean energy projects in overlapping
6 service territories.

7
8 **Q. How did the New Jersey utilities approach coordinated budgets?**

9 **A.** South Jersey, along with the other state utilities, recognize that there are extraordinary
10 challenges in trying to predict the level of shared and cross fuel savings, especially when a
11 utility overlaps with multiple Partner Utilities, as South Jersey does. Those challenges will
12 be further intensified as the New Jersey utilities begin to launch BD Programs, which make
13 it very difficult to determine what energy savings an electric distribution company (“EDC”)
14 may eventually transfer to a natural gas distribution company (“NGDC”). To ensure
15 stability for the market, the utilities developed a proposal for each utility to execute up to
16 their full approved budget as a Lead Utility, and to collect the full cost of their investments
17 for their primary fuel, as well as and also to collect the net amount of any transferred
18 investments with Partner Utilities. The net transfers between Partner Utilities would be
19 positive for some companies, negative for others, and equal to zero across the State.

1 **Q. How did South Jersey incorporate the net impact of Partner Utility payments into**
2 **this filing?**

3 **A.** In light of the concerns discussed above and raised during utility working group
4 discussions, as well as the fact that South Jersey likely would not have sufficient funding
5 available to support budget requests from its Partner Utilities if the budget adjustment
6 proposal advanced by certain utilities was not approved, South Jersey took a conservative
7 approach by estimating the net impact of transfers between the Company and its Partner
8 Utilities, based on the best information available to South Jersey at the time of filing. South
9 Jersey currently estimates that the net impact of payments to and from its Partner Utilities
10 will be \$120.9 million, which is included in the Total Triennium 2 Budget of \$425.0
11 million; however, South Jersey reserves the right to adjust this estimate and its budget
12 request if it appears that the estimate of the net transfers will not be sufficient to support
13 Partner Utilities' needs for investment in measures/projects with natural gas savings in
14 South Jersey's service territory. The Company would also be open to considering a
15 mechanism or process that would allow adjustments to the Triennium 2 Budget to account
16 for updated estimates of the net impact of Partner Utility payments as part of a settlement
17 in this proceeding.

18
19 **VI. DATA & REPORTING**

20 **Q. What data does South Jersey intend to collect and evaluate for the proposed**
21 **programs?**

22 **A.** The Company or a third-party vendor will identify and implement appropriate information
 technology ("IT") systems to track and report program participation and energy savings

1 data. These systems will operate in coordination with existing Company systems or be
2 built-out, as appropriate, to meet the specific program tracking and regulatory reporting
3 requirements. The systems will transmit data to the Statewide Coordinator to facilitate data
4 sharing between utilities for dual-fuel programs.

5 The IT systems capabilities will include, but will not be limited to the following
6 functions:

- 7 • Program monitoring reports;
- 8 • Invoicing coordination between utilities and third-party vendors;
- 9 • Evaluation, Measurement and Verification (“EM&V”) data extracts; and
- 10 • Regulatory reporting extracts.

11 Processes to ensure data quality and data security will be put in place and monitored on a
12 routine basis to ensure program reporting accuracy and customer data protection.
13 Additionally, the Company will collect financial reporting in terms of investments,
14 operating and administrative costs, and the number of program participants who have
15 applied for loans, as well as the value of those pending financial commitments.

16
17 **Q. Please describe the proposed reporting mechanism.**

18 **A.** The Company shall submit quarterly, annual, and triennial public reports to the Board
19 according to the reporting framework outlined below and as required by the May 2023
20 Order. The Company will establish standard report formats in collaboration with the other
21 utilities and Board Staff.

Quarterly progress reports: No later than 60 days following the end of each quarter, the Utility shall submit a user-friendly, public report in spreadsheet format on the following program-level parameters compared to program projections and goals:

- i. Annual, lifetime, and peak energy savings;
- ii. Number of program participants: total, LMI, Overburdened Community (“OBC”), and small commercial; and
- iii. Program expenditures

Annual progress reports: No later than 150 days following the end of each program year, the Utility shall submit a user-friendly, public report, with accompanying spreadsheet(s), that includes the same program-level data as those that are included in the quarterly reports. The annual report shall show overall progress and performance of programs that are seasonal or cyclical in nature. In addition, the annual report shall include the following:

- i. A progress/performance narrative that provides an overview of program performance
- ii. A narrative about customer participation and incentives paid
- iii. The Utility program administrator’s initial and final benefit-cost test results for
- iv. the programs and portfolio (as defined in Section V of the MFRs)
- v. Assessment of the portfolio’s compliance with the targets established pursuant

vi. to the QPIs (addressed in Section VII of the MFRs)

vii. Any proposed changes or additions for the next year or cycle

If requested, the Utilities will provide end use, measure level, and/or other program data within 30 days to Staff.

Triennial progress reports: No later than 150 days following the end of the last year of the triennium, the Utility shall submit a public report that takes the place of the annual report for that year. This report will be identical to the annual report but will also review the portfolio's data and assess the portfolio's success over the 2.5-year program cycle.

Q. What QPIs will the Company include in its reporting?

A. The Company will track and report on the six (6) QPIs required in the Triennium 2 Orders, as shown in the table below:

Table 4: Triennium 2 QPIs

QPI	Description	Weight	Unit
1) Annual Energy Savings	Verified first year energy savings from measures completed in the given program year	30%	Source MMBtu
2) Annual Demand Savings	Verified peak demand savings from measures completed in the given program year	10%	Peak MW or peak-day therms
3) Lifetime Energy Savings	Verified lifetime energy savings from measures completed in the given program year	20%	Source MMBtu
4) LMI and OBC Lifetime Energy Savings	Verified lifetime energy savings from measures completed in the given program year from LMI and OBC customers	10%	Source MMBtu
5) Small Business Lifetime Energy Savings	Verified lifetime energy savings from measures completed in the given program year from small business customers	10%	Source MMBtu
6) Cost to Achieve	Total EE portfolio costs divided by total portfolio verified lifetime energy savings	20%	Total EE portfolio \$ / Lifetime Source MMBtu

Q. Is the LMI and OBC Lifetime Energy Savings QPI proportionate to the contributions to retail sales by LMI and residential customers residing in OBCs?

A. As directed by the Board, the Company developed a portfolio to cost effectively achieve energy saving targets. To calculate the percentage of sales to LMI and residential customers residing in OBCs, the Company used readily available data such as retail sales for residential customers that qualified and participated in energy assistance programs in 2022. The portfolio achieves 9.7% of lifetime savings from LMI customers. Using this comparison, the LMI QPI is proportionate to retail sales for energy assistance customers.

1 **Q. Is the Small Business Lifetime Energy Savings QPI proportionate to the contributions**
2 **to retail sales by small business customers?**

3 **A.** As directed by the Board, the Company developed a portfolio to cost effectively achieve
4 energy saving targets. To calculate the percentage of sales to small business customers,
5 the Company defined small business as C&I customers that used 5,000 therms or less
6 annually. The South Jersey region includes a larger proportion of small business customers
7 in the lowest tier (below 5,000 therms) and South Jersey plans to emphasize this segment
8 in implementation. The portfolio presently assumes that lifetime savings to this segment
9 are 1.4% of the portfolio. It is important to note that data was not available regarding the
10 percentage of small business customers that participate in the multi-family or prescriptive
11 and customer subprograms, and those customers would be additive to these estimates. In
12 total, the Company does forecast delivering nearly \$13 million in lifetime retail savings for
13 small business customers.

14
15 **Q. Please describe South Jersey's process for customer data protection and security.**

16 **A.** The Company will maintain and protect customer data from unlawful dissemination
17 consistent with applicable law, including all New Jersey statutory and BPU regulatory
18 obligations. South Jersey will implement data privacy and data handling policies and
19 procedures that are consistent with its customer data security protections and any
20 applicable BPU regulations and statutory obligations. The Company will not sell or share
21 any individual customer information or aggregated customer data, except for instances
22 where South Jersey may share customer information or aggregated customer data with
23 outside third-party implementation contractors, vendors, or trade allies to implement and/or

1 evaluate South Jersey's programs, and these companies shall use that information/data for
2 the sole purpose of Program implementation and evaluation.

3
4 **VII. ADDITIONAL MINIMUM FILING REQUIREMENTS**

4 **Q. Please describe the extent to which the Company intends to utilize employees,**
5 **contractors, or both to deliver the Triennium 2 programs.**

6 **A.** The Company will create program teams consisting of internal employees and supervised
7 third party vendors for the management, administration, and implementation of the
8 programs. The program teams will monitor the following program elements for each
9 utility-administered program:

- 10 • Progress to goal;
- 11 • Projects completed;
- 12 • Energy savings;
- 13 • Customers served; and
- 14 • Budgets.

15 The Company will also keep abreast of industry trends, market research, and best practices,
16 including those from the other New Jersey utilities, in order to consider possible
17 enhancements to the programs and ensure best-quality program implementation and
18 performance.

19 Further details regarding the vendor selection process and contractors required for
20 each program are reflected in Schedule PD-1.

1 **Q. Please describe the process for resolving customer complaints related to the**
2 **Triennium 2 programs.**

3 **A.** South Jersey's various customer contact personnel/departments, including the South Jersey
4 customer service number, will handle customer complaints relating to the design, delivery,
5 and/or administration of any South Jersey contact personnel will refer complaints regarding
6 the Triennium 2 Program to the most appropriate program management personnel to
7 investigate and resolve the issue. If South Jersey is unable to resolve a complaint to the
8 customer's satisfaction, the customer can subsequently direct their complaint to the Board
9 for resolution through the BPU's existing process for customer complaints within the
10 appropriate Division or Office of Administrative Law.

11
12 **Q. Please describe the marketing efforts that South Jersey will engage in to promote the**
13 **proposed Triennium 2 Programs to its customers.**

14 **A.** The Company anticipates using traditional utility channels (*i.e.* bill inserts); mail, print,
15 radio, and online advertising; email blasts; social media; outreach events (*i.e.*, community
16 fairs); and indirect outreach through other stakeholders, including contractors, Sustainable
17 Jersey Green Teams, and community groups, to help increase awareness and education of
18 the Triennium 2 Programs. The Company will also participate in and support the BPU
19 Marketing Working Group and collaborate with other utilities to market and promote the
20 Triennium 2 Programs to customers. Further details on marketing efforts for each
21 Triennium 2 Program is provided in Schedule PD-1.

1 **Q. What are the potential market barriers to the proposed programs, if any, and how do**
2 **the proposed programs address these market barriers?**

3 A. The primary market barriers that impact the proposed programs include the upfront cost of
4 efficient equipment, home retrofits and associated investments, lack of customer awareness
5 and engagement, business/operational constraints, split incentives between landlords and
6 tenants, cost effectiveness and navigation of the complex buying process. South Jersey
7 will seek to manage and mitigate all barriers to residential, C&I and multifamily program
8 success through a commitment to applying best practices in program design, delivery,
9 outreach, and marketing/advertising. South Jersey customer communication channels,
10 data, and brand in the marketplace will all be leveraged to deliver best-practice programs
11 that identify and confront market barriers on an ongoing basis. To the extent possible,
12 South Jersey will cross-promote programs to spread awareness of the range of efficiency
13 opportunities proposed in this plan. South Jersey will also continue our efforts in our first
14 triennium energy efficiency programs to promote program awareness to all customer
15 segments, particularly underserved customers and/or OBCs throughout our service
16 territory, through various community partnerships, community canvassing, outreach events
17 and sponsorships, and other innovative approaches. Additional details regarding the
18 Company's Marketing Plan for Triennium 2 Programs as provided in Section 4d of the
19 Program Plan, attached hereto as Schedule PD-1.

1 **Q. Has the Company considered the special contracting and financing requirements**
2 **applicable to public entities in developing the Triennium 2 Programs?**

3 **A.** Yes. The Company, along with the other New Jersey utilities recognize that public entities
4 have unique procurement requirements which could result in barriers to participation. The
5 utilities will continue work with the State to develop and implement an approach that may
6 offer a streamlined experience for public entities that meets their unique requirements.

7
8 **Q. Will the proposed programs generate incremental economic activity in the energy**
9 **efficiency/conservation marketplace? If so, what impact, if any, on competition may**
10 **be created?**

11 **A.** By investing in the Triennium 2 Programs, South Jersey will be injecting millions of dollars
12 into New Jersey's economy which will help to create jobs and spur additional business
13 spending. In addition, reductions in energy costs to residents and businesses will result in
14 increased disposable income and net revenue for households and businesses that may be
15 spent elsewhere within the State.

16 With regard to competition, the Company's Triennium 2 Programs were designed
17 in collaboration with the other utilities and the BPU and is not intended to compete with
18 offerings or services provided by another utility or the BPU.

Q. In areas where gas and electric service territories overlap, please describe how the programs will be coordinated and how savings and costs will be allocated among the utilities.

A. To support the coordinated delivery of core programs and certain additional program offerings in situations that involve gas and electric savings opportunities in overlapping utility territories, the Utilities have established a framework that will align key program elements through use of Interconnected Tracking Systems supported by use of a Statewide Coordinator System, aligned Utility Responsibilities, and Coordinated Program Elements as further described below. This structure will support the coordinated delivery of appropriate energy efficiency measures, if offered, in the following Programs:

Core Offerings

- Whole Home
- Income Qualified
- Energy Efficient Products
- Energy Solutions
- Direct Install
- Prescriptive & Custom
- Multifamily

Additional Utility-Led Offerings

- Next Generation Savings (depending upon the project/technology)

To support consistency across the state and to align the above coordinated program offerings, the utilities will continue to utilize a single third-party entity to serve as a Statewide Coordinator (“SWC”) for measures and costs that impact more than one utility in situations where gas and electric service territories overlap. This entity provides a software platform to validate the local gas and electric company serving the customer and perform independent allocations of energy savings and costs for coordinated program offerings.

1 These costs and savings will be allocated between the Utility that provides the
2 program services (i.e., “Lead Utility”) and the Utility with whom the services were
3 coordinated (i.e., “Partner Utility”).

4 In areas where gas and electric service territories overlap, the Utilities will design
5 program elements that support consistent delivery of the above coordinated program
6 offerings among all the utilities to enable the SWC to allocate shared costs and energy
7 savings appropriately based on the fuel types impacted by EE measures. Please see
8 Schedule PD-1 for an overview of the SWC’s role in coordinating programs.

9
10 **Q. Please describe the proposed Evaluation, Measurement and Verification (“EM&V”)**
11 **plan.**

12 **A.** South Jersey recognizes the importance of incorporating EM&V into the Triennium 2
13 Programs. EM&V can help assess whether program objectives are being achieved,
14 document energy and non-energy benefits pf the program, and inform future program
15 development. South Jersey will evaluate the Triennium 2 programs in accordance with the
16 New Jersey Energy Efficiency Triennium 2 Evaluation Framework.¹ Schedule PD-1
17 provides an overview of the types of evaluations and primary evaluation objectives, the
18 philosophy of monitoring and improving program performance, and EM&V budget
19 considerations. South Jersey will regularly meet with the Statewide Evaluator (“SWE”) to
20 review evaluation activities undertaken by the Utility Independent Evaluators (“UIE”),

¹ Energy Efficiency Triennium 2 Evaluation Framework, available at:
<https://www.njcleanenergy.com/files/file/BPU/2023/Market%20Analysis%20Baseline%20Studies/EE%20T2%20Evaluation%20Framework.pdf>

1 work with the SWE on statewide evaluation studies, and participate in the EM&V Working
2 Group.

3
4 **Q. Please describe the proposed workforce development plan.**

5 **A.** South Jersey recognizes the importance of developing and supporting strong Workforce
6 Development Programs. There needs to be a strong pool of qualified candidates ready for
7 companies to hire to meet the increased demand for the programs and projects as the
8 utilities implement programs to strive to meet the new energy savings targets required by
9 the CEA. Schedule PD-1 provides information regarding training needs and career paths,
10 trade ally needs, and contracting provisions.

11
12 **Q. How will the funding for the Company's Triennium 2 Programs interface with any**
13 **available Inflation Reduction Act or other federal funds made available during**
14 **Triennium 2?**

15 **A.** The Company may explore and pursue opportunities for State and federal funding that
16 supports and complements existing programs and eases cost burdens on utility customers.
17 The Company will work with Board Staff, the New Jersey Division of Rate Counsel,
18 program administrators and other stakeholders to determine how to most efficiently
19 leverage funding from the Inflation Reduction Act to maximize benefits.

20
21 **Q. Is the Company requesting an exemption from any MFRs?**

22 **A.** Yes. The Company is requesting an exemption from Section V.b of the EE MFRs for the
23 Next Generation Savings Programs and Section 4.b of the DR MFRs for the DR Program.

1 MFR I.f permits the Company to request an exemption from compliance with
2 Section V of the MFRs for a particular program when compliance with the requirements
3 would not be feasible. The MFRs further state that historical examples of programs that
4 have qualified for an exemption “include pilot programs, programs that had an educational
5 or policy goal rather than resource acquisition focus, and programs that introduced novel
6 ideas where documentation supporting estimated costs/benefits may not be easily
7 produced.”
8

9 **Q. Please explain why an exemption should be granted for the Next Generation Savings**
10 **Program.**

11 **A.** The Next Generation Savings Program will provide valuable market support for emerging
12 and nascent EE technologies that will help to unlock potential EE savings in the future and
13 allow the Company and State to continue to make progress towards their energy policy
14 goals after more readily accessible EE savings opportunities are exhausted. Due to the
15 longer-term nature of the benefits from this program, the program may not immediately
16 meet the NJCT thresholds set forth in the Triennium 2 Orders. However, the Company
17 believes that this program serves as a foundational investment in emerging EE technologies
18 that will be needed to meet New Jersey’s long term energy policy goals. Therefore, the
19 Company believes that an exemption from Section V.b of the EE MFRs is warranted for
20 the Next Generation Savings Program.
21

1 **Q. Please explain why an exemption should be granted for the DR Program.**

2 **A.** The DR Program is a new program with limited historical experience and, as such,
3 documentation supporting estimated costs and benefits may not be easily produced. The
4 Company believes demand response is an important tool in making continued progress
5 towards the State’s clean energy goals and will help to unlock deeper emissions savings in
6 the future, after more readily accessible savings opportunities have been exhausted. As
7 such, the Company sees the DR Program as an important foundational investment demand
8 response that will allow the Company, customers, and the State to gain valuable experience
9 in developing demand response programs into the future. Therefore, the Company is
10 requesting that the DR Program be exempt for the Benefit-Cost Analysis requirements of
11 DR MFR Section 4.b.

12
13 **Q. Does this conclude your testimony?**

14 **A.** Yes, it does.

VERIFICATION

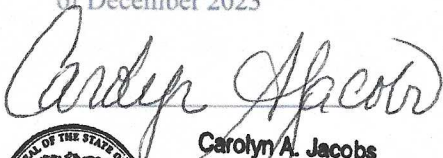
I, W. Peter Druckenmiller, of full age, being duly sworn according to law, upon my oath, depose and say:

1. I am Manager, Energy Efficiency of South Jersey Gas Company ("Company") and I am authorized to make this verification on behalf of the Company.
2. I have reviewed the within petition and the information contained therein is true according to the best of my knowledge, information and belief.



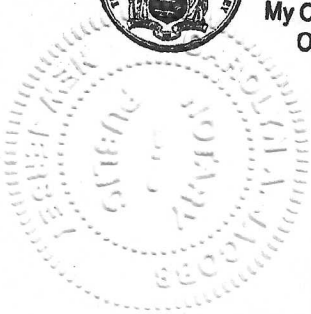
W. Peter Druckenmiller
Manager, Energy Efficiency

Sworn to and subscribed
before me this 1st day
of December 2023





Carolyn A. Jacobs
NOTARY PUBLIC
State of New Jersey
My Commission Expires
October 28, 2028



Program Plan



12/1/2023

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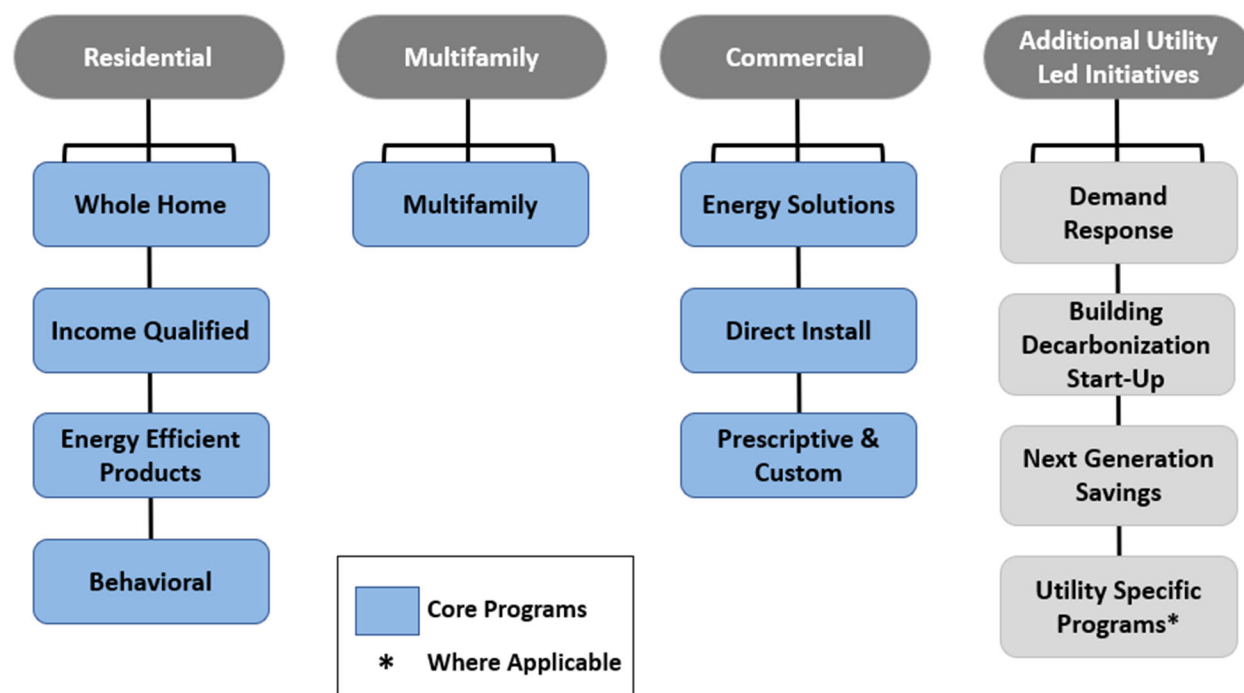
2. Introduction:

This Program Plan was developed to address South Jersey Gas Company (“South Jersey Gas”) plan for the delivery of Energy Efficiency, Building Decarbonization Start-up and Demand Response programs that South Jersey Gas proposes to offer for Triennium Two which will cover the thirty-month period from January 1, 2025 to June 30, 2027.

Due to the coordinated nature of the core energy efficiency programs, South Jersey Gas, along with the other New Jersey investor-owned utilities, have developed consistent Program Descriptions (MFR II.) that cover the program-specific MFRs (MFR II.a.i - II.a.vi) for all of the core programs. Accordingly, all of the information presented in Section 3a (Core Programs) is consistent information across all of the utility filings. Utility specific information regarding those programs, which aligns with the requirements of MFRs II.a.vii - II.a.x, is presented in the associated supporting Appendices, which match in format, but provide different information for each utility.

The program templates for the Additional Utility Led Initiatives (Section 3b of this program plan) follow a consistent format but contain utility specific proposals, with the exception of the Next Generation Savings program which also provides consistent information across the utilities (in addition to a consistent format).

The graphic below demonstrates the organization of the programs. As discussed above, all programs noted in blue as core have consistent Program Descriptions within each utility’s program plan. The Next Generation Savings program also has a consistent Program Description. The descriptions for all other programs are utility-specific.



In addition, some information contained in the Portfolio Information section (Section 4) is consistent, while the remaining subsections are utility specific. The following subsections contain consistent information across all of the utilities:

- 4e: Evaluation, Measurement and Verification (MFR VI.)
- 4f: Reporting Plan (MFR VIII.)
- 4g: Overburdened Community Standardization

Sections 4a-4d and Section 4h each present information specific to each utility. If provided, additional sections within Section 4 are utility specific.

Additionally, Section 5: Consistent Delivery in Overlapping Territories (MFR II.c.) is consistent among the utilities.

As noted above, all of the appendices are formatted similarly and in the same order, but present utility-specific information, with the exception of Appendix I: Comfort Partners Transition Plan which are consistent for all utilities. Appendix H: Incentive Ranges is formatted similarly, but has some variation due to differences in utility specific program proposals.

3. Program Descriptions

3a. Core Programs

As discussed in the introduction, all core Program Descriptions (covering MFR II.a.i - II.a.vi) are consistent among each utility's Program Plan.

3a.i Residential Sector

The core Residential sector programs are described below and include:

- Whole Home
- Income Qualified
- Energy Efficient Products
- Behavioral

3a.i.1 Whole Home Program

Program Description (MFR II.a.i)

The Whole Home Program consists of two main components:

1. A home energy assessment
2. Incentives and financing options to encourage the customer to pursue the recommended upgrades

The home energy assessment is intended to provide residential customers with an understanding of opportunities to save energy. The home energy assessment will serve as a comprehensive review and may combine the direct installation of standard energy saving measures with the identification of a full-range of potential additional opportunities. The assessment may include various diagnostic testing such as blower door testing and provide the option to have assessors install a smart thermostat during the visit.

The home energy assessment may be in person or may leverage videoconferencing software and therefore be virtual or hybrid. The home energy assessments may also target the identification of specific opportunities that may align with other utility programs, including those measures identified in Additional Utility-Led Initiatives.

All assessors will have the necessary qualifications, although these may vary based on the technical needs of the assessment type.

Utilities will strive to prescreen interested customers to determine if they appear to be eligible for the Income Qualified Program which can provide substantial energy efficiency improvements at no additional cost to participants. Customers that are identified as eligible for the Income Qualified program will be served directly through that program. However, the utilities recognize that this income eligibility may be determined at a later point and will work to ensure those customers move to treatment under that program to access the no-cost benefits.

During the visit, the assessor will perform a walk-through of the customer's home with the customer to identify opportunities to save energy. The assessors may identify health and safety issues observed and may perform more detailed diagnostic tests on the home. Other opportunities for energy savings may also be offered including making referrals to other energy efficiency programs and for program opportunities based on the needs for that premise and the customer's interest in pursuing additional upgrades. This may also include directly proceeding to address weatherization needs and other opportunities, referring to trade allies who are able to support measures offered in other programs, including Additional Utility-Led Initiatives, or sharing information about the products and incentives available under other programs.

Although the program may provide a variety of types of assessment options and additional opportunities in order to best suit the varying needs of its customers, it will promote a holistic

approach for customers to explore and invest in the efficiency and comfort of their homes. All participants in this program must have an initial home energy assessment. To ensure the upgrades are accessible to customers, there will be financing available to eligible customers through either an On-Bill Repayment (“OBR”) or access to financing with similar terms.

This program is designed to review the entire status of a home, including equipment and building envelope to achieve deeper energy savings.

Target Market or Segment (MFR II.a.ii)

The Whole Home program will be available to all single-family and single-family attached (1 to 4 unit properties)¹ electric and/or natural gas customers served by at least one of the participating investor-owned utilities in New Jersey. Standard energy efficiency measures installed during that visit may include but not be limited to LED bulbs, energy and water saving showerheads, kitchen faucet aerators, bathroom faucet aerators, gaskets, power strips and other energy saving measures. All participants will receive a report that outlines the findings during the appointment and summarizes the measures received, the recommendations made, and the incentives available.

In addition, some utilities may implement an online portal for contractors for cases where the assessments do not directly identify a specific scope of work. Should the customer choose, their assessment can be posted on their lead utility’s contractor portal. This portal allows contractors to view customers’ assessments and provide an estimate on recommended upgrades and provides customers easy access to participating contractors.

Potential measures incentivized through this program include but are not limited to insulation, air sealing, smart thermostats, HVAC, and water heating. If the customer proceeds with follow-up work within this Whole Home program, the scope of work is required to include air sealing and any necessary building envelope improvements (e.g. insulation) and any required health and safety repairs.

Existing and Proposed Incentive Ranges (MFR.II.a.iii and MFR II.a.iv)

The utilities will provide the home energy assessment to their interested customers; utilities may provide the home energy assessment at no additional cost or for a fee, which may be discounted for certain customers or for promotional periods to drive activity. The home energy assessment may include the direct installation of standard energy efficiency measures that are appropriate for their home. Participating customers may also benefit from receiving energy efficiency conservation tips, recommendations for additional opportunities and referrals to other energy efficiency programs based upon the opportunities identified for their home.

Utilities will provide incentives to encourage customers to implement the measures recommended during their assessment. Incentives will be designed to optimize participation through the program and facilitate an easy participation process. The utilities may also provide incentives to contractors related to job completion.

Refer to Appendix H for the Summary of the Existing and Proposed Incentive Ranges for this program. The utilities and/or third-party implementation contractors will strive to complete consumer or contractor payments within 60 days following completion of contractor work, submission of complete and required paperwork, and completion of program requirements such as necessary field inspections (if required).

Customer Financing Options (MFR II.a.v)

There is no need for a financing component for the home energy assessment. OBR or access to financing with similar terms will be available to eligible customers for recommended measures installed.

Refer to Section 4h of this Program Plan for the Summary of Proposed Financing for the comprehensive solutions pursued under this program.

Contractor Requirements & Role (MFR II.a.vi)

The utilities will administer and oversee this program and may select a third-party implementation contractor to manage delivery of this program. Customers who are already working with an approved Whole Home contractor can have the home energy assessment performed directly by that contractor.

The utilities' staff and/or their implementers will oversee all aspects of the program, including training, engagement, and QA/QC. There will be a significant focus on developing, training and growing a qualified trade ally network. This will include trade ally training sessions, workshops, opportunities to become approved contractors and participate in Utility-led workforce development initiatives. Utility staff and/or third-party implementation contractors may maintain a close relationship with trade allies to ensure consistent program delivery experience and high customer satisfaction.

Trade allies will consist of companies employing trained professionals to complete whole home and a wide range of energy-saving projects. In order to facilitate trade ally access to participants, utilities or the third-party implementation contractor will maintain a list of companies and professional services where customers can find local trade allies based on geography and other criteria.

The utilities will encourage all participating trade allies to also look for opportunities to promote measures from the Residential Efficient Products program, such as home appliances (e.g., clothes washers) to increase energy savings and leverage those incentives.

Projected Participants (MFR II.a.vii) and Energy Savings Relative to QPIs (MFR II.a.viii)

Refer to Appendix A, for the information on these MFRs.

Program budget, by year (MFR II.a.ix) and Projected program costs, by year, broken down into the specified categories (MFR II.a.x)

Refer to Appendix B, for the information on these MFRs.

3a.i.2 Income Qualified Program

Program Description (MFR II.a.i)

The Income-Qualified Program provides an opportunity for low- and moderate-income customers to receive energy efficiency measures and upgrades at no cost to participate. This program would condense the Moderate-Income Weatherization programs currently run as Additional Utility Led Program with the Comfort Partners program, currently run as a Co-Managed Program through New Jersey's Clean Energy Program. For the first six months of the 2nd Triennium, Comfort Partners would continue to operate under the existing structure but be included under utility budgets as a Clean Energy Act Program and the Utilities would refine detailed plans for a transition to be effective in FY26. See Appendix I for more information on the proposed Plan for the transition.¹ For ease of review, this template will address the plans for the condensed Income Qualified program.

As a part of this program, eligible customers will have a comprehensive energy assessment of their home, which may include direct install measures (such as showerheads, faucet aerators, LED bulbs, power strips, etc.) and/or weatherization measures (insulation, air sealing and duct sealing), and energy education. Customers may also be eligible to receive installation, repairs or replacement of water heating, heating and/or cooling systems. Health and safety measures may also be addressed to enable energy efficiency improvements.

During the assessment, in addition to the installation of measures, the program will offer energy education to better understand participants' usage patterns and practices, along with behavioral suggestions to improve the way they use energy in their home. The assessment may include various diagnostic testing such as blower door testing. Based on the assessment recommendations, the participant may also be given the opportunity for additional building envelope measures (such as air sealing and building insulation) to be installed.

The home energy assessment may also target the identification of specific opportunities that may align with other utility programs, including those measures identified in Additional Utility-Led Initiatives.

Target Market or Segment (MFR II.a.ii)

The Income-Qualified Program will be available to income-qualified customers served by at least one investor-owned utility in New Jersey. Eligibility for these enhanced incentives may be determined based on screening an individual customer, categorical eligibility (which may vary for low- and moderate-income customers), or special screening if the physical location is within the boundaries of a low-income or moderate-income census tract, an Overburdened Community ("OBC"), or any other agreed upon designation by the Board. Please refer to Section 4g of this Program Plan for more information on special treatment for OBC customers. Qualifying guidelines may be adjusted based on updates to federal or state guidelines.

In addition to single family dwellings, the Income Qualified Program can serve multifamily buildings between 2-8 units. Furthermore, all 9 unit or larger multifamily buildings will be directed to the Utilities' multifamily program.

Existing and Proposed Incentive Ranges (MFR II.a.iii and MFR II.a.iv)

The customer may receive no-cost energy efficiency measures and upgrades with a per project guideline and health and safety expense protocol. The program will be designed to provide a greater level of benefits for low-income customers. Refer to Appendix H for the Summary of Proposed Incentive Ranges for this program.

The utilities and/or the third-party implementation contractors will strive to complete contractor payments within 60 days following completion of contractor work, submission of complete and required paperwork, and completion of program requirements, such as necessary field inspections (if required).

Customer Financing Options (MFR II.a.v)

All services provided under this program are at no cost to the customer to participate, so financing is not relevant.

Contractor Requirements & Role (MFR II.a.vi)

Utility staff and/or third-party implementation contractors will oversee all aspects of the program, including contractor training and engagement, quality assurance and fulfillment of program services. The home energy assessment and efficiency improvements will be conducted by utility staff, third-party implementation contractors and/or program contractors. The utilities and/or third-party implementation contractors will oversee their staff and subcontractors and engage contractors to educate them on the program benefits to reliably complete the home assessments and install energy efficient equipment and improvements for participating customers. The utilities and/or third-party implementation contractors will also verify the eligibility of customers and will maintain a close relationship with contractors to ensure a consistent program delivery experience. Contractors will consist of companies employing qualified professionals who are able to complete assessments and energy-saving projects.

Projected Participants (MFR II.a.vii) and Energy Savings Relative to QPIs (MFR II.a.viii)

Refer to Appendix A, for the information on these MFRs.

Program budget, by year (MFR II.a.ix) and Projected program costs, by year, broken down into the specified categories (MFR II.a.x)

Refer to Appendix B, for the information on these MFRs.

3a.i.3 Energy Efficient Products Program

Program Description (MFR II.a.i)

This program will promote the installation/replacement of energy efficient electric and natural gas equipment by residential customers by offering a broad range of energy efficient equipment and appliances through a variety of channels, which may include an online marketplace, downstream rebates to customers (including but not limited to in-store or online), up-front rebates, reduced point of sale costs, a midstream or upstream component and a network of trade allies. These sales channels may also be leveraged to promote Additional Utility-Led Initiatives. may provide incentives for energy efficient heating and cooling equipment, water heating equipment, appliances, smart thermostats, as well as other energy efficiency products and for appliance recycling. On-bill repayment or access to financing with similar terms will be available for select products.

The program may:

- Provide incentives for products that reduce energy use in the home and information about other programs that encourage the installation of high efficiency equipment. Provide upstream and/or midstream incentives to retailers and/or distributors.
- Continue to support and/or provide downstream approaches for certain measures.
- Provide online or other channels for customers that include but are not limited to online and in-store eligibility options to acquire select energy efficient products.
- Ensure the participation process is clear, easy to understand and simple for the customer and contractor.
- Recognize unique barriers that income-qualified customers face and employ strategies to address those barriers, including no cost measures and/or enhanced incentives where appropriate.
- Encourage customers to recycle inefficient appliances.

This program will increase adoption of energy efficient equipment and products by harnessing the unique utility-customer relationship to positively impact the entire sales process surrounding efficient equipment, from education and awareness of customers, engagement with trade ally contractors and equipment distributors and retailers, to on-bill repayment or access to financing with similar terms for select products.

Utility staff and/or a third-party implementation contractor(s) may assist with the administration, oversight and delivery of the program. Activities may include efforts to raise awareness of the program, ongoing refinements to the list of eligible measures, validating customer eligibility and processing incentives and conducting outreach to and securing partnerships with retailers, wholesalers, distributors, manufacturers and trade allies to ensure all customers are able to easily purchase energy efficient products and equipment through the program. Customer engagement and sales channels may include:

- **Post-Purchase (Downstream) Rebates:** Rebates made available to customers after they have made their purchase. Applications may be available online or in stores to submit either electronically or in hard copy with proof-of-purchase.
- **Midstream or Upstream Rebates:** The utilities may pursue a midstream or upstream rebate component to encourage the purchase of certain efficient equipment. The utilities may work with retail partners (such as Home Depot, Lowes, etc.), distributors or manufacturers to ensure that measures are available throughout the state.
- **Point of Sale Rebates:** Prescriptive rebates made available at the point of sale for select products.
- **Online Marketplace:** The online marketplace is an easy-to-use source for the purchase of efficient products and services. Participants can browse energy efficient equipment and appliances and purchase through the marketplace which will offer instant rebates. The marketplace may also include non-incentivized items that can help drive traffic, increase uptake in incentivized measures, and expose customers to other utility and/or state offered clean energy programs.
- **Appliance Recycling:** Rebates will be provided to customers for recycling qualifying, inefficient, operating appliances¹. Offering an incentive for the drop off or pick-up and removal of an appliance prevents the appliance from being maintained as a second unit or transferred to another customer. In addition, periodic events may be offered at centralized drop off locations where customers can drop off qualified inefficient operating appliances. The program may also target appliance retailers for participation or offer bulk appliance recycling.
- **Trade Allies:** A network of trade allies created to promote the program. The trade ally network may consist of qualified installation contractors, plumbers, electricians and other trade service professionals who meet all applicable statewide requirements for performing the respective service (e.g., HVAC license, insurance requirements). Trade allies will be able to leverage the program and offer customers rebates through their normal course of business.
- **Efficient Product Kits:** Kits to introduce and promote energy efficiency technologies that can be easily installed in a customers' home. Similar to the Online Marketplace, the kits can act as a gateway to other programs by including energy efficiency and conservation education and promotional materials for other program opportunities. Where appropriate, the utilities may partner with foodbanks, schools, community organizations, and new customers, and participate in energy assistance outreach events to deliver the kits.

Regardless of the delivery mechanism, the utilities will take steps to ensure customers are made aware of utility engagement in helping to offset upfront costs of the efficient products.

Target Market or Segment (MFR II.a.ii)

The target market for this program will be all electric and/or natural gas customers served by at least one investor-owned utility in New Jersey. The program is focused on promoting the sale and installation of efficient electric and natural gas equipment across all major residential end-use categories, and can be easily promoted to program allies, trade allies and customers via rebates. Examples of technologies incentivized through this program include heating/cooling equipment,

water heating equipment, electronics, appliances, smart thermostats, water saving measures, weatherization items, pre-packaged kits, and other efficient products. The program will also promote the retirement, recycling and replacement of old refrigerators, freezers, and other inefficient appliances.

The utilities may offer enhanced incentives for Low-to-Moderate income (“LMI”) customers. Eligibility for these enhanced incentives may be determined based on screening an individual customer, categorical eligibility (which may vary for low- and moderate-income customers), or special screening if the physical location is within the boundaries of a low-income or moderate-income census tract, an Overburdened Community (“OBC”), or any other agreed upon designation by the Board. Please refer to Section 4g of this Program Plan, for more information on special treatment for OBC customers. Qualifying guidelines may be adjusted based on updates to federal or state guidelines.

Existing and Proposed Incentive Ranges (MFR.II.a.iii and MFR II.a.iv)

The utilities propose to provide a range of incentives depending on the measure, subject to changes based upon customer response and marketplace changes over the plan period. Incentives will vary depending on the specific product, the incremental cost of the high-efficiency technology and the product maturity in the marketplace. Refer to Appendix H, for the Summary of Existing and Proposed Incentive Ranges for this program.

Incentives will be available in several ways. Strategies may include:

- Mail-in applications available from the retailer, the program website, or directly from contractors;
- Online rebate forms;
- Point of Sale, Marketplace or In-store at the time of purchase;
- Special sale events in retail stores;
- Manufacturer buy down to retailer;
- Midstream or upstream incentives to retailers, distributors or manufacturers; and
- Partnerships with community groups, schools, and/or non-profit organizations.

In instances where incentives are not immediate, the utilities will strive to complete consumer or contractor payments within 60 days following completion of contractor work, submission of complete and required paperwork, and completion of program requirements, such as necessary field inspections (if required).

Customer Financing Options (MFR II.a.v)

On-Bill Repayment (OBR) or access to financing with similar terms will be available to eligible customers for select measures.

Refer to Section 4h of this Program Plan, for the Summary of Proposed Financing for this program.

Contractor Requirements & Role (MFR II.a.vi)

The utilities and/or third-party implementation contractors will be responsible for identifying and engaging retail and wholesale entities dealing in energy efficient equipment to on-board them with the program vision, eligible efficient products, rebates, and ways to participate. Additionally, the utility and/or third-party implementation contractors may engage trade allies, including local HVAC, electrical, plumbing and other contractors to educate them on program benefits and build a trade ally network which will install energy efficient equipment for participating customers. The electric utility and/or third-party implementation contractors may engage with transportation services to pick-up and provide recycling services for old, working appliances. The utility and/or third-party implementation contractors will also monitor participation to assess the effectiveness of outreach efforts, incentive levels, delivery methods and both program ally and trade ally availability. The utility and/or third-party implementation contractors will be responsible for the management of the online marketplace.

By allowing participants to select a trade ally they are comfortable with for select products, the program reduces barriers to entry related to knowledge of energy efficiency confidence in assessments and measure installation. The utilities will perform customer satisfaction and other quality assurance and quality control activities to monitor, ensure program and verify quality standards are met.

Projected Participants (MFR II.a.vii) and Energy Savings Relative to QPIs (MFR II.a.viii)

Refer to Appendix A, for the information on these MFRs.

Program budget, by year (MFR II.a.ix) and Projected program costs, by year, broken down into the specified categories (MFR II.a.x)

Refer to Appendix B, for the information on these MFRs.

3a.i.4 Behavioral Program

Program Description (MFR II.a.i)

The Residential Behavioral program educates and provides customers with easy-to-understand information about their energy use, the usage of their peers and suggested actionable steps to generate awareness and motivate customers to achieve energy savings through behavioral changes and engagement with other energy efficiency programs. Direct mailed and/or electronic home energy reports (“HERs” and “eHERs” collectively) will be the cornerstone of the program and will provide participants with customized, easy to implement action steps and recommendations to reduce energy consumption and support behavior modification for improved energy efficiency. The HERs will present participants with a view of their historical energy consumption compared to peer group customers. Depending upon the availability of metering data and their program design, the utilities may issue usage and/or other bill alerts by email or other means.

The program may also offer an internet-based home energy self-audit to all residential customers. This audit assists customers to better understand their energy usage and opportunities for energy savings.

An online portal may be used to provide customers with usage information, recommendations, tips and links to other available energy-efficiency programs. The utilities may utilize the information gathered from various program offerings to not only gain a better understanding of the residential customer base, but also assist in making smart decisions moving forward with the energy-efficiency programs.

The utilities may share other energy efficiency program participation information with their respective Behavioral vendor. Incorporating participation feedback into the program on a prospective basis can improve the customer experience and potentially lead to higher engagement (e.g., build higher confidence in relevance of energy saving advice) and participation in other energy saving programs.

Target Market or Segment (MFR II.a.ii)

The program will provide HERs to residential customers to whom sufficient usage data is available and the vendor can cost effectively provide the service and maintain an appropriate control group. This number will be reviewed periodically and may be modified to enhance cost-effective energy savings. The online energy audit may be available to all residential customers per utility. The HERs and online audit may offer tailored recommendations to reduce their energy consumption.

The program targets residential customers potentially including market rate, low and moderate income, and multifamily customers. These customers receive customized energy saving tips and other program opportunities available to them including income-qualified programs.

Existing and Proposed Incentive Ranges (MFR.II.a.iii and MFR II.a.iv)

There is no cost to participate for customers. Customer incentives to increase engagement may be explored by some utilities.

Customer Financing Options (MFR II.a.v)

Since there is no cost for participating customers, there is no need for a financing component.

Contractor Requirements & Roles (MFR II.a.vi)

The utilities will utilize a third-party provider and/or utility staff to provide the services under this program. The utilities' HER vendors will distribute HERs to residential customers at no charge to the participant. Customers will also have access to online functionality provided under the program that all customers can easily utilize to update their profile, see additional tips on how to save energy, complete the online audit tool, and review their usage over a period of time.

Projected Participants (MFR II.a.vii) and Energy Savings Relative to QPIs (MFR II.a.viii)

Refer to Appendix A, for the information on these MFRs.

Program budget, by year (MFR II.a.ix) and Projected program costs, by year, broken down into the specified categories (MFR II.a.x)

Refer to Appendix B, for the information on these MFRs.

3.a.ii Commercial & Industrial Sector

The core Commercial & Industrial sector programs are described below and include:

- Energy Solutions
- Prescriptive & Custom
- Direct Install

3.a.ii.1 Energy Solutions Program

Program Description (MFR II.a.i)

The Energy Solutions program is designed to address the needs of commercial or industrial customers that are interested in comprehensive energy efficiency solutions. This program recognizes that a broad range of approaches is needed to help commercial and industrial customers identify, develop and complete multiple measures to comprehensive projects to save energy and meet other business objectives based on their unique circumstances. Accordingly, this program will include three distinct pathways to help the customers assess their opportunities, provide financial incentives, and provide technical assistance services to encourage and support them to take actions. These three pathways include:

1. Engineered Solutions Tier 1 will provide tailored comprehensive energy-efficiency support on projects that require significant auditing, technical support and engineering work. Incentives will be offered to encourage these customers to invest in energy efficiency. Engineered Solutions Tier 1 will provide guided consultative service throughout delivery to support customers in identifying and undertaking large energy-efficiency projects, while requiring no up-front funding from the customer.

Through Tier 1, customers will be provided with an in-depth audit of their facilities as well as a detailed assessment and recommendation of energy-efficiency measures that could be economically installed. Customer incentives are determined on a project-by-project basis. In addition to the calculated project-by-project incentive, participants will have the option to pay back the non-incentive portion of the project costs through a repayment plan. Through this pathway, larger participants in market segments that have typically been underserved, such as but not limited to Municipal, University, School, and Hospital (“MUSH”) customers, are able to achieve greater energy savings.

2. The Engineered Solutions Tier 2 pathway will provide tailored energy-efficiency assistance to commercial and industrial customers in identifying and undertaking larger energy-efficiency projects.

Through Tier 2, customers may be provided with an in-depth audit of their facilities to identify cost effective energy-efficiency measures that could be economically installed. Customers would also have the option of using contractors who are familiar with the facilities to initiate projects. Under Tier 2, customers have the option to utilize their own engineering & installation contractors. This program will also be open to approved trade allies that meet the program participation requirements. Utilities or their implementor will complete a detailed review of the project to ensure it meets program requirements. In addition to the calculated project-by-project incentive, participants will have the option to pay back the non-incentive portion of the project costs through a repayment plan.

Tailored assistance services may include audits and additional technical support which will be made available and included in the project cost on an as needed basis.

3. The Energy Management pathway will target energy savings for existing commercial and industrial facilities by providing a holistic approach to improving building energy performance through maintenance, tune-up, retro-commissioning, monitoring based commissioning, and virtual commissioning services and through the implementation of energy savings measures and strategies that improve the overall operation and energy performance of buildings and building systems. Strategic energy management engagement may be utilized to establish on-going relationships with customers that can be leveraged to introduce other applicable energy efficiency programs in order to achieve more energy savings for the customer. This pathway complements the Prescriptive and Custom program and the other pathways within this program which targets capital equipment replacement or process improvement investments by improving the energy performance of a building through maintenance, tune-up, adjustment and optimization of the systems within the building and the implementation of complementary energy savings measures. This pathway supports ongoing building energy performance by using retro-commissioning and strategic energy management strategies, which supports continued energy performance. By implementing these measures, customers also receive ancillary benefits, including improved occupant comfort, lower maintenance costs and extended equipment life. This pathway includes focus on specific energy efficiency measures and management practices that can be categorized as follows:

Building Operations

Building Operations measures provide multiple services for a customer to implement building tune-up and maintenance services. These measures are designed to focus on midsize commercial and industrial customers and include the following:

- HVAC Tune-Up: Provides for a tune-up of HVAC systems and includes but not limited to the following services;
 - Refrigeration charge correction (if needed);
 - Cleaning evaporator and condenser coils;
 - Filter changes;
 - Boiler Tune-Up
 - Furnace Tune-Up
 - Verification of proper operation of fans and motors; and
 - Other minor repairs to refrigerant lines and coils.
- Building Tune-Up: Provides a path for customers to implement a Building Tune-Up that will focus on the adjustment and calibration of building systems and controls, diagnostic testing and the installation of other complimentary measures that enhance building energy performance and

savings. Also includes application of controls to optimize operation of building systems, and building operation training for applicable personnel.

Retro-Commissioning

Retro-Commissioning (“RCx”) measures provide a comprehensive assessment of a customer’s commercial/industrial building by using a prescribed planning process that includes a building audit, development of an action plan for the building and development of a Measurement and Verification (“M&V”) plan to ensure the optimum ongoing performance of the building and building systems. A comprehensive assessment of a commercial/industrial building using a prescribed planning and implementation process, including:

1. Audit Phase – Customer confirms intent to participate in the pathway and registers with one of the utilities. Customer and/or the customer’s consultant completes the required level of an American Society of Heating, Refrigerating, and Air Conditioning Engineers (“ASHRAE”) audit based on the complexity of the facility, develops a retro-commissioning implementation plan, including project timelines and plan to implement audit-identified operation and maintenance measures. There may be opportunities to complete this phase without a full ASHRAE-level audit.
2. Setup Phase - Contracted services to implement the plan are verified, long-term monitoring and reporting is developed and initiated, and a project plan is implemented by the customer.
3. M&V Phase - Savings verification and rebate payment from implementation of the plan is completed.

Typical RCx services include, but are not limited to:

- Optimizing chiller and boiler operations to better match building load conditions;
- Reducing ventilation in over-ventilated areas;
- Fixing ventilation dampers that are open when they should be closed or vice versa;
- Decreasing supply air pressure setpoint and system rebalancing;
- Aligning zone temperature setpoints to match the building’s actual operating schedule; and

Monitoring Based Commissioning (MBCx)

Monitoring-Based Commissioning (MBCx) offers monitoring software paired with a building’s energy management system to identify energy savings opportunities and optimize building performance and energy efficiency. Contracted services will alert the customer when equipment is not operating as expected using fault parameters and will work with the customer to correct ongoing issues and make improvements wherever possible. Planning and implementation typically includes, but is not limited to;

1. Assessment and qualification of a building energy management system. Assess utility bills and facility to recognize potential for energy savings.
2. Customer agrees to have contracted services utilize eligible software with diagnostics and other functionality through a monitoring service contract.
3. Monitoring-based Commissioning (MBCx) is designed to:
 - Maximize potential incentives with a deeper dive into a building's overall performance
 - Monitor and identify cost savings opportunities
 - Benefit from a continuous process to improve comfort and optimize energy usage
 - Maximize the operational efficiency of buildings

Virtual Commissioning (VCx)

VCx provides eligible customers with an initial analysis of their building's energy performance by using interval meter and or advanced metering infrastructure (AMI) usage data, and modeling to identify and recommend potential energy efficiency measures and behavioral and/or operational changes to improve a building's overall energy performance. A unique benefit of VCx is the ability to perform analytical prospecting, and target customers remotely using data driven analysis, modelling and/or artificial intelligence (AI). Targeted customers are engaged, and individually reviewed to verify the opportunity, develop customized recommendations, and quantify savings potential. The analysis can also foster participation in the utility's other programs by identifying and encouraging customers to implement other energy efficiency opportunities. The VCx process can also utilize benchmarking and peer comparison metrics to help determine energy performance to identify facilities that are underperforming. This offering uses continuous engagement, monitoring, reporting and periodic reviews of customer's energy usage to ensure that implemented measures or changes have been successfully completed.

Strategic Energy Management

The Strategic Energy Management ("SEM") component of this program is designed to optimize energy consumption for larger C&I customers through long-term management of major energy using systems. SEM provides a holistic approach that is focused on management of existing systems and processes (including behavior), as well as tracking and benchmarking performance to identify and evaluate energy optimization efforts. SEM is a long-term effort typically focused on developing and executing an energy management strategy. This strategy is formulated through a series of site and/or remote visits and interviews with building owners and staff to specifically develop a Strategic Energy Management Plan ("SEMP") for the customer's facility. The SEMP will be reviewed with the customer by the utility and/or its third-party implementation contractor on a scheduled basis. This plan may include:

- Revisions or improvements to an existing Building Automation System or the addition and initiation of the use of a Building Automation System to monitor and control the buildings components and systems. The implementation or improvements to a system or the review of an existing system can include the proper training for building operators to achieve maximum efficiency.
- Development of a maintenance plan for existing building components and/or systems to identify best practices in building performance and an interactive monitoring of system components by both staff and sponsoring utilities.
- Ongoing engagement to track energy usage and performance, assist with planning energy efficiency projects and interact with facility personnel to adopt energy efficiency strategies and behaviors.
- Utilizing other program offerings, including Prescriptive/Custom measures, Building Operations, RCx and VCx.
- Using building modeling and benchmarking to compare customer's usage and performance to cohort of similar facilities and VCx to track energy usage and performance over time.
- Application of whole building energy modeling tools that can model buildings for both operational and capital improvements.
- Scheduling of attendance of customer personnel to attend educational workshops, webinars and group/individual training sessions with cohorts of facility managers (e.g. Building operations training).

Customers can participate by application to the program or may be contacted directly by program personnel. Customers can participate individually or in a cohort with other customers in the same industry. The cohort would allow customers to share best practices amongst each other as each customer goes through the SEM program lifecycle. A customer would still be treated as an individual unique project within the cohort. The program will retrieve customer demographics and obtain customer agreement for the services to be provided and facilitate ongoing customer engagement. The utilities and/or a third-party implementation contractor will develop application forms for this program that will guide applicants through eligibility guidelines, terms and conditions, and general program information requirements. In addition, the program will provide applications in web-ready formats to ensure participants and potential customers have easy access to the forms.

The Utilities recognize that public entities have unique procurement requirements which could result in barriers to participation. The Utilities will work with the State to develop and implement an approach that may offer a streamlined experience for these entities that meets their unique requirements.

Target Market or Segment (MFR II.a.ii)

C&I customers who are seeking comprehensive advisory, operational, technical and data analysis engagement-based energy solutions located within the utilities' service territories are eligible to participate in this program. The measures included in this program may include, but are not limited

to, HVAC, building envelope, lighting, controls and other building systems, energy efficiency and energy consuming equipment.

Engineered Solutions, Tier 1 and 2 targets customers who need tailored energy-efficiency support to help identify, develop and undertake energy-efficiency projects.

Regarding the Energy Management pathway, these strategies are generally appropriate for specific segments as described below:

- Building Operations and VCx measures target existing commercial buildings and may be particularly relevant for small to medium building types that utilize traditional building systems and controls.
- RCx and MBCx target existing commercial buildings and are particularly relevant for medium to large building types utilizing a building energy management system.
- SEM targets existing large to very large commercial and industrial customers and building types and is particularly relevant to customers with significant energy use who commit to on-going participation and engagement across the organization including various levels of management and decision making.

Existing and Proposed Incentive Ranges (MFR.II.a.iii and MFR II.a.iv)

Incentives for the Engineered Solutions Tier 1 pathway will provide a 100% incentive for an up-front audit, the specific audit level will be determined on a project-by-project basis based on the complexity of the facility and the potential energy efficiency measures. In addition, the utilities will buy-down the simple payback of the recommended energy-efficiency project cost for approved measures by up to six years, with the resulting payback not less than three years. After the project incentive buy-down, the remaining project costs may be funded by the program with participants repaying the balance of the project costs through a repayment plan.

Incentives for the Engineered Solutions Tier 2 pathway will provide incentives for both technical assistance services and other project costs determined on a project-by-project basis using a cost effectiveness tool up to 60% of project cost.

In addition to the calculated project-by-project incentive, participants will have the option to pay back the non-incentive portion of the project costs through a repayment plan.

Tailored assistance support services may include Design, Construction Administration, Commissioning, and M&V and other technical support which will be made available and included in the project cost on an as needed basis.

Incentives for the Energy Management pathway are structured around the measure categories that focus on specific energy efficiency measures and management practices as follows:

- **HVAC Tune-Up:** Fixed incentives for the implementation of the tune-up measures based on the size of the HVAC units.
- **Building Tune-Up:** Incentives that cover up to 80% of the project cost and up to 70% of the cost to attend qualified BOC training up to \$1000 per person.

- **Retro-Commissioning:** Incentives to cover up to 100% of the initial cost to perform the required ASHRAE level audit. The total project incentive will be capped at up to 70% of the project cost. The customer may also be paid a custom incentive for the implementation of the energy efficiency measures determined through the audit.
- **Monitoring-based Commissioning, Virtual Commissioning:** Incentives to cover up to 100% of the cost of integration of third-party hardware and software. Utilities may also implement a performance-based model with an implementation contractor where the utility only pays for delivered and verified energy savings.
- **Strategic Energy Management:** The utility or third-party implementation contractor may perform an engineering assessment of the customer's facility to develop a SEMP or the customer may choose to utilize a consultant of their choosing to perform an engineering assessment to develop the SEMP. Customers who utilize a consultant will receive an incentive to cover up to 100% of the initial cost of the engineering assessment. A tiered incentive structure for customer engineering assessment may be utilized based upon square footage of a customer's facility. The SEMP will identify short, medium and long-term goals for the customer and will set identifiable metrics for mapping to the plan. For the implementation of the energy efficiency measures determined by the SEMP, the customer will be paid an incentive that is commensurate with the applicable Commercial & Industrial Program offering that the measures are attributed.

Refer to Appendix H, for the Summary of the Existing and Proposed Incentive Ranges for this program.

The utilities will strive to complete customer contractor payments within 60 days following completion of contractor work, submission of complete and required paperwork, and completion of program requirements, such as necessary field inspections (if required).

Customer Repayment Options (MFR II.a.v)

Refer to Section 4h of this Program Plan, for the Summary of Proposed Repayment for this program.

Contractor Requirements & Role (MFR II.a.vi)

The utilities will administer the Energy Solutions program and may also choose to select a third-party to manage delivery of this program. The utilities will oversee and coordinate on the program offering. The utilities may utilize qualified trade allies and/or contractors to undertake the services required to deliver this program. The utilities may also utilize the qualified trade allies to assist in the outreach, marketing and trade ally coordination. Participants may contract with the installation trade allies selected through a competitive solicitation process, or their own preferred contractors if allowed by the pathway, to provide program services.

The Engineered Solutions pathway delivery will typically occur in the following steps (the Engineered Solutions Tier 2 pathway may provide selected services, but not all, as determined on a project-by-project basis):

- **Audit:** The utilities shall assess the required level of an ASHRAE audit to perform, based on the complexity of the facility and the potential energy efficiency measures; an investment

grade audit may not be required for all facilities. The utilities will then select a program trade ally to perform the appropriate level energy audit and prepare a customized audit report that includes a list of recommended energy efficiency upgrades. The lead utility will then review the recommended energy efficiency upgrades with the customer to determine whether to proceed with a project.

- **Engineering Analysis of Project:** Based on the audit results and customer feedback, an engineering analysis may be required. The lead utility will conduct a screening of the payback and project cost effectiveness and recommend the selected energy-efficiency measures for the project. The lead utility will review the project with the customer for customer agreement on the approved project and coordinate as necessary.
- **Engineering Design and Bid Package preparation:** The engineering trade ally hired by the lead utility will initiate the design of the selected energy-efficiency measures for the approved project. In addition, this trade ally will also prepare a Scope of Work and bid package documents which the customer could use to put out a Request for Proposal (RFP) to obtain installation cost estimates for the approved project.
- **Scope of Work/Contractor Bids:** The customer will issue a Scope of Work and the bid package documents to obtain competitive bids to install selected energy-efficiency measures for the approved project. The lead utility, the program engineering trade ally and the customer will review and evaluate the bids/costs received, and the customer will make the final decision on bid selection. Following bid selection, the proposed project is again screened for cost effectiveness.
- **Measures Installation and Inspections:** The partnering utilities and the program engineering trade ally, acting as construction administration agent, will monitor project progress and will release project funds based on the following payment structure:
- **Stage 1: Project Contracting Stage -** The first progress payment of up to 30% of the installation cost can be issued to the customer to initiate the project.
- **Stage 2: Construction Stage -** A pre-defined series of monthly progress payments totaling up to 50% of total project commitment can be issued.
- **Stage 3: Project Completion and Commissioning -** When the project is 100% complete, a final inspection and final project true-up will be performed; remaining progress payments will be issued.

The final payment based on the results of project true-up is determined and issued only if the final inspection is successfully completed and approved. If the final costs are less than the estimated project commitment, the final payment will be adjusted down to reflect the actual costs. If the final costs are greater than the estimated project commitment, the final payment will not be adjusted and will be paid according to the executed agreements and contracts specifying original costs.

The progress payment schedule described above is designed to ensure that customers can pay their installation contractors on a timely basis. Project progress and the project cash flow will be monitored and verified by the lead utility and the trade ally engineering firm with updates to the partner utility as appropriate.

The utilities will select qualified program trade allies to undertake all services associated with the program. The utilities will also monitor participation to assess the effectiveness of outreach efforts, incentive levels, delivery methods, and program trade ally and installation contractor availability and provide suggestions for improvement. The installation contractor(s) will adhere to the project

specifications recommended by the utilities and the program engineering trade ally and set forth between the installation contractor and the customer.

For Energy Management, the utilities will perform overall administration and oversight of the pathway and may also choose to select third-party implementation contractors to manage delivery of this pathway. The utilities' staff and/or third-party implementation contractors will oversee all aspects of the pathway. The utilities and/or third-party implementation contractors will be responsible to administer, promote and provide the pathway to customers including staffing, processes ensuring quality and other controls supporting successful program implementation. The utilities' staff and/or third-party implementation contractors will conduct the marketing, management and implementation aspects of this pathway.

The utilities' staff and/or third-party implementation contractors will select qualified program trade ally and/or contractors to undertake all program services, as required. Installation and maintenance trade allies must adhere to the project specifications developed by the utility and/or third-party implementation contractors. The utilities will leverage their existing and/or develop a network of engaged trade allies, including local construction, electrical, plumbing and other contractors, to educate them on program benefits and assist with building an approved trade ally network which will reliably maintain and install energy-efficient equipment for participating customers.

The utilities' staff and/or third-party implementation contractors will also monitor participation to assess the effectiveness of outreach efforts, incentive levels, delivery methods and program trade ally availability and provide suggestions for improvement.

Projected Participants (MFR II.a.vii) and Energy Savings Relative to QPIs (MFR II.a.viii)

Refer to Appendix A, for the information on these MFRs.

Program budget, by year (MFR II.a.ix) and Projected program costs, by year, broken down into the specified categories (MFR II.a.x)

Refer to Appendix B, for the information on these MFRs.

3a.ii.2 Prescriptive & Custom Program

Program Description (MFR II.a.i)

The Prescriptive and Custom Measures program will promote the installation of high-efficiency electric and/or natural gas equipment by the utilities' C&I customers, either via the installation of prescriptive or custom measures or projects. The program provides prescriptive-based incentives to commercial and industrial customers to purchase and install energy efficient products. The program will continue to support and/or provide downstream approaches to ensure the market is properly supported. The program may also provide midstream or upstream incentives or buydowns and support to manufacturers, distributors, contractors and retailers that sell select energy efficient products. These measures will incentivize energy efficient lighting, appliances, heating and cooling equipment and food service equipment, among other efficiency measures. Type and value of incentive provided will range and will include electric and/or natural gas technologies that improve energy efficiency. Up-front rebates will be offered to reduce initial costs and some purchases may qualify for a repayment plan to further reduce upfront costs. Prescriptive measures are designed to provide easy and cost-effective access to energy efficient measures through customers' preferred channels.

Prescriptive rebates are designed to:

- Provide incentives to facility owners and operators for the installation of high efficiency equipment and controls;
- Promote the marketing of high efficiency measures by trade allies such as electrical contractors, mechanical contractors, and their distributors to increase market demand; and
- Ensure the participation process is clear and simple.

Prescriptive incentives will increase adoption of energy efficient equipment by harnessing the utilities' unique customer relationships to positively impact the entire sales process surrounding efficient equipment. The process includes education and awareness with customers, engagement with trade ally contractors and equipment distributors, and repayment plan opportunities for the high efficiency equipment.

The program also includes custom measures that provide calculated or performance-based incentives for electric and/or natural gas efficiency opportunities for commercial, industrial and other non-residential customers that are non-standard, variable or not captured by prescriptive incentives. Calculated or performance-based incentives are designed to reduce the customer's capital investment for qualifying energy efficient equipment to retrofit or upgrade specialized processes and applications and/or to implement qualifying high efficiency building shell or systems improvements. Typical custom measures that are eligible for incentives are either less common measures or efficiency opportunities in variable or specialized applications that may include manufacturing or industry-specific processes, or non-traditional use cases. In many cases, custom efficiency measures are more variable or complex than prescriptive equipment.

Potential participants may be required to submit an application for pre-approval to confirm measure or project eligibility and reserve funding. The utilities and/or implementation contractors

will develop electronic rebate application forms that will guide applicants through eligibility guidelines, program requirements, terms and conditions and general information. In addition, the utilities and/or implementation contractors will provide applications in web-ready formats to ensure participants have easy access to the forms. The pre-approval process provides for the review of the customer's proposed project to confirm measure eligibility and incentive budget availability. This also supports the utilities' program management because it communicates projects that are in the pipeline. If accepted and pre-approved by the utilities, a timeline is established for project completion to qualify for a rebate. The typical lead time for completing a custom project is 90 to 120 days but can be longer depending on the complexity of the project. Large projects, or subsets of projects, may be required to undergo pre-and post-inspection to validate energy savings. Approved measures or projects may also be eligible for a repayment plan.

Target Market or Segment (MFR II.a.ii)

The Prescriptive and Custom Measures program will be available to all commercial, industrial and other non-residential customers located within the utilities' service territories. This program is focused on promoting the sale and installation of efficient electric and/or natural gas equipment across all major end-use categories and can be easily promoted to trade allies and customers via straightforward prescriptive rebates or more complex custom rebates. Potential technologies incentivized through prescriptive measures include energy efficient lighting, appliances, heating and cooling equipment and food service equipment, among other efficiency measures. Customers pursuing custom incentives will generally be customers with more complex needs and non-standard or variable efficiency opportunities and typically include building types such as light/heavy industrial, manufacturing, data centers and distribution centers, among others.

Existing and Proposed Incentive Ranges (MFR.II.a.iii) (MFR II.a.iv)

The utilities propose to provide a range of incentives depending on the measure type, subject to changes based upon customer response and economic and market conditions over the plan period. Incentives will vary depending on factors including but not limited to the specific product, the incremental cost of the high-efficiency technology and the product maturity in the marketplace.

Refer to Appendix H, for the Summary of the Existing and Proposed Incentive Ranges for this program.

In instances where incentives are not immediate, the utilities will strive to complete consumer or contractor payments within 60 days following completion of contractor work, submission of complete and required paperwork and completion of program requirements such as necessary field inspections (if required).

Customer Repayment Options (MFR II.a.v)

The participating customer will repay the balance not covered through the incentive either in a lump sum or through a repayment plan. Refer to Section 4h of this Program Plan, for the Summary of Proposed Repayment for this program.

Contractor Requirements & Role (MFR II.a.vi)

The utilities may outsource some, or all, of the implementation of this program to an implementation contractor who would be responsible for defined functions, which could include administration, marketing, application processing and documentation regarding purchased products and processing incentives and rebates. The utilities will perform overall administration and oversight of the program. To maximize customer participation and streamline the customer experience, the utilities will use their strong customer and marketplace relationships to support multiple implementation strategies to achieve program goals.

- **Trade Allies:** The utilities and/or the implementation contractor will target trade allies to promote the energy efficiency opportunities and incentives to their clients. Preserving this downstream approach will ensure that customers and trade allies are properly supported. Trade allies will be able to leverage the program and offer customers rebates through their normal course of business. By developing relationships with trade allies, the program will develop a broad reach across the marketplace and solicit feedback to ensure incentives and measures are impacting the market as designed. Examples of targeted trade ally firms may include:
 - Design, engineering, and controls firms;
 - Building energy managers
 - HVAC distributors, contractors, and retail providers;
 - Food service retailers and service providers;
 - Commercial lighting retailers, distributors and wholesalers; and
 - Electricians and Electrical contractors
- **Retail:** The utilities' program staff and/or the implementation contractor field representatives may work with retailers and distributors that directly target C&I customers to inform them of the participation process and available equipment incentives. The utilities and/or implementation contractor may also provide support and assistance to retailers or distributors to support identification and promotion of qualifying energy efficient products. This may also include training and instruction to participating retailers and distributors about the utilities' application forms.
The utilities may provide opportunities for commercial customers to purchase energy efficient equipment through an online marketplace.
- **Midstream:** The utilities and/or the implementation contractors may promote a midstream component for specific equipment types to encourage purchase of efficient equipment via directly marking down the cost of the efficient equipment at the point of sale. Midstream rebates encourage market transformation and wider availability of efficient equipment. The utilities anticipate offering midstream point of sale discounts across numerous equipment types, which may include, but not limited to LED lighting, HVAC and food service equipment. Efficient products that are rebated via a midstream approach will not be eligible for incentives in any other utility energy efficiency program. The utilities and/or implementation contractor will also provide support and assistance to distributors to support identification and promotion of qualifying energy efficient products. This will also include training and instruction to participating distributors, as well as enrollment of distributors to participate in midstream program offerings.

- **Digital:** The program will be marketed directly to C&I customers on the utilities' websites where customers will have easy access to information regarding eligible equipment and savings opportunities, how to participate, rebate applications and incentives across all efficient equipment types and end-uses. The utility may also offer the direct purchase of eligible equipment through their website or an online marketplace.
- **Targeted Customer Outreach:** Utility staff may choose to reach out directly to large business and commercial customers to develop relationships with energy and facilities managers, operations staff and procurement personnel. Program staff can help facilitate completion of rebate applications and serve as a direct resource to these customers, providing technical support and assisting customers in identifying efficiency opportunities.
- **Technical Customer Assistance:** An important element of the Prescriptive and Custom program is the availability of technical support. The utilities and/or implementation contractor will provide technical support to customers on the application of the energy efficiency measures and technologies included in this program, including supporting measure or project identification, developing energy savings calculations and assessing measure or project economics as required.

Measurement & Verification ("M&V") for measures or projects that do not have reliable information to accurately forecast energy savings may require energy monitoring before and after measure or project implementation to determine savings and incentive amounts.

A comprehensive contractor agreement, containing information about equipment certification (such as DLC lighting, etc.), licensing, insurance requirements, etc. will be developed and provided to all participating contractors.

Projected Participants (MFR II.a.vii) and Energy Savings Relative to QPIs (MFR II.a.viii)

Refer to Appendix A, for the information on these MFRs.

Program budget, by year (MFR II.a.ix) and Projected program costs, by year, broken down into the specified categories (MFR II.a.x)

Refer to Appendix B, for the information on these MFRs.

3a.ii.3 Direct Install Program

Program Description (MFR II.a.i)

The Direct Install Program is focused on providing the installation of efficiency measures for small to medium sized businesses, non-profit organizations, municipalities, schools and faith-based organizations (“eligible customers”) that typically lack the time, knowledge or financial resources necessary to investigate and pursue energy efficiency. The program is designed to provide eligible customers with easy investment decisions for the direct installation of multiple measures to comprehensive energy efficiency projects. The program will pay a percentage of the up-front cost to install the recommended energy efficiency measures, with the participating customer contributing the balance of the project not covered by the incentive. The program will also provide a repayment plan to the customer. The no-cost energy assessment mitigates the time constraints and knowledge barriers while the reduced project costs and repayment options mitigate cost barriers and assist participants in making decisions, which otherwise would be time-consuming and potentially difficult to justify. The Direct Install program plays an important role in the marketplace because private providers of energy efficiency services typically do not target smaller customers due to the lower overall profit for their services when compared with larger non-residential customers. For these reasons, small to medium sized businesses, non-profit organizations, municipalities, schools and faith-based organizations are often underserved, and the program fills an important gap by targeting, promoting and delivering efficiency services to these customers directly.

The energy assessment will be provided to customers free of charge and will offer recommendations on energy efficiency measures to reduce the customer’s energy usage and costs. Standard energy savings measures may also be provided or installed at no cost at the time of the energy assessment to support customer engagement, participation and energy savings.

The program will also focus on the smaller customers within the eligible customer segments. The utilities anticipate portions of the program to be directed at restaurants, small offices, convenience stores and other small independent businesses that often are left behind in energy efficiency programs. Through a number of delivery mechanisms, the utilities will ensure that all eligible business types are able to participate in this program.

The Utilities recognize that public entities have unique procurement requirements which could result in barriers to participation. The Utilities will work with the State to develop and implement an approach that may offer a streamlined experience for these entities that meets their unique requirements.

Target Market or Segment (MFR II.a.ii)

The utilities will seek to address the most cost-effective measures but will also address all measure retrofits that would comprise a cost-effective project. Examples of end-use categories covered by the program include lighting, HVAC, controls, refrigeration, food service, motors, low-flow devices, building envelope improvements, pipe wrap and domestic hot water equipment. The

program will be divided into three tiers of eligibility, determined by the customer's individual facility peak electrical demand over the last 12 months.

- Tier 1
 - Will serve the smallest of the eligible customer base: all customers with an average annual individual facility peak electrical demand of up to 100 kW and an average annual natural gas load of up to 5,000 therms;
- Tier 2
 - All customers with an average annual individual facility peak demand of up to 300 kW or average annual natural gas load of 40,000 therms that are located within an Urban Enterprise Zone ("UEZ"), Opportunity Zone, Overburdened Community ("OBC"); or
 - All customers with an average annual individual facility peak demand of up to 300 kW or an average annual natural gas load of 40,000 therms that are owned or operated by a local government, K-12 public schools, or that are non-profits categorized as 501(c)3
- Tier 3
 - All customers with an average annual individual facility peak electrical demand of 101 - 300 kW or an average annual natural gas load of 5,001 therms to 40,000 therms.

The eligibility requirements listed above may be adjusted in coordination among the utilities to improve customer access, participation and program performance based on economic and market conditions.

Existing and Proposed Incentive Ranges (MFR.II.a.iii and MFR II.a.iv)

Each tier of the program will encompass many of the same benefits, including a turnkey solution for eligible customers, which requires no up-front investment. The initial site visit, energy assessment and installation of recommended energy efficiency measures are provided at no initial cost to participants. The utilities propose to provide an incentive level of up to 80% of the project costs to promote the completion of comprehensive projects while maintaining overall program cost effectiveness.

For Tier 1 customers the program will offer to pay up to 80% of the project cost to install the recommended energy efficiency measures with the participating customer (and/or landlord) repaying the balance not covered through the incentive either in a lump sum or through a repayment plan.

For Tier 2 customers, program will offer to pay up to 80% of the project cost to install the recommended energy efficiency measures with the participating customer (and/or landlord) repaying the balance not covered through the incentive either in a lump sum or through a

repayment plan. Customers located in an Urban Enterprise Zone (“UEZ”), Opportunity Zone, Overburdened Community (“OBC”), or other geographic area as designated by the Board of Public Utilities may also qualify, as will those owned or operated by a local government or K-12 public schools, or non-profits categorized as 501(c)3 or 501(c)19.

Tier 3 will serve the larger segment of eligible customers, with an individual facility average annual peak electrical demand of 101 - 300 kW or 5,001 therms to 40,000 therms over the past 12 months. Incentives up to 70% of the total project cost will be offered with the participating customer repaying the balance not covered through the incentive either in a lump sum or through a repayment plan.

Utilities may impose a dollar cap on the incentives for all tiers.

Refer to Appendix H, for the Summary of Existing and Proposed Incentives for this program.

Customer Repayment Options (MFR II.a.v)

The participating customer will repay the balance not covered through the incentive either in a lump sum or through a repayment plan.

Refer to Section 4h of this Program Plan, for the Summary of Proposed Repayment for this program.

Contractor Requirements & Role (MFR II.a.vi)

The Direct Install Program interfaces with customers via either direct solicitation or upon customer request. All participants receive a site visit, including a free on-site energy assessment to identify energy efficiency retrofit opportunities. Standard energy savings measures may also be installed at no cost at the time of the energy assessment for eligible Tier 1 customers, to support customer engagement, participation and energy savings. Following the energy assessment, participants are provided with a report assessing the site and recommending additional measures that could further improve the energy efficiency of the facility.

Based on the results of the energy assessment report, the program will offer to pay a percentage of the project cost to install the recommended energy efficiency measures. The program may also provide a repayment plan, to the customer (and/or landlord) for their portion of the project cost. Utility staff and/or third-party implementation contractors will provide turnkey solutions to eligible customers with the initial site visit, energy assessment and installation of recommended efficiency measures at no initial cost to participants. The utility will ensure this completed on time and to specifications. This approach frees up the participant, who may not have the time or resources to dedicate to project identification, development and implementation. The distinction between Tier 1, 2, and 3 eligibility criteria will ensure that eligible customers, even those that are the smallest and often overlooked, receive ample focus.

The participating contractors will perform the energy assessments and installations, working with the utilities and/or the implementation contractors oversight to undertake all construction and installation work identified in the energy assessment process.

Projected Participants (MFR II.a.vii) and Energy Savings Relative to QPIs (MFR II.a.viii)

Refer to Appendix A, for the information on these MFRs.

Program budget, by year (MFR II.a.ix) and Projected program costs, by year, broken down into the specified categories (MFR II.a.x)

Refer to Appendix B, for the information on these MFRs.

3a.iii Multifamily Sector

The core Multifamily sector program is described below and includes:

- Multifamily

3a.iii.1 Multifamily Program

Program Description (MFR II.a.i)

This program addresses multifamily structures with three or more units. As such, there can be significant variation in the types of structures served under this program ranging from residential type dwellings with three units to large garden apartment complexes to multi-story high rise buildings. To meet the specific needs of each customer, the Multifamily Program will provide, in conjunction with the customer, a structured screening review to identify and develop the project plan for the customer. Potential program services include customer engagement with energy efficiency education through energy assessments and a suite of efficiency and building decarbonization offerings ranging from simple to deep energy retrofits targeting all end uses. In addition, the Multifamily Program may provide On-Bill Repayment (OBR) or access to financing with similar terms and enhanced incentives for income-qualified customers and affordable housing properties.

The Multifamily Program will seek to work with each customer to determine and package the best energy savings opportunities based on the needs and interests of the customer, with an emphasis to encourage more comprehensive projects wherever possible. Customers will begin participation in the Multifamily Program with a screening to identify and develop a project plan. The initial screening may include an energy assessment and installation of standard energy savings measures where possible to help encourage program participation. The assessment will also identify additional energy savings opportunities and develop the project plan that is the best fit for each specific customer and building.

Applications to this program will be reviewed to determine the project plan depending on the type of housing stock and ownership structure. The screening process will consider various factors to create a project plan that will deliver a high level of energy savings in a cost-effective manner. Examples of these factors include, but are not limited to:

- Building size;
- Number of units;
- If the facility is being served by a central plant;
- If there are individual heating and cooling units;
- If there are building envelope/weatherization opportunities;
- Application review with a potential virtual site inspection or telephone interview with property management; and
- An on-site pre-scoping audit may be performed.

Depending upon the screening results and the customer's interests, a customer's project plan could include direct installation of standard and comprehensive energy saving measures, comprehensive building wide efficiency, and other possible measures. The measures within the project plan may align with the terms and conditions of the utilities' respective applicable residential and/or commercial and industrial program offerings, where appropriate, and may include multifamily-specific terms, conditions, incentives and offerings. Therefore, the project plan can include prescriptive measures with set energy-savings and/or custom projects with savings on a project basis. The incentives for the measures may not match the incentives in other programs, as the

multifamily sector has higher barriers to overcome. Discussions with customers may also target the identification of specific opportunities that may align with other utility programs, including measures provided in Additional Utility-Led Initiatives.

Target Market or Segment (MFR II.a.ii)

All multifamily buildings with three or more units that are served by at least one investor-owned utility are eligible to participate. The program targets multifamily property owners, property managers, and residents, who, because of the building owner – tenant relationship, have always had difficulty investing in energy efficiency equipment. The utilities will also target outreach to income-qualified occupants and owners of multifamily buildings who are eligible for enhanced incentives.

Eligibility for these enhanced incentives can be automatic based upon the type of property that can be identified as serving income-qualified customers, such as those with an affordable housing designation (e.g., New Jersey Housing and Mortgage Financing Agency qualified, Housing Authorities) or identifiable by a physical location (e.g. census tract, Overburdened Communities with a low-income characteristic). The utilities reserve the right to align with categorical eligibility of federal and state energy efficiency programs for income eligibility. The program may refer prospective customers to income-qualified program(s) as appropriate.

Existing and Proposed Incentive Ranges (MFR.II.a.iii and MFR II.a.iv)

The measures of the Multifamily Program are a comprehensive combination of potential program components. Depending on the needs of the customer, different program components may be provided to them. Incentives for some measures may align with the existing incentive offerings for other program offerings, however the program has the flexibility to offer different incentive levels.

See Appendix H for existing and proposed incentive ranges for each of the potential program components that utilities may offer as part of their Multifamily program.

Customer Financing Options (MFR II.a.vi)

Refer to Section 4h of this Program Plan, for the Summary of Proposed Financing.

The Multifamily Program may provide On-Bill Repayment (OBR) or access to financing with similar terms and enhanced incentives for income-qualified customers and affordable housing properties.

Contractor Requirements & Roles (MFR II.a.vi)

The Multifamily Program will be delivered in coordination between both the Lead Utility and the Partner Utility (where applicable) and/or qualified third-party implementation contractor(s) with experience delivering similar programs. Because of the unique and varied nature of the multifamily market program representatives will build relationships with property management companies, owners, associations and their members to recruit participation in the program. The program will assist customers as necessary to coordinate scheduling of the Energy Assessment and direct

installations and will provide program and technical support to complete program and rebate application requirements.

Delivery of energy-saving measures will be dependent on the project plan and may include direct installation of standard and comprehensive energy savings measures, installation of prescriptive measures, and/or custom projects. It may be necessary to schedule appointments for the installation of energy saving measures in the individual living units and common areas. In-unit HVAC tune-ups may also be offered to the property owner or tenant. The installation crews are trained on the technical and educational aspects of the measures installed and leave educational materials in each unit describing the work performed and explaining the energy-saving benefits.

Projected Participants (MFR II.a.vii) and Energy Savings Relative to QPIs (MFR II.a.viii)

Refer to Appendix A, for the information on these MFRs.

Program budget, by year (MFR II.a.ix.) and Projected program costs, by year, broken down into the specified categories (MFR II.a.x)

Refer to Appendix B, for the information on these MFRs.

3b. Additional Utility-Led Initiatives

As discussed in the Introduction, Additional Utility-Led Initiatives follow a consistent format but contain utility specific proposals, with the exception of Next Generation Savings, which provides consistent information across the Utilities.

The Additional Utility-Led Initiatives are described below and include:

- Next Generation Savings
- Building Decarbonization
- Demand Response

3b.i Next Generation Savings

Program Description (MFR II.a.i)

The Next Generation Savings (“NGS”) Program will develop critical insights that can help the State with longer term strategies for reaching its clean energy and climate related goals. This program is a key step to gain technical and market understanding on installation, performance, economic and other considerations for new customer energy-efficiency solutions. NGS will support new technologies and approaches that are ready for broader adoption, but need enhanced contractor training, customer incentives, or other key elements to help the marketplace understand the value proposition and implement the measure. It is critical to establish a program like this to ensure utilities and the state will be in a better position to achieve escalating energy savings targets and get new resources to market in a timely fashion.

Since the NGS will be focused on technologies and approaches that have proven potential, this companion effort will focus on the extra support needed to get those proven technologies and approaches into the marketplace to help New Jersey reach its clean energy and climate-related goals, introduce new solutions for customers, and support the development of a clean energy economy. Individual utility interest in supporting particular technologies and approaches may vary due to their fuel source, service territory demographics, or other unique characteristics. Therefore, the NGS would be an optional Additional Utility Led Initiative but would be conducted in a collaborative manner to ensure insights are shared across utilities and with the state and other stakeholders. Progress updates will be shared periodically with the Utility Working Group and publicly through the EE Stakeholder meetings to ensure all stakeholders can benefit from the knowledge developed by this program.

Primary objectives of NGS:

- Identify promising technologies or approaches that are ready to be integrated into energy efficiency offerings for New Jersey, including proposing savings calculations for the Technical Resource Manual and elements to be included in Evaluation, Measurement and Verification plans
- Identify and engage market actors and customers interested in being early adopters of new technologies or approaches
- Provide support, including training and potential incentives, to program and/or trade allies willing to start promoting the technology and approaches
- Support the successful deployment of new technologies or approaches through case studies, marketing materials, training events, recruitment and other activities
- Identify and address other potential market barriers
- Provide results and knowledge to Utility Working Group and stakeholders

Due to the supporting role it will play in energy-efficiency efforts, the individual technologies and approaches tested will vary from year to year with a goal to support continuous innovation and increase energy savings. NGS supported technologies or approaches are expected to eventually be

layered into existing approved energy efficiency programs without the need for supplemental NGS program support.

NGS activities may include:

- Implementing outreach to program and/or trade allies, such as but not limited to, through dedicated workshops on the technologies or approaches, including installation instructions, requirements and operations and maintenance procedures; participation in industry conferences related to these technologies; close work with trade ally associations
- Developing curriculum and training courses for use in technical schools or higher education. Will coordinate with other utility Workforce Development initiatives as applicable. However, it is important to note that this training would be targeted to enhance the skill set of the existing workforce with specific new technologies or approaches
- Providing incentives for program and/or trade allies that may need special software, diagnostics tools or other materials to support the purchase, installation and/or maintenance of these new technologies or approaches
- Conducting market research including surveys, focus groups, interviews, and due diligence reviews to understand the attractiveness, costs and suitability of the new technology or service for customers, program and/or trade allies, and other New Jersey stakeholders
- Conducting pilots where the technologies or service delivery innovations are offered to select groups of customers to measure performance on a wider scale, in preparation for a full offering in other EE programs
- Offering attractive incentives for customers and/or trade allies who are early adopters
- Educating market actors and other stakeholders by conducting on-line or in-person training events, and preparing marketing materials such as case studies, brochures and frequently-asked-question (“FAQ”) documents
- Initiating other efforts to increase market acceptance of proven technologies and approaches
- Providing incentives based on expected energy savings or project cost, similar to custom calculated measures
- Direct funding to a manufacturer, distributor, contractor, retailer or host site to offset technology equipment or installation cost
- In-kind support, such as use of monitoring equipment, technical or administrative support for data collection and analysis, report preparation and promotion, etc.

Due to the intensive level of support contemplated for initiating broader market adoption and uncertainty regarding market participation, it is not feasible to accurately estimate the costs and benefits at this time. Accordingly, NGS should be exempt from the requirements set forth in MFR Part V. As technologies and approaches are ready to graduate from the NGS they will be subject to a review of their costs and benefits prior to adoption with traditional EE programs.

When a technology or approach is ready to “graduate” from the NGS program, participating

utilities will complete a summary of the efforts conducted under this program, which may include the following, as appropriate:

- Participation and performance metrics
- Customer and program and/or trade ally feedback
- Identification of market barriers/unforeseen challenges with proposed remedies
- Training metrics – participation and feedback and identification of on-going training needs
- Updates on customer/program and/or trade ally recruitment
- Marketing and outreach plan

Target Market or Segment/Efficiency Targeted (MFR II.a.ii)

The program will support new technologies and approaches that are ready for broader adoption but need enhanced training, customer incentives, or other key elements to help the marketplace understand the value proposition and implement the measure. These new technologies may be targeted to the residential, multifamily, or C&I sectors.

Participating utilities will include periodic updates on NGS program activities as part of Utility Working Group and EE Stakeholder Meetings. However, potential examples within NGS include:

- Advanced duct sealing technology
- Air-to-Water Heat Pump systems
- Heat pumps for industrial applications
- Thermal imaging mapping
- Natural gas heat pumps

Technologies under NGS don't necessarily require further testing to prove their technical energy savings potential, but they do need considerable work to identify and address barriers to adoption in the marketplace. NGS will enhance stakeholder understanding of these barriers to market deployment and to develop strategies including training to address them.

Delivery Method

Participating utilities will utilize staff and/or third-party vendors to support technologies or approaches under this program, follow industry trends and research, assist in securing customers and program and/or trade allies interested in exploring new technologies or approaches, and support the coordination efforts.

Existing and Proposed Incentive Ranges (MFR.II.a.iii and MFR II.a.iv)

Incentives may be developed for customers who are early adopters or may be provided at a mid-stream or upstream level. Supply Chain incentives for manufacturers or distributors may be an important strategy for some technologies.

Incentives are also anticipated to help support program and/or trade ally commitment to the technologies and approaches within this program.

Program and/or trade allies and customers who are the beneficiaries of incentives under this program will be required to share energy and pricing data, complete required surveys and support independent evaluation efforts.

Customer Financing Options (MFR II.a.v)

The program may include a financing component to support the growth of developing technologies and commercialization of new energy saving technologies.

Contractor Requirements & Roles (MFR II.a.vi)

Contractors and other program and/or trades allies, with an interest in expanding their knowledge and broadening the range of solutions they can offer customers, will benefit from this program. They will have the opportunity for training, potential funding for software, diagnostic tools or other materials, potential special incentives to offer program vendors and/or trade allies and customers who are early adopters, supporting marketing materials and other resources to help address market barriers.

Marketing Approach

NGS will begin to develop and implement customer outreach approaches, but this may not take on a traditional marketing approach. As a result, the program may provide targeted marketing efforts for customers, niche markets, identified through NGS and may include:

- Work with identified program and/or trade allies to develop relevant collateral
- Collaborate with technical and marketing staff to develop and syndicate white papers
- Develop tailored proposal and presentation kits
- Analyze and remarket to leads from other utility programs
- Engage business and trade organizations
- Identify potential customer demographics for targeted outreach campaigns
- Work with utility outreach staff/liaisons to identify existing customers with needs that can be addressed by the featured technologies or approaches

Market Barriers

In addition to the market barriers identified in the utility marketing plans, this program would overcome several additional market barriers and lead to increased uptake of new technologies and approaches:

- **Program and Trade Allies Not Trained on Installation and Operations and Maintenance:** Many contractors and program and/or other trade allies may not be familiar with emerging technologies or new approaches and have limited resources to participate in

industry courses. Lack of knowledge limits the range of solutions they can offer to customers and may also lead to the potential to dissuade a customer from trying new technologies or approaches. NGS will address this barrier through extensive training offerings, outreach to industry associations, funding for certain software, equipment or tools and supporting customer materials.

- **Integration with state and local building codes:** New technologies can often be introduced to the market before code officials have considered how to review the proper installation practices and/or have not been given accurate guidance. NGS intends to address this barrier through coordination with the N.J. Department of Community Affairs and outreach to local code officials where applicable.
- **Supply Chain Challenges:** Emerging technologies are often unavailable, due to retailer/distributor failure to stock and service the new products. NGS will raise awareness and engage the New Jersey marketplace with information and case studies about the new technologies that are proven, by deployment test studies, to be high value additions to the energy efficiency programs. NGS will invest resources to familiarize program and/or trade ally partners of all types with the advantages of embracing and promoting new technologies to customers and may consider supply chain incentives.
- **Customer Acceptance of New Technologies or Approaches:** Due to the unique nature of these technologies or approaches and because the utilities will likely not market to a broad base of customers, we do not anticipate traditional marketing channels or campaigns. Potential customers will consist of knowledgeable buyers (often teams) who will analyze products in terms of user benefits. Participating utilities will develop specific customized materials for deployed technologies or approaches including:
 - Technical specifications
 - Benefits
 - Best practices
 - Industry case studies

Projected Participants (MFR II.a.vii) and Energy Savings Relative to QPIs (MFR II.a.viii)

Refer to Appendix A for the information on these MFRs.

Program budget, by year (MFR II.a.ix) and Projected program costs, by year, broken down into the specified categories (MFR II.a.x)

Refer to Appendix B of the Program Plan for information on these MFRs.

3b.ii Building Decarbonization

Program Description (MFR II.a.i)

This program promotes and provides incentives for the installation of residential hybrid heat systems. This will include direct incentives and financing for high-efficiency complete hybrid systems, as well as incentives for the installation of a standalone central air source heat pump provided it can be properly paired with a recently installed natural gas furnace. To achieve optimal comfort and efficiency when installing new or replacement equipment, it's critical to perform an accurate Air Conditioning Contractors of America (ACCA) Manual J load calculation of the house. Only after the loads are understood should the new equipment (furnace and heat pump) be selected, utilizing the ACCA Manual S equipment selection process. It is imperative to select a matched set (furnace, evaporator coil, condenser) to achieve maximum performance and system modulation, as many matched systems can operate between 30 - 110% of their rated capacity, matching system capacity to the load. SJG does not intend to include incentives for mini-split systems as part of this program.

It will include a strong EM&V component to consider whether larger scale deployment of these types of systems can help the State cost-effectively meet long-term electrification strategies without compromising customer comfort and reliability- at the customer and system level. More specifically, EM&V will assess impacts by comparing items such as full installation costs, bill impacts, actual energy usage, and emission impacts.

SJG will pursue direct outreach to customers, trade ally outreach and training to help educate the market about the benefits of hybrid heating.

Target Market or Segment (MFR II.a.ii)

The target market for Hybrid Heating will primarily be customers seeking to replace a gas furnace and an electric air conditioning unit. However, SJG may also consider target marketing to customers who have recently installed high efficiency natural gas furnaces that could be compatible with a heat pump to create a hybrid system. The furnace and heat pump units installed in this Program must meet the minimum eligibility for incentives in the Core Utility Energy Efficient Products program. Customers will apply directly with a participating contractor to ensure they understand the terms of the Program and commit to grant access to their energy usage.

Existing and Proposed Incentive Ranges (MFR.II.a.iii and MFR II.a.iv)

Refer to Appendix G, for the Summary of the Existing and Proposed Incentive Ranges for this program.

The utilities and/or third-party implementation contractors will strive to complete consumer or contractor payments within 60 days following completion of contractor work, submission of complete and required paperwork, and completion of program requirements such as necessary field inspections (if required).

Customer Financing Options (MFR II.a.v)

Refer to Section 4h of this Program Plan, for a summary of the financing options.

Contractor Roles & Requirements (MFR II.a.vi)

SJG and/or third-party implementation contractors will be responsible for the administration of the Hybrid Heat component, including partnering with respected training organizations to develop the contractor training, recruiting participating contractors, developing marketing materials, processing applications, addressing customer and contractor inquiries. SJG will ensure quality control procedures are implemented and may explore the use of third parties to provide that service.

Participating HVAC contractors must:

- Complete an initial training class;
- Agree to the terms of the program; and
- Commit to participate in and help customers understand the importance of evaluation studies.

Projected Participants (MFR II.a.vii) and Energy Savings Relative to QPIs (MFR II.a.viii)

Refer to Appendix A of the Program Plan for information on these MFRs.

Program budget, by year (MFR II.a.ix.) and Projected program costs, by year, broken down into the specified categories (MFR 11.a.x)

Refer to Appendix B of the Program Plan for information on these MFRs.

3b.iii Demand Response

Program Description/Design (Gas DR MFR 2.b.i.1)

The Demand Response program provides incentives to participating customers to limit gas usage at times of capacity constraint. The program will consist of “Bring Your Own Thermostat Approach” (“BYOT”) to incentivize customers’ timely responses to reduce energy usage during times of peak usage. The Company plans to study the results to help inform what strategies work best to reduce natural gas demand and provide opportunities to create load flexibility and carbon emission reductions through non-pipe alternatives.

The Company will contract with an industry leading software platform to aggregate smart thermostats that have already been installed in the service territory (regardless of where the equipment was initially purchased). It will also offer enrollment opportunities for customers who purchase new thermostats through our online marketplace as part of the EE Products program. This marketplace will allow the Company to partner with customers who have several different types of smart thermostats to grow an ecosystem that can be utilized for demand response. Through this program South Jersey will develop attractive customer incentives and design dispatch strategies that maximize load shed while maintaining customer comfort. South Jersey will maximize integration with many of the leading connected device brands to aggregate, monitor, and dispatch devices. Through this program, the Company will gain detailed insight into event performance and device data to accurately determine program effectiveness and consider broader strategies for future triennials.

Primary event triggers will be assumed to be related to weather conditions. However, the Company reserves the right to trigger events to test customer responsiveness and meet other needs of the program. Since there is limited practical experience with Gas DR programs across the country, maximum event counts, as well as proper methodology for measuring demand reduction performance, including data sources to calculate baseline and capacity savings, will be determined in consultation with implementation vendors, with additional consideration of impact to customers, and program needs. Customers will be permitted at any time to override an event or opt-out from event and/or participate in program, to support customer satisfaction.

As participants in the demand response program, customers will agree to have their thermostat setpoint adjusted during peak gas demand periods. Customers will sign electronic terms and conditions in order to submit their application to the demand response program. These events typically occur during winter morning and evening peaks and last one to four hours. Participation is voluntary, and participants can opt out of events for any reason. Customers may also choose to discontinue program participation in future events and will no longer have their thermostat adjusted, nor receive participation incentives.

As discussed below, this program uses a BYOT through which customers can enroll smart thermostats from approved manufacturers. Customers could enroll their thermostats through a

web portal, the marketplace or the thermostat's Original Equipment Manufacturer mobile applications.

EM&V will review customer engagement, performance during events, and any unique findings. The Company anticipates learning from the evaluations during the Triennium, and seeking to make modifications that can improve the performance related to the performance metrics defined in MFR 6 for DR programs

Target Market or Segment (Gas DR MFR 2.b.i.2)

This program is available to all individually metered residential gas customers with an approved smart thermostat and gas heating system. The Company will specifically focus on customers in overburdened communities to alleviate high energy costs at times of high demand. Participating customers could enroll the device into the program through a web portal, the marketplace, or through the thermostat's Original Equipment Manufacturer (OEM) mobile application. The software platforms will confirm customer eligibility and ensure that the customer has a valid account with the utility.

Program marketing will target a wide range of potential participants, including customers newly moving into the service territory, new customers, and customers participating in other program offerings.

The Company believes the scope of this program is not large enough to necessitate the development of a methodology to prioritize the procurement of customers for the DR program, over distribution investments.

Proposed Incentives and/or Tariffs (Gas DR MFR 2.b.i.3)

Demand reduction during event hours will be measured using available data (e.g., smart thermostat) to establish baseline performance and calculate customer level, targeted geographical area, and system-wide reductions and capacity savings.

Turndown events are defined as periods where some or all participating customers will have their thermostats adjusted by no more than 4 degrees during peak gas demand periods. These events typically occur during winter morning and evening peaks and last one to four hours. Incentives will be provided both for enrollment in the program and ongoing participation in demand response events. For customers who purchase a thermostat from the marketplace and participate in this program, could have an installation performed at no cost to the customer. Please reference Appendix H for Summary of Existing and Proposed Incentive Ranges for this program.

To minimize rebound effects after a turndown effect, the program will dispatch thermostats using temperature offsets with pre-conditioning. Start and stop times will be staggered to gradually bring customers thermostats down and back up. Thermostats may be adjusted back up to normal setpoints in increments. Pre-heating before an event will minimize impacts to customer comfort, reduce opt outs during the event, and snap-back after the event.

Customers who enroll their own smart thermostat may be able to receive both an energy efficiency rebate, when newly purchased through the Company's marketplace, and the incentive for each year they participate in the program. To avoid double counting, savings assumptions will be calculated for EE-only, DR-only, and EE and DR thermostats and assigned appropriately to each customer.

Incentives will be provided both for enrollment in the program and ongoing participation in demand response events. For customers who purchase a thermostat from the Company's marketplace, and installation could be performed at no cost to the customer.

Customers will receive an enrollment incentive and be eligible for ongoing participation incentives as long as they remain in the program. Refer to Appendix G, for the Summary of Proposed Incentive Ranges for this program. There are new initiatives, and no current incentives for comparison.

Qualified Equipment Supported by Incentives (Gas DR MFR 2.b.i.4)

The program uses the "Bring Your Own Thermostat" (BYOT) approach by enrolling eligible smart thermostats that customers already own from approved manufacturers (Nest, ecobee, Honeywell, Emerson, Amazon, Alarm.com and Lux) into the program. Customers may receive or purchase a smart thermostat through one of the Company's energy efficiency programs and choose to enroll in demand response online or the thermostat's OEM mobile application.

Customer data and communication standards will follow industry and internationally recognized standards including encryption of sending and receiving data with vendors.

Please refer to Appendix G for summary of Proposed Incentive Ranges for this program.

Capital Investments (Gas DR MFR 2.b.i.5)

Most IT hardware and infrastructure for program operations will be owned and operated by the third-party contractor. Capital investments will not be required to develop interfaces to Company owned systems to enable marketing, eligibility, enrollment, and ongoing customer communications.

Customer Financing Options (Gas DR MFR 2.b.i.6)

The DR program has no cost to customers and thus no financing options.

Contractor Roles & Requirements (MFR 2.b.i.7)

The Company will contract with a third-party contractor to manage these enrolled thermostats through secure Application Programming Interface ("API") connections to approved thermostats. This vendor will be responsible for managing curtailment events using API connections with the

thermostat OEMs. Scope includes device partner management, marketing and enrollment, event dispatch, and performance measurement. Curtailment events will be authorized to be triggered by utility personnel based on gas demand forecasts informed by weather reports and system operations information, which may identify geographical areas of gas constraints that may be addressed.

The Company and third-party contractor will be responsible for identifying and engaging customers to participate in the program and verifying their eligibility, which is based on equipment compatibility. Third-party implementation contractors will track enrollments, manage demand response events at the Company's direction, communicate with customers regarding device functionality and maintenance, assist with cycling event opt-outs, and track event results.

To select qualified third-party implementation contractors, the utilities will prioritize criteria including but not limited to:

1. Experience delivering similar programs or initiatives;
2. Technology type and compatibility with existing systems;
3. Resources and marketing strength;
4. Customer service capabilities;
5. Cost; and
6. The amount of business placed with minority, women, veteran and service-disabled veteran owned businesses.

Projected Participants (MFR 2.b.8) and Energy Savings Relative to QPIs (MFR 2.b.i.9)

Refer to Appendix A for the information regarding MFR 2.b.8 and MFR 2.b.i.9.

Program budget, by year (MFR 2.b.10) and Projected program costs, by year, broken down into the specified categories (MFR 2.b.i.11)

Refer to Appendix B for the information regarding MFR 2.b.10 and MFR 2.b.i.11.

Workforce Development and Job Training Costs (MFR 2.b.ii)

Refer to Section 4 for the information on Workforce Development and Job Training costs.

4. Portfolio Information

As discussed above, some information contained in the Portfolio Information section (Section 4) is consistent, while the remaining subsections are utility specific. The following subsections contain consistent information across all of the utilities:

- 4e: Evaluation, Measurement and Verification (MFR VI.)
- 4f: Reporting Plan (MFR VIII.)
- 4g: Overburdened Community Standardization

Sections 4a-4d and Section 4h each present information specific to each utility. If provided, additional sections within Section 4 are utility specific.

4a. Quality Control and Customer Complaint Resolution

(MFR II.b.ii and DR MFR II.c.i)

South Jersey Gas will deploy routine quality assurance and quality control measures to ensure its internal and vendor processes are meeting the goals and objectives of the program. Such measures may include routine program performance reviews, vendor meetings, customer participation surveys, and project inspections. South Jersey Gas may use a third-party vendor to perform random on-site inspections for work associated with the residential, multifamily and commercial programs. The vendor may assess the quality of the energy conservation measure installations performed by the program implementation contractors, report findings, and identify recommended remedial activity as required. Additionally, any Trade Ally or Participating Contractor will undergo a thorough onboarding review to ensure that participating contractors are licensed, insured, and that they fully understand program requirements before performing any work on behalf of South Jersey Gas and program. Further, routine review periods to ensure consistent program deployment and execution. South Jersey Gas will take corrective actions for non-compliance and conformance with program objectives or Company standards.

South Jersey Gas' various customer contact personnel/departments, including South Jersey Gas' toll-free customer service number, will handle customer complaints relating to the design, delivery, and/or administration of any South Jersey Gas program. South Jersey Gas' customer contact personnel will refer customer complaints regarding the Triennium 2 Program to the most appropriate program management personnel to investigate and resolve the issue. If South Jersey Gas is unable to resolve a complaint to the customer's satisfaction, the customer can subsequently direct their complaint to the Board for resolution through the BPU's existing process for customer complaints within the appropriate Division or the Office of Administrative Law.

4b. Workforce Development and Job Training

(MFR II.b.ii and DR MFR II.c.ii)

South Jersey Gas recognizes the importance of developing and supporting strong Workforce Development Programs. There needs to be a strong pool of qualified candidates ready for companies to hire to meet the increased demand for the energy efficiency programs and projects as the utilities continue to implement programs to strive to meet the new energy savings targets required by the Clean Energy Act. This overview will address thoughts on training needs and career paths, trade ally needs, and contracting provisions.

SJG continues to be an active participant in the Workforce Development Working Group to collaborate with the other utilities regarding program details and share anticipated program hiring needs while working to understand the interests, feedback and concerns of the other stakeholders. The utilities anticipate that this work group will continue to provide significant input that will shape the recommended slate of programs and policies to develop a robust pipeline of workers able to meet the needs of a growing energy efficiency industry in New Jersey and to ensure that local, underrepresented, and disadvantaged workers are included in those opportunities.

Training Needs and Career Paths

In order for the utility to reach the aggressive energy efficiency goals established by the Clean Energy Act, New Jersey will need to significantly increase the number of trained professionals and skilled trade persons who are proficient in meeting the needs of residential, commercial and multifamily projects, such as:

- Auditors
- HVAC technicians
- Plumbers Electricians
- Seal-up and insulation contractors
- Engineers
- Analysts (energy modeling and evaluation, customer service, financial tracking, cost-benefit analysis, demographic analysis)
- Program staff with a strong understanding of the approved energy efficiency programs and supporting administrative staff
- Outreach Specialists

To support the Workforce Development Program, SJG may partner with a third party to offer any of the below courses.

- Building Science Principles (“BSP”) - designed for new entrants to the energy efficiency industry, as well as back-office personnel who support industry work. The BSP is now the starting point for the professional Building Performance Institute (BPI) certifications. It provides an overview of the energy efficiency industry, residential construction and building systems, the field of Building Science and the basics of energy conservation. Upon completion of the program, participants will need to pass a 100-question BPI test to earn a Building Science Principles Certificate.

- Building Analyst Technician - prepares workers for the field of weatherization, including as energy auditors or weatherization technicians. Building on the BSP, this course provides detailed learning and practice of building inspection, data gathering, diagnostic testing, energy conservation measures, HVAC systems and health and safety concerns. Upon completion of this training class, students will need to pass a 4-hour proctored field exam in order to gain the BPI Building Analyst Technician certification.
- Building Analyst Professional - upsills existing professionals with work scope development, energy modeling, HVAC systems, best practices, and on-site management. Upon completion of this training class, students will need to pass a 2-hour proctored online exam in order to gain the BPI Building Analyst Professional certification.
- OSHA 40-Hour Certification - teaches a wide range of health and safety topics relevant to hazardous waste operations, including: Types of Hazards; Personal Protective Equipment (PPE); and Levels of Protection.
- Soft Skills Training – training that focuses on the development of abilities such as communication, teamwork and problem-solving skills.

We recognize that these positions require a broad range of technical training and educational experience and that it is in our interest to partner with New Jersey-based vocational institutions, community colleges, universities, community-based organizations, and non-profits. We anticipate that most of these entities will have some level of representation with either the Workforce Development Working Group or the Equity Working Group and look forward to hearing their input.

In addition to providing workforce development trainings, the utility will work with interested participants by connecting them with our Trade Ally network and our implementation vendors for consideration regarding employment opportunities. We hope that this effort completes the circle of identifying and training candidates to then identifying and securing employment once candidates successfully complete their training, bolstering the energy efficiency workforce in ew Jersey.

Trade Ally Needs

While ensuring there is trained staff available is a critical path, the utility also recognizes there must be a pool of employers interested in hiring these individuals. We recognize that we must engage the open market to understand the needs of contractors and other firms. Organizations like the New Jersey Air Conditioning Contractors Association (NJACCA), the New Jersey Association of Plumbing, Heating, and Cooling Contractors (NJPHCC) and the New Jersey Association of Energy Engineers (NJAEI) provide industry leadership and guidance to energy businesses and should be included in the Working Group to guide policies and program designs that will meet the needs of existing and new contractors.

We expect the Working Groups to continue to explore paths that can help Women and Minority Owned Businesses grow and thrive in the Clean Energy Economy. The potential for coaching or

incubator programs could ensure that underrepresented individuals have a greater chance to share in management and ownership opportunities.

Contracting Provisions

South Jersey Gas' will be following internal procurement protocols for the services that will be secured to implement our programs. We are willing to include the amount of business placed with minority, women, veteran and service-disabled veteran owned businesses ("MWVBEs") as part of our rating criteria when evaluating contract proposals.

Budget Considerations for Workforce Development Programs

Proposed budgets for Workforce Development Programs are referenced in Appendix B. These budgets were established to ensure that there is adequate funding to maintain programs during this second triennium. In the event that the State identifies adequate funding from other sources to support these types of programs, South Jersey Gas may be able to reduce their planned expenditures.

4c. Customer Access to Usage Data

(MFR II.b.iii and DR MFR II.c.iv)

South Jersey Gas' residential and commercial customers have access to usage data through My Account, the online customer service portal, where they can view and download up to 36 months of usage data. Residential customers will be also able to access 36 months historic usage data through the South Jersey Gas' behavioral program portal.

4d. Marketing Plan

(MFR II.b.vii and DR MFR II.c.viii)

South Jersey will continue to implement a multi-faceted direct and indirect marketing campaigns to promote our residential, multifamily and C&I energy efficiency programs to all eligible customers within our service territory. This plan could include broad-based energy efficiency awareness campaigns, web-based engagement and information, digital advertising, social media, email, direct mail and hard-copy materials to promote program awareness. Marketing will emphasize the energy and cost savings advantages associated with program participation, as well as tie-ins amongst the programs. South Jersey will also consider avenues to work closely with retailers, wholesalers, distributors, manufacturers and trade allies to further develop networks and promote involvement in the programs where applicable. Additionally, South Jersey will leverage our Behavioral program for “warm leads” into other programs.

South Jersey may engage community partners, like the chambers of commerce and other local organizations, including those comprised of underrepresented and socially or economically disadvantaged communities and individuals, to assist in raising awareness regarding our program offerings, particularly those available to residential and small business customers. Educating building owners and operators about the benefits of energy efficiency improvements and improved systems performance will also be key to promoting the commercial & industrial (“C&I”) and multifamily programs. Such education material could include educational brochures, customer and market provider seminars, program promotional materials, and website content. South Jersey will also consider the potential to utilize customer information analytics or other targeted energy education outreach to identify and target customers best suited for participation in the program. The collective marketing plan strategy is useful for enrolling eligible customers that may be interested in participating but have not heard of the program and do not have the time or resources to prioritize investigating energy efficiency opportunities or reaching out to SJG. SJG will also leverage existing relationships with municipalities, universities, schools, and other public agencies to promote programs relevant to those facilities.

South Jersey’s programs are designed to lower barriers to participation, including addressing issues of customer awareness, split incentives resulting from landlord/tenant arrangements, supply chain constraints on the availability of energy-efficient products, the upfront costs of energy efficiency upgrades, and health and safety barriers, among others. The marketing efforts will further attempt to overcome participation barriers by specifically marketing programs in a way that addresses a variety of known market barriers. The program implementation teams and the marketing team will work closely to identify, anticipate, and address those barriers to participation on an ongoing basis in order to align marketing strategies to identified market barriers and encourage and increase access to customers in all sectors.

Further, South Jersey will continue to explore marketing opportunities and employ a combination of strategic methods, such as point-of-purchase displays, brochures, customer bill inserts and more

to maximize program awareness; as well as design program implementation to address how to lower known market barriers to accessibility and participation.

Residential:

- **Upfront costs of efficient equipment:** Advertise incentives and on-bill repayment options as a way to reduce concerns about upfront costs
- **Availability of efficient products:** Promote the marked down cost of efficient equipment at the point of sale. Partner with retail and wholesale entities to advertise offerings
- **Landlord/tenant arrangements:** Segment outreach to both landlords and tenants with tailored and applicable messaging
- **Customer awareness and engagement:** Initiate targeted marketing campaigns, as well as distribute marketing materials in Spanish and consider translation to other languages on an ongoing and as needed basis. Prioritization will be placed on a customer-friendly approach to communicating information, while ensuring that incentives are easily accessible and understandable. Customers will be equipped with educational resources and tools, such as intuitive web and appointment scheduling features

C&I:

- **Customer awareness and engagement:** Initiate targeted marketing campaigns with a focus on the business and operational benefits of improving energy efficiency. Market materials in Spanish and provide consideration to translation in other languages. Prioritize a customer-friendly approach to communicating information, while ensuring that incentives are easily accessible and understandable. Conduct outreach and communicate to trade allies as a means to increase awareness and knowledge of program developments and offerings
- **Upfront costs of efficient investments:** Advertise incentives and on-bill repayment options as a way to reduce concerns about upfront project costs
- **Landlord/tenant arrangements:** Segment outreach to both landlords and tenants with tailored and applicable messaging

Multifamily:

- **Split Incentives:** In addition to program designs targeted to multifamily facilities meant to combat the challenges of split incentives, SJG will focus efforts on engagement with multifamily building owners and managers and educate them regarding South Jersey Gas' program offerings and the benefits of participation
- Strategies outlined for both the residential and C&I sectors will be employed

South Jersey will continue to review these strategies and tactics to address market barriers and modify and/or supplement them as needed to support the success of its programs.

South Jersey will seek to overcome all barriers to residential, C&I and multifamily program success through its commitment to applying best practices in program design, delivery, outreach, and marketing/advertising. SJG's established customer communication channels, data, and brand in the marketplace will all be leveraged to deliver best-practice programs that identify and confront market barriers on an ongoing basis. To the extent possible, SJG will cross-promote programs to spread awareness of the range of efficiency opportunities proposed in this plan.

South Jersey will also continue our efforts initiated in our first triennium energy efficiency programs to promote program awareness to all customer segments, particularly underserved customers and/or overburdened communities throughout our service territory, through various community partnerships, community canvassing, outreach events and sponsorships, and other innovative approaches.

4e. Evaluation, Measurement and Verification

Evaluation, Measurement & Verification (MFR VI.a)

The utilities recognize the importance of incorporating Evaluation, Measurement and Verification (“EM&V”) into the energy efficiency, demand response, building decarbonization start-up, and other programs. EM&V can help assess whether program objectives are being achieved, document energy and non-energy benefits and inform both future program modifications and development. PJM Interconnection, L.L.C. (PJM) specific EM&V will also be needed to support utility EE Offers into PJM’s Capacity Market.¹

The utilities will continue to work with the State-Wide Evaluator (“SWE”) and contribute to the EM&V working group. Evaluation activities, products and processes will be completed consistent with the New Jersey Energy Efficiency Triennium 2 Evaluation Framework and subsequent guidance documents by Staff and the SWE. Further, each Company has included funding to support the anticipated evaluation work within their respective filings. Proposed budgets for evaluation are reflected in Appendix B.

Common Definitions and Objectives

The State and Local Energy Efficiency Action Network (“SEE Action”) offers resources, discussion forums, and technical assistance to state and local policymakers as they seek to advance energy efficiency. Their EE Program Impact Evaluation Guide from December 2012 identified three primary objectives for evaluations.

- **Document the benefits** (i.e., impacts) of a program and determine whether the subject program (or portfolio of programs) met its goals.
- **Identify ways to improve current and future programs** through determining why program-induced impacts occurred.
- **Support energy demand forecasting and resource planning** by understanding the historical and future resource contributions of EE as compared to other energy resources.

That same guide provides the following standard categories of evaluations:

- **Impact evaluations:** assessments that determine and document the direct and indirect benefits of an energy efficiency program. Impact evaluation involves real-time and/or retrospective assessments of the performance and implementation of an efficiency program or portfolio of programs. Program benefits, or impacts, can include energy and demand savings and non-energy benefits (sometimes called co-benefits or non-energy impacts, with examples being avoided emissions, and water savings). Impact evaluations can also include cost-effectiveness analyses aimed at identifying relative program costs and benefits of EE as compared to other energy resources, including both demand- and supply-side options.

¹ Does not apply to GDCs.

- **Process evaluations:** formative, systematic assessments of an EE program from both a customer and program administrator viewpoint. Process evaluations document program operations and identify and recommend improvements that are likely to increase the program's efficiency or effectiveness for acquiring EE resources and improve the customer experience with the program.
- **Market evaluations:** assessments of structure or functioning of a market, the behavior of market participants, and/or market changes that result from one or more program efforts. Market evaluation studies may include estimates of the current market role of energy-efficiency (market baselines), as well as the potential role of efficiency in a local, state, regional, or national market (potential studies). Market evaluation studies indicate how the overall supply chain and market for EE products works and how they have been affected by a program(s). These evaluations can also include assessments of other societal, customer, or utility benefits of EE programs, such as the economic and job creation impacts of the programs, health benefits to society, or T&D benefits to utilities. And finally, these studies can also be used to inform changes to the portfolio of efficiency measures to be offered to customers, or the savings achieved by the measures.

Monitoring and Improving Program and Portfolio Performance

There is a feedback loop among program design and implementation, impact evaluation, and process evaluation. Program design and implementation, and evaluation are elements in a cyclical feedback process. Initial program design is informed by prior baseline and market potential studies. Ongoing impact evaluation quantifies whether a program is meeting its goals and may raise questions related to program processes and design. Process evaluation tells the story behind how the impact was achieved and points the way toward improving program impacts by providing insight into program operations. Thus, the three elements work together to create a better, more effective program.

Budget Considerations for EM&V Work

As noted, proposed budgets for EM&V are reflected in Appendix B. These budgets were established at or below the industry standard for this type of work², excluding the cost of financing and any anticipated costs associated with additional studies performed at direction of the BPU Staff or the EM&V Working Group.

TRM Considerations

The utilities will utilize the TRM applicable to determining CEA savings compliance at the time when a project is committed to calculate energy savings for that project, regardless of when the project is complete.

² <https://www.aceee.org/toolkit/2017/06/evaluation-measurement-verification>

4f. Reporting Plan

Reporting (MFR VIII.)

The utilities will continue to comply with the reporting requirements for energy efficiency, demand response and building decarbonization programs as outlined in the BPU's May 24 and July 26 Energy Efficiency Framework Orders, as well as related guidance by Staff and the Board of Public Utilities.

If the impact of interactive effects would cause a utility to miss a QPI target due to a change in the measure mix implemented by customers when compared to Plan assumptions, the utility should not be penalized. If the overall QPI would result in an ROE penalty under this scenario, the utility reserves the right to remove negative savings in order to avoid incurring a penalty.

4g. Overburdened Community Standardization

Utilities will focus their efforts to provide equitable access to energy efficiency for residential customers residing in an Overburdened Community (“OBC”) that is defined by a low-income designation. In accordance with treatment during the First Triennial and guidance from BPU Staff, only customers in the following OBC categories, as defined by the New Jersey Department of Environmental Protection (“DEP”) will be tracked and reported:

- Low Income
- Low Income & Limited English
- Low Income & Minority
- Low Income, Minority, & Limited English

Additionally, in order to ensure consistent reporting across the utilities and throughout Triennium 2, the utilities will utilize the dataset available 8/31/2023 on the NJ Department of Environmental Protection website (data created and last updated on 4/10/23) to track and report OBC participating in the programs, including for the purposes of establishing and evaluating the quantitative performance indicators (“QPIs”).

Consistent with Triennium 1, Utilities will deploy approaches to target market or pre-screen customers based on the location of their primary residence within the boundaries of census tracts Federally recognized as low or moderate income and a self-attestation for income qualified programs or enhanced incentives under other programs (E.g. Energy Efficient Products program).

Utilities plan to report actual performance of low and moderate income (“LMI”) customers and customers within OBCs, as defined above, and are committed to strengthening the infrastructure to support enhancements for customer screening for LMI customers and reporting equity metrics for both LMI and OBC customers.

As noted in the New Jersey Utilities Association (“NJUA”) comments filed in response to the Straw Proposals within this docket, the Utilities continue to believe there is an opportunity to further streamline administration and eliminate a barrier to participation by allowing any applicant from a qualifying OBC community to access the enhanced level of benefits. The Utilities recognize that the May 24th Board Order called for continued self-attestation in those areas but believe this decision is worth reconsideration within these cases.

4h. Financing/ On-Bill Repayments Description

SJG intends to provide on-bill repayment options for residential, multi-family, and commercial programs.

The following table provides the financing terms for all programs.

SJG Summary of Financing Terms				
Sector	Program	Pathway	Measure /Project	Available Financing Terms
Residential	Whole Home		Single Family Homes	Up to \$25,000 for a 7 year term OBR at 0% APR. Low-to-Moderate Income customers will be offered an extended OBR for a 10 year term.
	Income Qualified		N/A	No financing component needed due to nature of the program.
	Efficient Products		HVAC (natural gas heating equipment, water heaters, AC system and heat pumps when paired with qualifying gas equipment)	Up to \$25,000 for a 7 year term OBR at 0% APR. Low-to-Moderate Income customers will be offered an extended OBR for a 10 year term.
	Behavioral		N/A	No financing component needed due to nature of the program.
C&I	Energy Solutions		Project	Balance of the project cost after rebate at 0% APR for a 7 year term.
	Prescriptive & Custom			
	Direct Install			
Multifamily	Multifamily	Multifamily HPwES	Project	Balance of the project cost up to \$3,000 per unit for a 7 year term at 0% APR.
		Multifamily Prescriptive and Custom		Balance of the project cost after rebate at 0% APR for a 7 year term.
		Direct Install		
		Energy Solutions	Special Features to Support Inclusion:	Properties supporting LMI customers are eligible for a 10 year repayment term.
All	Building Decarbonization	Hybrid Heat	Air source heat pumps that are able to be paired with an existing natural gas system	Balance of the project cost for a 7 year term OBR at 0% APR. Low-to-Moderate Income customers will be offered an extended OBR for a 10 year term.
			Air source heat pumps when paired with new natural gas furnace	
Residential	Demand Response	Demand Response	N/A	No financing component needed due to nature of the program.

5. Consistent Delivery in Overlapping Territories

(MFR II.c and DR MFR II.c.ix)

In response to the New Jersey Board of Public Utilities' Framework Orders¹ directing each electric public utility and gas public utility in the State of New Jersey to establish energy efficiency ("EE") and peak demand reduction ("PDR") programs for the second triennium of programs implemented pursuant to the Clean Energy Act of 2018, the New Jersey investor-owned electric and gas utilities are collaborating in order to implement programs in a consistent manner and develop supportive processes, procedures, requirements, and forms.

Coordinated Program Offerings

To support the coordinated delivery of core programs and certain additional program offerings in situations that involve gas and electric savings opportunities in overlapping utility territories, the Utilities have established a framework that will align key program elements through use of Interconnected Tracking Systems supported by use of a Statewide Coordinator System, aligned Utility Responsibilities, and Coordinated Program Elements as further described below. This structure will support the coordinated delivery of appropriate energy efficiency measures, if offered, in the following Programs:

Core Offerings²

- Whole Home
- Income Qualified³
- Energy Efficient Products
- Energy Solutions
- Direct Install
- Prescriptive & Custom
- Multifamily

Additional Utility-Led Offerings

- Next Generation Savings (depending upon the project/technology)

Interconnected Tracking Systems

To support consistency across the state and to align the above coordinated program offerings, the utilities will continue to utilize a single third-party entity to serve as a Statewide Coordinator ("SWC") for measures and costs that impact more than one utility in situations where gas and electric service territories overlap. This entity provides a software platform to validate the local gas and electric company serving the customer and perform independent allocations of energy savings and costs for coordinated program offerings.

These costs and savings will be allocated between the Utility that provides the program services (i.e., “Lead Utility”) and the Utility with whom the services were coordinated (i.e., “Partner Utility”).

In areas where gas and electric service territories overlap, the Utilities will design program elements that support consistent delivery of the above coordinated program offerings among all the utilities to enable the SWC to allocate shared costs and energy savings appropriately based on the fuel types impacted by EE measures.

Statewide Coordinator System Responsibilities

- Serve as a central platform to ensure data minimums required for coordinated data elements, exchange protocols, and serve as a repository for shared measure costs and shared savings for applicable programs.
- Track participation specific to utility programs that require coordination (e.g., screen prior participation in coordinated program offerings).
- Serve as a clearing house for pre-determined data formats and exchanges.
- Perform allocation of dual-fuel or partner-fuel savings and cost for customers with separate gas and electric utilities, to facilitate sharing of costs and investments.
- Determine and provide supporting reports respective to utility invoice balances for allocation of shared measure costs (e.g., costs of respective measures and share of costs).
- Provide monthly reports of coordinated program activity so that customer participation and program results may be tracked.

Utility Responsibilities

The Utilities will implement certain program operations through either internal resources, or under contract with third-party implementation contractor(s) (“TPIC”), outside of the Statewide Coordinator system. By retaining these functions, the Utilities can maintain a strong line of sight to program operations and still work collaboratively with the other Utilities in offering coordinated programs to New Jersey customers. These functions may include, where appropriate:

- Customer enrollment
- Developing consistent enrollment forms to collect agreed-upon customer information to share between the utilities
- Screening and qualifying contractors for Utility programs
- Customer care functions
- Marketing of programs
- Providing in-home/business auditing or direct-install of efficiency measures
- Communicating availability of customer financing options
- Integrating with other Utility programs
- Sponsoring EE program applications including paying incentives to customers and contractors
- Invoicing peer Utility partners for coordinated program costs

Coordinated Program Elements

As envisioned by the Board's direction on coordinated program offerings, the Utilities' programs are designed in a way to minimize customer confusion and present consistent opportunities for customer participation with access to both electric and gas measures, where appropriate. The utilities recognize that programs will continue to evolve and commit to ongoing collaborative efforts among the Utilities to continue program alignment. Ongoing efforts may include a focus by the Utilities to standardize the following wherever possible where appropriate:

- Common forms for contractors and customers with uniform field requirements
- Contractor minimum requirements and credentials for applicable programs
- Eligible customers and property requirements
- Eligible measures
- Incentive structures through use of an agreed-upon standard incentive range
- Software platforms or interfaces to be used by contractors
- Targeted bonus approaches for customers that meet specific policy priorities (e.g., income qualified, targeted geographic locations)

Program Assumptions

The utilities have standing sector specific committees (Residential, Commercial and Industrial), as well as specialized committees (e.g., Evaluation, Measurement & Verification), which have been active since early 2020. They routinely meet to address coordination issues, share feedback regarding program activity, and plan for future modifications/enhancements. As part of planning for this filing, the utilities have reviewed assumptions on average project size and related energy efficiency measures but did not mandate identical assumptions. Comparisons have shown that there can be variations in market activity across service territories. The flexibility in the approach to offer incentives within approved incentive ranges enables utilities to remain responsive to the market conditions within their respective service territories.

Budgeting

The Utilities recognize the importance of creating a solution that allows a Lead Utility to pursue their approved program portfolio to ensure they are able to meet their Clean Energy Act obligations and to be in a position to support any shared or cross-fuel energy savings from their Partner Utility. It is critical that such a structure minimizes the potential for any disruption to the market and provides customers with equitable access to the programs, regardless of their geographic location. Given the fact that it is impossible to predict where the energy savings will occur within a utility's service territory, it is not practical to determine what a utility's potential budget obligation could be from specific overlapping utilities. As a result, certain other utilities

have developed a proposed budget adjustment mechanism that may minimize the potential for cross-subsidization that exists under the existing mechanism and have the customers of each utility support the costs specific to the fuel that utility provides.

Budgeting – South Jersey Specific

South Jersey took the conservative approach of estimating the net transfers with our partner utilities based on the best information available to South Jersey at the time of filing. These amounts should be viewed directional estimates and permit South Jersey flexibility in incorporating Partner Utility payments into its Triennium 2 budget.

6. Appendices

As noted above, all of the appendices are formatted similarly and in the same order, but present utility-specific information, with the exception of Appendix I: Comfort Partners Transition Plan which are consistent for all utilities. Appendix H: Incentive Ranges is formatted similarly, but has some variation due to differences in utility specific program proposals

6a. Appendix A: Program Participants, Energy Savings, By Year for EE, BD, and DR

Appendix A: Program Participants & Energy Savings by Program Year (MFRs II.a.vii & II.a.viii)

Program	PY4 Participants	PY4 Net Annual Energy Savings (kwh)	PY4 Net Annual Energy Savings (therms)	PY5 Participants	PY5 Net Annual Energy Savings (kwh)	PY5 Net Annual Energy Savings (therms)	PY6 Participants	PY6 Net Annual Energy Savings (kwh)	PY6 Net Annual Energy Savings (therms)	Total Participants	Total Net Annual Energy Savings (kwh)	Total Net Annual Energy Savings (therms)
Behavioral	160,000	-	568,773	160,000	-	947,956	160,000	-	947,956	480,000	-	2,464,685
EE products	9,439	460,410	471,230	28,531	1,640,006	1,307,390	29,223	1,718,279	1,292,485	67,194	3,818,696	3,071,104
Whole Home	265	155,052	33,669	935	543,892	119,610	998	564,289	123,698	2,198	1,263,233	276,977
Income Qualified (Moderate)	65	55,337	8,165	334	300,803	44,382	318	301,635	44,305	717	657,775	97,032
Income Qualified (Low Income)	59	54,017	9,729	235	216,496	38,992	239	219,708	39,370	532	490,222	88,291
Multifamily	490	145,522	38,054	1,366	304,506	102,296	1,379	611,969	137,994	3,235	1,061,997	278,344
Prescriptive / Custom	626	45,951	97,236	989	72,340	151,884	1,015	74,687	156,041	2,631	192,978	405,161
Direct Install	27	492,113	45,625	77	1,422,174	131,734	76	1,403,735	130,071	180	3,318,023	307,431
Energy Solutions	4	150,401	2,411	16	529,572	10,353	19	1,437,409	77,059	39	2,117,382	89,823
Next Gen Savings	-	-	-	-	-	-	-	-	-	-	-	-
Demand Response	2,403	-	17,068	10,379	-	73,707	13,833	-	98,236	26,615	-	189,011
Building Decarbonization	31	(68,521)	19,070	150	(331,552)	92,276	250	(552,586)	153,793	431	(952,659)	265,139
Statewide Coordinator	-	-	-	-	-	-	-	-	-	-	-	-
Workforce Development	-	-	-	-	-	-	-	-	-	-	-	-
Community Outreach	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio Total		1,490,282	1,311,030		4,698,237	3,020,579		5,779,126	3,201,408		11,967,645	7,533,017

* Excludes any impacts beyond PY6.

** Net annual energy savings presented at site-level includes both electric and natural gas savings for coordinated programs delivered by the lead utility

6b. Appendix B: Program Budgets and Costs, By Year for All Programs

Appendix B: Program Budgets and Costs by Program Year* (MFRs II.a.ix & II.a.x)

TOTAL Program Years 4-6	Capital Cost	Utility Administration	Marketing and Outreach	Outside Services	Incentives - Rebates and Loans	Inspections and QC	Evaluation	Health & Safety	Workforce Development	Outreach to Community-Based Organizations	Total Budget
Whole Home	-	353,029	353,029	2,160,753	27,041,120	84,727	286,316				30,278,974
Income Qualified	-	1,206,227	773,719	8,177,104	8,592,101	196,250	662,466	7,762,107			27,369,974
Energy Efficient Products	-	2,100,508	2,309,577	8,301,459	121,296,050	435,553	1,488,138				135,931,284
Behavioral	-	158,809	-	-	3,176,175	-	128,953				3,463,936
Energy Solutions	-	480,345	320,230	4,803,450	25,891,300	192,138	647,185				32,334,649
Prescriptive & Custom	-	236,036	364,208	1,888,291	10,131,170	28,324	95,863				12,743,893
Direct Install	-	766,572	690,537	6,581,954	13,666,443	107,289	362,777				22,175,573
Multifamily	-	577,402	540,967	4,624,458	22,272,731	129,832	438,708				28,584,098
Next Generation Savings	-	-	-	-	970,000	11,640	97,000				1,078,640
Building Decarbonization	-	96,975	113,138	242,438	6,400,781	19,395	161,625				7,034,351
Demand Response	-	112,500	43,582	167,500	871,646	10,460	87,165				1,292,852
Other Portfolio Costs	-	-	-	675,000	-	-	-		800,000	300,000	1,775,000
Portfolio Total	-	6,088,403	5,508,987	37,622,406	240,309,517	1,215,608	4,456,197	7,762,107	800,000	300,000	304,063,225
Program Year 4	Capital Cost	Utility Administration	Marketing and Outreach	Outside Services	Incentives - Rebates and Loans	Inspections and QC	Evaluation	Health & Safety	Workforce Development	Outreach to Community-Based Organizations	Total Budget
Whole Home	-	42,578	42,578	298,045	3,269,951	10,219	34,914				3,698,285
Income Qualified	-	91,462	60,311	603,106	701,272	14,475	49,455	504,940			2,025,019
Energy Efficient Products	-	331,072	386,250	1,379,465	24,217,859	66,214	226,232				26,607,092
Behavioral	-	31,762	-	-	635,235	-	26,045				693,041
Energy Solutions	-	7,206	4,804	72,061	395,223	2,882	9,848				492,025
Prescriptive & Custom	-	56,780	113,560	454,241	2,426,582	6,814	23,280				3,081,257
Direct Install	-	118,930	118,930	1,057,157	2,019,870	15,857	54,179				3,384,924
Multifamily	-	81,155	67,629	608,664	3,081,580	16,231	55,456				3,910,716
Next Generation Savings	-	-	-	-	155,000	1,860	15,500				172,360
Building Decarbonization	-	6,975	8,138	17,438	460,381	1,395	11,625				505,951
Demand Response	-	37,500	7,210	67,500	144,206	1,730	14,421				272,567
Other Portfolio Costs	-	-	-	225,000	-	-	-		266,667	100,000	591,667
Portfolio Total	-	805,420	809,410	4,782,677	37,507,159	137,677	520,955	504,940	266,667	100,000	45,434,904

Program Year 5	Capital Cost	Utility Admin- istration	Marketing and Outreach	Outside Services	Incentives - Rebates and Loans	Inspections and QC	Evaluation	Health & Safety	Workforce Development	Outreach to Community-Based Organizations	Total Budget
Whole Home	-	152,074	152,074	912,446	11,678,605	36,498	124,701				13,056,398
Income Qualified	-	529,108	354,593	3,545,932	3,860,179	85,102	290,766	3,231,685			11,897,366
Energy Efficient Products	-	919,627	996,263	3,831,781	47,627,122	183,925	628,412				54,187,130
Behavioral	-	63,524	-	-	1,270,470	-	52,089				1,386,083
Energy Solutions	-	194,548	129,699	1,945,479	10,481,689	77,819	265,882				13,095,116
Prescriptive & Custom	-	88,071	132,106	704,565	3,809,937	10,568	36,109				4,781,356
Direct Install	-	325,168	306,040	2,869,126	5,847,529	45,906	156,846				9,550,615
Multifamily	-	252,003	229,093	2,061,841	9,420,474	54,982	187,857				12,206,251
Next Generation Savings	-	-	-	-	417,500	5,010	41,750				464,260
Building Decarbonization	-	33,750	39,375	84,375	2,227,650	6,750	56,250				2,448,150
Demand Response	-	37,500	15,631	50,000	312,620	3,751	31,262				450,764
Other Portfolio Costs	-	-	-	225,000	-	-	-		266,667	100,000	591,667
Portfolio Total	-	2,595,372	2,354,875	16,230,545	96,953,776	510,313	1,871,924	3,231,685	266,667	100,000	124,115,156
Program Year 6	Capital Cost	Utility Admin- istration	Marketing and Outreach	Outside Services	Incentives - Rebates and Loans	Inspections and QC	Evaluation	Health & Safety	Workforce Development	Outreach to Community-Based Organizations	Total Budget
Whole Home	-	158,377	158,377	950,262	12,092,563	38,010	126,702				13,524,291
Income Qualified	-	585,657	358,815	4,028,066	4,030,650	96,674	322,245	4,025,483			13,447,590
Energy Efficient Products	-	849,809	927,064	3,090,214	49,451,069	185,413	633,494				55,137,062
Behavioral	-	63,524	-	-	1,270,470	-	50,819				1,384,812
Energy Solutions	-	278,591	185,727	2,785,911	15,014,388	111,436	371,455				18,747,508
Prescriptive & Custom	-	91,186	118,541	729,484	3,894,652	10,942	36,474				4,881,279
Direct Install	-	322,474	265,567	2,655,671	5,799,044	45,526	151,753				9,240,034
Multifamily	-	244,244	244,244	1,953,952	9,770,678	58,619	195,395				12,467,131
Next Generation Savings	-	-	-	-	397,500	4,770	39,750				442,020
Building Decarbonization	-	56,250	65,625	140,625	3,712,750	11,250	93,750				4,080,250
Demand Response	-	37,500	20,741	50,000	414,820	4,978	41,482				569,521
Other Portfolio Costs	-	-	-	225,000	-	-	-		266,667	100,000	591,667
Portfolio Total	-	2,687,611	2,344,702	16,609,185	105,848,583	567,618	2,063,318	4,025,483	266,667	100,000	134,513,165

* Budgets include commitments for projects that may be paid in future years.

**Other portfolio costs includes: State Wide Coordinator, Work Force Development, Community Outreach

6c. Appendix C: Total Budget Summary, Including Annual Budget Summary and Joint Budgets with Partner Utilities

Appendix C: Total Budget Summary, Including Annual Budget Summary and Joint Budgets with Partner Utilities (MFR II.b.iv)

Program Year	Total Budget Summary	Lead Program Budget 1,2
Program Year 4	45,434,904	43,199,317
Program Year 5	124,115,156	118,774,232
Program Year 6	134,513,165	127,444,895
Portfolio Total	304,063,225	289,418,445

** Budgets include commitments for projects that may be paid in future years*

*** Total includes investment and administrative costs*

¹ *The Lead Program Budget includes only the budgets for coordinated programs in which costs are shared. Shared programs: Whole Home, Income Qualified, EE Products, Energy Solutions, Direct Install, Prescriptive and Custom, Multifamily.*

² *SJG's Total Budget Summary excludes approximately \$120.9 million in net utility transfers. SJG's total requested budget is \$425.0 million. Please refer to Section 5 of the Plan for more information regarding the approach to budgeting*

6d. Appendix D: Forecasted Average Costs to Achieve Each Unit of Energy Savings in Each Sector

Appendix D: Forecasted Average Cost to Achieve Each Unit of Energy Savings in Each Sector (MFR II.b.vi)

	Energy Efficiency Programs		Demand Response Program	Building Decarbonization Program
Sector	Total \$/ Lifetime kWh	Total \$/ Lifetime Therms	Total \$/ Lifetime kW	Total \$/ Lifetime MMBtu
Residential		1.31		
C&I		3.76		
Multifamily		3.97		
Building Decarbonization				18.17
Demand Response			6.94	

* Only include lead fuel budgets and savings.

** Cost to Achieve include health & safety costs; excludes financing principal, Next Generation Savings

6e. Appendix E: Benefit Cost Analysis

Please see Schedule IGF-2 for Benefit-Cost Analysis Results Summary.

6f. Appendix F: Quantitative Performance Indicators

Appendix F: Quantitative Performance Indicators by Program Year (MFR VII.a & MFR VII.b)

	Net Annual Energy Savings (Source MMBtu)	Net Annual Demand Savings (Peak MW)	Net Annual Demand Savings (Peak-day therm)	Net Lifetime Energy Savings (Source MMBtu)	LMI and OBC Net Lifetime Energy Savings (Source MMBtu)	Small Business Net Lifetime Energy Savings (Source MMBtu)	Cost to Achieve (\$/ Lifetime Source MMBtu)
Program Year 4	127,489		975	1,222,033	100,629	15,831	14.07
Program Year 5	285,460		2,766	3,192,454	326,323	44,713	18.35
Program Year 6	294,938		2,765	3,302,197	325,235	44,527	18.93
Portfolio Total	707,887		6,505	7,716,684	752,188	105,070	17.92

**QPIs based only on lead fuel and include only energy efficiency*

**Legacy savings included in QPI savings, but legacy costs not included because they are accounted for in prior Triennia*

6g. Appendix G: Additional Utility-Led Initiatives

Building Decarbonization Metrics (BD MFRs VII.a & VII.b)

	Site and source energy savings by fuel (MMBtu)								Site and source lifetime energy savings by fuel (MMBtu)							
	Electric		Natural Gas		Fuel Oil		Propane		Electric		Natural Gas		Fuel Oil		Propane	
	Site	Source	Site	Source	Site	Source	Site	Source	Site	Source	Site	Source	Site	Source	Site	Source
Program Year 4	(210)	(524)	1,880	1,907					(4,192)	(10,474)	37,595	38,141				
Program Year 5	(1,014)	(2,500)	9,096	9,228					(20,283)	(50,001)	181,913	184,552				
Program Year 6	(1,690)	(2,477)	15,159	15,379					(33,804)	(49,549)	303,188	307,586				
Savings Beyond PY6																
Total	(2,914)	(5,501)	26,135	26,514					(58,279)	(110,024)	522,695	530,278				

	Site and source annual emissions by fuel (CO2e MT)								Site and source lifetime emissions by fuel (CO2e MT)							
	Electric		Natural Gas		Fuel Oil		Propane		Electric		Natural Gas		Fuel Oil		Propane	
	Site	Source	Site	Source	Site	Source	Site	Source	Site	Source	Site	Source	Site	Source	Site	Source
Program Year 4		(30)	100	101					-	(608)	1,995	2,024				
Program Year 5		(144)	483	490					-	(2,888)	9,654	9,794				
Program Year 6		(236)	805	816					-	(4,722)	16,090	16,324				
Savings Beyond PY6																
Total		(411)	1,387	1,407					-	(8,218)	27,740	28,142				

	Net annual peak demand savings by fuel (electricity and natural gas only) (peak MW or peak-day therm)				CO2 emissions impacts by fuel (CO2e MT)				Net CO2 emissions impacts across fuels (CO2e MT)	Levelized cost per metric ton of CO2e (costs levelized over the EUL or AUL, as appropriate, of the measure or project divided by lifetime net CO2e impacts)
	Electric	Natural Gas	Fuel Oil	Propane	Electric	Natural Gas	Fuel Oil	Propane	All Fuels (sum of prior 4 columns)	
Program Year 4	-	-			(608)	2,024	-	-	1,416	357
Program Year 5	-	-			(2,888)	9,794	-	-	6,906	354
Program Year 6	-	-			(4,722)	16,324	-	-	11,601	352
Savings Beyond PY6									-	
Total	-	-			(8,218)	28,142	-	-	19,924	353

	Number of distributors and contractors engaged in the program	Number of program participants and installations, overall and for LMI				Number and geographic location of installations	
		Program Participants		Installations		Number of Installations	Geographic Location of Installations
		Overall	LMI Customers	Overall	LMI Customers		
Program Year 4		31		31		31	Southern New Jersey
Program Year 5		150		150		150	Southern New Jersey
Program Year 6		250		250		250	Southern New Jersey
Savings Beyond PY6							
Total		431		431		431	

* Number of distributors and contractors engaged in the program and LMI customers will be monitored and reported during implementation.

Demand Response Metrics (DR MFR 6.a & 6.b))

	Dollars spent per customer enrolled per \$ spent (\$/participant) by segment for each proposed program		Dollars spent per capacity enrolled (\$/kW) by each segment for each proposed program		Intensity impact (kWh or CO2 during peak event) for each proposed program. The utility shall, based on the program design, define the specific calculation to measure intensity impact;		Ratio of number of customer responses to control requests over number of control requests.	
	Residential	Commercial & Industrial	Residential	Commercial & Industrial	Residential	Commercial & Industrial	Residential	Commercial & Industrial
Program Year 4	113	n/a	3,888	n/a	0.41	n/a	tbd*	n/a
Program Year 5	43	n/a	1,489	n/a	1.77	n/a	tbd	n/a
Program Year 6	21	n/a	1,412	n/a	2.36	n/a	tbd	n/a
Total	93		1,665		1.11			

*Customer responses will be monitored and reported during implementation.

6h. Appendix H: Incentive Ranges

Residential Sector Prescriptive Incentives (not including repayment plans)					
Program	Measure ¹	Rebate Up To Value (\$) GDC/EDC Consensus Rebate Strategy ²	Unit Basis	Multifamily Income-Eligible Rebate Up To Value (\$)	Existing Up To Value (\$) Rebate Strategy
Efficient Products - Natural Gas	Clothes Dryer Gas	\$300	Per Unit	Same	\$300
	Smart Thermostats ³	\$150	Per thermostat	Same	\$125
	Reset controls for boiler	\$250	Per control	30% Incentive Adder	\$125
	HVAC Maintenance	\$250	Per furnace	30% Incentive Adder	\$250
	HVAC Quality Install	\$500	Per unit	Same	\$450
	Other Gas Heat >+97%	\$5,000	per unit	Up to 100% incentive adder	new
	Gas Furnace - Tier 2 (>= 97%) ⁵	\$1,500	Per furnace	Up to 100% incentive adder	\$1,500
	Gas Furnace - Tier 1 (>= 95%) ⁵	\$1,000	Per furnace	Up to 100% incentive adder	\$1,000
	Gas Combi Heat Tier 2(AFUE >= to 97%)	\$1,750	Per boiler	Up to 100% incentive adder	\$1,750
	Gas Combi Heat Tier 1(AFUE >= or equal to 95%)	\$1,300	Per boiler	Up to 100% incentive adder	\$1,300
	Gas Boiler (90-95% AFUE) ⁵	\$1,000	Per boiler	Up to 100% incentive adder	\$1,000
	Gas Boiler (>=95% AFUE) ⁵	\$1,200	Per boiler	Up to 100% incentive adder	\$1,200
	Furnace Fans (ECM motor install)	\$125	Per ECM motor	Same	N/A
	Tankless WH, UEF>=0.87	\$1,000	Per Water Heater	Up to full cost of measure	\$1,000
	Indirect - Fired Storage Tank Water Heater* (must be attached to at least a 90% AFUE Boiler)	\$400	Per Water Heater	Up to 100% of incremental cost, plus a 100% adder	\$250
	Gas Storage Tank Water Heater - Power Vented >55 gallons,UEF>.85 Medium Draw Pattern UEF ≥ 0.78 High Draw Pattern UEF ≥ 0.80	\$750	Per Water Heater	Up to 100% of incremental cost, plus a 100% adder	\$750
	Gas Storage Tank Water Heater - Power Vented <55 gallons,UEF>.64 Medium Draw Pattern UEF ≥ 0.64 High Draw Pattern UEF ≥ 0.68	\$500	Per Water Heater	up to 100% of incremental cost, plus a 100% adder	\$500
	Supplemental incentive for LMI customers (limited to qualifying HVAC equipment)	\$300	per qualifying unit		\$200
	Marketplace Products other than thermostat	Up to 50% discount	Per Unit		Up to 50% discount

Notes

1 - The utilities reserve the right to include additional measures that are supported by established protocols or evaluation results in the industry to ensure we include a broad range of energy savings measures to maximize energy savings for customers and avoid market disruption.

2 - All rebates will be offered equal to or less than the "Up To" value. Rebate value should not exceed the full measure cost. Tiered rebate amounts may be offered within the incentive ranges listed above for qualified measures that have varying applications or characteristics (e.g. size, features, etc.)

3 - The total rebate value for a smart thermostat will be up to \$150 total between both fuel utilities.

Comprehensive Residential Programs (not including repayment plans)			
Program	Subprogram	Description	Existing Rebate Strategy
Whole Home ¹	Home Energy Assessment	Utilities may provide the home energy assessment at no additional cost or for a fee, which may be discounted for certain customers or for promotional periods to drive activity. The home energy assessment may include the direct installation of standard energy efficiency measures that are appropriate for their home	Under Quick Home Energy Checkup, no cost to customer for walk through audit with no cost or low cost measures installed at time of audit
	Whole House Projects	<p>The following incentive structures may be used: Option A: Customer must have a minimum savings percentage of 5% based on modeled reduction of consumption. Rebate is \$2,000 + \$200 for each percentage point of savings above 5% Rebate Cap = \$7,500</p> <p>OR</p> <p>Option B: Customer incentive will be based on the measures installed: <i>Weatherization Measures</i> - Up to 75% of costs for weatherization measures covered <i>Other EE Measures</i> - Based on list of prescriptive measures</p> <p>* Initially, ACE, ETG, JC, NJNG, RECO and SJG used Option A and PSE&G used Option B.</p>	Under Home Performance with Energy Star, customer must have a minimum savings percentage of 5% based on modeled reduction of consumption. Rebate is \$2,000 + \$200 for each percentage point of savings above 5%, up to \$6,000.
	Contractor Incentive	Up to \$500	Up to \$500
Income-Qualified	Income-Qualified Projects	The customer may receive no-cost energy efficiency measures and upgrades with an average project spending guideline and health and safety expense protocol. The program will be designed to provide a greater level of benefits for low-income customers.	<p>Under Moderate-Income Weatherization, no up-front cost to customer for BPI-certified audit with up to \$6,000 of direct install and weatherization measures and up to \$1,500 on health and safety expenses.</p> <p>Under Low-Income (Comfort Partners) customers may receive no-cost energy efficiency measures and upgrades within project spending guideline and health and safety expense protocol.</p>

Notes

¹ - Multifamily Whole Building is shown on the Multifamily Schedule.

Commercial Sector Incentives (not including repayment plans)					
Program	Prescriptive Measure ¹	Rebate Up To Value (\$) EDC/GDC Consensus Rebate Strategy ²	Unit Basis	Multifamily Income-Eligible Rebate Up to Value (\$)	Existing Up to Rebate Values ⁴
Energy Solutions for Businesses- Prescriptive Measures	Commercial Kitchen Equipment (Natural Gas)				
	Demand Controlled Kitchen Ventilation (DCKV)	\$2,696	Per HP of ventilation fan	Same	N/A
	Commercial Rack Oven (Gas)	\$3,000	Per oven	Same	\$1,000
	Commercial Modulating Gas Dryer Valve	\$500	Per modulating gas dryer valve retrofit	Same	\$150
	Commercial Griddle (Gas)	\$1,500	Per griddle	Same	\$500
	Commercial Fryer (Gas)	\$1,000	Per fryer	Same	\$750
	Commercial Dishwashers, Under Counter Low Temp	\$400	Per dishwasher	Same	\$400
	Commercial Dishwashers, Under Counter High Temp	\$400	Per dishwasher	Same	\$400
	Commercial Dishwashers, Single Tank Conveyor, Low Temp	\$1,000	Per dishwasher	Same	\$1,000
	Commercial Dishwashers, Single Tank Conveyor, High Temp	\$1,500	Per dishwasher	Same	\$1,500
	Commercial Dishwashers, Multiple Tank Conveyor, Low Temp	\$1,500	Per dishwasher	Same	\$1,500
	Commercial Dishwashers, Multiple Tank Conveyor, High Temp	\$1,500	Per dishwasher	Same	\$1,500
	Commercial Dishwashers, Door Type Low Temp	\$700	Per dishwasher	Same	\$700
	Commercial Dishwashers, Door Type High Temp	\$750	Per dishwasher	Same	\$750
	Ventilation with Heat Recovery Gas HRV	\$8	Per CFM	Same	N/A
	Ventilation with Heat Recovery Gas ERV	\$8	Per CFM	Same	N/A
	Boilers & Water Heaters (Natural Gas)				
	Stack Economizer for Boilers	\$11	Per MBH	Up to 30% incentive adder	Up to full cost of measure
	Gas Furnace > 97% AFUE	\$1,500	Per furnace	Up to 30% incentive adder	\$1,500
	Gas Furnace > 95% AFUE	\$1,150	Per furnace	Up to 30% incentive adder	\$1,000
	Gas Fired Low Intensity Infrared Heating >100MBH	\$2,000	Per infrared heater	Up to 30% incentive adder	\$500
	Gas Fired Low Intensity Infrared Heating <100MBH	\$2,000	Per infrared heater	Up to 30% incentive adder	\$750
	Gas Engine Driven Chillers	\$400	Per ton	Up to 30% incentive adder	\$350
	Gas Absorption Chillers, 100 to 400 tons	\$400	Per ton	Up to 30% incentive adder	\$230
	Gas Absorption Chillers, > 400 tons	\$400	Per ton	Up to 30% incentive adder	\$185
	Gas Absorption Chillers, < 100 tons	\$450	Per ton	Up to 30% incentive adder	\$450
	Furnace Tune-up	\$250	per MBh	Up to 30% incentive adder	\$250
	Demand Control Ventilation	\$2,500	Per system installed	Up to 30% incentive adder	N/A
	Condensing Unit Heater 90% AFUE	\$750	Per MBH	Up to 30% incentive adder	\$36
	Commercial Gas Heat Pumps	\$5,000	Per gas heat pump	Up to 30% incentive adder	N/A
	Boiler, Steam Natural Draft, > 2,500 MBh (81% TE)	\$3	Per MBH	Up to 30% incentive adder	\$1
	Boiler, Steam Natural Draft, < 300 to 2,500 MBh (81% TE)	\$2	Per MBH	Up to 30% incentive adder	\$1
	Boiler, Steam All Except Natural Draft, 300 to 2,500 MBh (81% TE)	\$2	Per MBH	Up to 30% incentive adder	\$2
	Boiler, Steam All Except Natural Draft, > 2,500 MBh (81% TE)	\$3	Per MBH	Up to 30% incentive adder	\$2
	Boiler, Steam < 300 MBH Input (82% AFUE)	\$3	Per MBH	Up to 30% incentive adder	\$2
	Boiler, HW Condensing - Tier 2, 300 to 2,500 MBh (>94% TE)	\$9	Per MBH	Up to 30% incentive adder	\$4
	Boiler, HW Condensing - Tier 2, > 2,500 MBh (>81%TE)	\$9	Per MBH	Up to 30% incentive adder	\$4
	Boiler, HW Condensing - Tier 2, < 300 MBh (>95% AFUE)	\$9	Per MBH	Up to 30% incentive adder	\$1200 per Boiler
	Boiler, HW Condensing - Tier 1, 300 to 2,500 MBh (88%TE)	\$4	Per MBH	Up to 30% incentive adder	\$4
	Boiler, HW Condensing - Tier 1, > 2,500 MBh (88% TE)	\$5	Per MBH	Up to 30% incentive adder	\$4
	Boiler, HW Condensing - Tier 1, < 300 MBh (>90% AFUE)	see residential value - \$1,000	Per boiler	Up to 30% incentive adder	\$1000 per Boiler
	Boiler w/Reset Controls	\$1	Per control	Up to 30% incentive adder	\$1
	Boiler Tune-up	\$1	per MBh	Up to 30% incentive adder	\$1
	Boiler HW Non-condensing, 300 to 2,500 MBh (85% TE)	\$5	Per MBH	Up to 30% incentive adder	\$2
	Boiler HW Non-condensing, > 2,500 MBh (85% TE)	\$3	Per MBH	Up to 30% incentive adder	\$2
	Boiler HW Non-condensing, < 300 MBh (85% AFUE)	\$6	Per MBH	Up to 30% incentive adder	\$2
	Boiler Economizer Controls, 3.5 to 4 MMBtu	\$2,400	Per MBH	Up to 30% incentive adder	\$2,400
	Boiler Economizer Controls, 3 to 3.5 MMBtu	\$2,100	Per MBH	Up to 30% incentive adder	\$2,100
	Boiler Economizer Controls, 1.6 to 3 MMBtu	\$1,800	Per MBH	Up to 30% incentive adder	\$1,800
	Boiler Economizer Controls, 0.8 to 1.6 MMBtu	\$1,500	Per MBH	Up to 30% incentive adder	\$1,500
	Boiler Economizer Controls, > 4 MMBtu	\$2,700	Per MBH	Up to 30% incentive adder	\$2,700
	Boiler Economizer Controls, < 800,000 Btu	\$1,200	Per MBH	Up to 30% incentive adder	\$1,200

Energy Solutions for Businesses- Prescriptive Measures	OTHER HVAC EQUIPMENT (Natural Gas)				
	Thermostat - Smart	\$150	Per thermostat	Up to 30% incentive adder	\$125
	SBDI - Stand Alone Storage Water Heaters	N/A	Per Water Heater	N/A	N/A
	SBDI - Pipe Insulation	N/A	Per foot	N/A	N/A
	SBDI - Low Flow Pre-rinse Spray Valves	N/A	Per valve	N/A	N/A
	SBDI - Instantaneous Water Heaters	N/A	Per Water Heater	N/A	N/A
	Pre-Rinse Spray Valve	\$100	Per valve	Up to 30% incentive adder	\$75
	HW Recirculating System with demand control	\$2,800	Per Water Heater	Up to 30% incentive adder	\$100
	DHW, Instant, Gas-Fired, > 200,000 Btuh, > 90% TE (Should be TE Thermal Efficiency)	\$2,000	Per Water Heater	Up to 30% incentive adder	\$1,000
	DHW, Instant, Gas-Fired, < 200,000 Btuh, > 90% TE (Should be TE Thermal Efficiency)	\$750	Per MBH	Up to 30% incentive adder	\$750
	DHW Storage, Gas-Fired, 75,000 to 105,000 Btuh, > 94% TE (Should be TE Thermal Efficiency)	\$750	Per Water Heater	Up to 30% incentive adder	\$500
	DHW Storage, Gas-Fired, 75,000 to 105,000 Btuh, > 82% TE (Should be TE Thermal Efficiency)	\$500	Per Water Heater	Up to 30% incentive adder	\$750
	DHW Storage, Gas-Fired, > 105,000 Btuh (105 MBH), > 94% TE (Should be TE Thermal Efficiency)	\$800	Per MBH	Up to 30% incentive adder	\$750
	DHW Storage, Gas-Fired, > 105,000 Btuh (105 MBH), > 82% TE (Should be TE Thermal Efficiency)	\$500		Up to 30% incentive adder	\$500
	DHW Storage, Gas-Fired, < 75,000 Btuh, (>55gallons) (75 MBH) > 0.81 UEF	\$1,000		Up to 30% incentive adder	\$500
	DHW Storage, Gas-Fired, < 75,000 Btuh, (<55gallons), (75 MBH) > 0.67 EF or 0.64 UEF	\$600		Up to 30% incentive adder	\$350
	Condensing Integrated Boiler and Water Heater (<300MBH,90 AFUE)	\$2,500		Up to 30% incentive adder	\$2,500
	Condensing Integrated Boiler and Water Heater (>300MBH, 94TE)	\$2,500		Up to 30% incentive adder	\$2,500
Custom	CUSTOM PROJECTS				
	For example: Compressed Air, Refrigeration, Data Center Equipment/Servers, HVAC/Chillers, HVAC Controls, Motors/VFD - Large, Building Improvements, Process Improvements, Agricultural Lighting/Process, Custom Lighting, Demand Controlled Ventilation, Energy Recovery Ventilator, Heat Recovery Ventilator	Incentives are calculated based on the lesser of two factors. 75% of project cost, or \$0.32/kWh and \$16/therm saved in the first year.	per kWh	Up to 30% incentive adder	Incentives are calculated based on the lesser of two factors. 50% of project cost, or \$0.35/kWh saved in the first year.

	ENERGY MANAGEMENT			
	Bldg. - Tune-Up	Consensus EDC/GDC Incentive Strategy	% of Project Cost	Existing Incentive Up to Value
Energy Solutions for Businesses - Prescriptive Measures	Lighting Optimization	\$0.32 / kWh	Up to 80%	Up to 70% of Project Cost w project cap of \$75,000
	HVAC Optimization	\$0.64 / kWh	Up to 80%	
	Chiller Optimization	\$0.64 / kWh	Up to 80%	
	Refrigeration Optimization	\$0.64 / kWh	Up to 80%	
	Electric Other Optimization	\$0.64 / kWh	Up to 80%	
	Gas Optimization	\$10.00 / therm	Up to 80%	
	Boiler Tuneup	\$10.00 / therm	Up to 80%	
	Furnace Tuneup	\$600	Up to 80%	
	HVAC Tune-Up			
	Single Compressor Units	\$350	Up to 80%	\$175 per unit
	Multiple Compressor Units	\$500		\$250 per unit
	PTAC, PTHP, Mini Splits	\$300		\$75 per unit
	Electric/Other	\$0.64 / kWh	Up to 80%	N/A
	Boiler Tuneup	\$10.00 / Therm	Up to 80%	\$1 per MBH
	Furnace Tuneup	\$600	Up to 80%	\$250
	Dairy Refrigeration Tune-Up	\$600	Up to 80%	\$200 per unit
	Retro-commissioning			
	RCx Services (Audit, Implementation, M&V)	-	Up to 100%	N/A
	(for trade ally services only)			
	Customer/Trade Ally Incentive for verified energy savings	\$0.64 / kWh and \$10.00 / therm	Up to 70%	Up to \$0.35 per kWh
	BOC Training			
		Up to 70%	\$1,000 / Applicant cap	Up to 70% of the cost to attend qualified BOC training up to \$1000 per person.
	Building Operations Training			
	Strategic Energy Mgmt.			
	SEM Services (Audit, Implementation, M&V)	-	Up to 100%	N/A
	Customer Incentive for verified energy savings	\$0.64 / kWh and \$10.00 / therm	Up to 70%	Up to \$0.35 / kWh
	Virtual Commissioning VCx			
		\$0.30 / kWh and \$10.00/therm		Up to \$0.35 per kWh
	Monitoring Based Commissioning			
	MBCx (Audit, Implementation, M&V)		Up to 100%	N/A
	Customer Incentive for verified energy savings	\$0.64 / kWh and \$10.00/therm	Up to 70%	Up to \$0.35 per kWh

Notes

- 1 - The utilities reserve the right to include additional measures that are supported by established protocols or evaluation results in the industry to ensure we include a broad range of energy savings measures to maximize energy savings for customers and avoid market disruption.
- 2 - All rebates will be offered equal to or less than the "Up to" value. Rebate value should not exceed the full measure cost.
- 3 - The total rebate value for a smart thermostat will be up to \$150 total between both fuel utilities
- 4 - Existing up-to rebate values may vary by program administrator.

Comprehensive Commercial Programs (not including repayment plans)			
Program	Category	Description of Approach to Incentives ^{1 & 2}	Existing Incentives ³
Direct Install	Tier 1	For Tier 1 customers the program will offer to pay up to 80% of the project cost to install the recommended energy efficiency measures with the participating customer (and/or landlord) repaying the balance not covered through the incentive either in a lump sum or through a repayment plan. Tier 1 will serve all customers with an average annual individual facility peak electrical demand of up to 100 kW and an average annual natural gas load of up to 5,000 therms.	For Tier 1 customers, standard basic energy savings measures may be installed at no cost during the time of the energy assessment. The program will offer to pay up to 80% of the project cost to install the recommended energy efficiency measures with the participating customer (and/or landlord) repaying the balance not covered through the incentive either in a lump sum or through an available repayment option. Customers located in an Urban Enterprise Zone, Opportunity Zone, owned or operated by a local government, or K-12 public schools, may also qualify for Tier 1 status, up to an average individual facility peak electrical demand of 200 kW.
	Tier 2	For Tier 2 customers, program will offer to pay up to 80% of the project cost to install the recommended energy efficiency measures with the participating customer (and/or landlord) repaying the balance not covered through the incentive either in a lump sum or through a repayment plan. Tier 2 will serve all customers with an average annual individual facility peak demand of up to 300 kW or average annual natural gas load of 40,000 therms located within an Urban Enterprise Zone ("UEZ"), Opportunity Zone, Overburdened Community ("OBC"). Also eligible are customers with an average annual individual facility peak demand of up to 300 kW or an average annual natural gas load of 40,000 therms that are owned or operated by a local government, K-12 public schools, or that are non-profits categorized as 501(c)3.	Tier 2 will serve the larger segment of eligible customers, with an average individual facility peak electrical demand of 101 - 200 kW over the past 12 months. Incentives up to 70% of the total project cost will be offered.
	Tier 3	Tier 3 will serve the larger segment of eligible customers, with an individual facility average annual peak electrical demand of 101 - 300 kW or 5,001 therms to 40,000 therms over the past 12 months. Incentives up to 70% of the total project cost will be offered with the participating customer repaying the balance not covered through the incentive either in a lump sum or through a repayment plan.	N/A - new
Energy Solutions	Engineered Solutions - Tier 1	Will provide a 100% incentive for an up-front audit, the specific audit level will be determined on a project-by-project basis based on the complexity of the facility and the potential energy efficiency measures. In addition, the utilities will buy-down the simple payback of the recommended energy-efficiency project cost for approved measures by up to six years, with the resulting payback not less than three years. After the project incentive buy-down, the remaining project costs may be funded by the program with participants repaying the balance of the project costs through a repayment plan.	The subprogram will provide a 100% incentive for an up-front ASHRAE audit, the specific audit level will be determined on a project by project basis based on the complexity of the facility and the potential energy efficiency measures. In addition, the utility will buy-down the simple payback of the recommended energy-efficiency project cost for approved measures by up to six years, with the resulting payback not less than three years. After the project incentive buy-down, the remaining project costs may be funded by the subprogram with participants repaying the balance of the project costs through OBRP or access to financing with similar terms.
	Engineered Solutions - Tier 2	Incentives for the Engineered Solutions Tier 2 pathway will provide incentives for both technical assistance services and other project costs determined on a project-by-project basis using a cost effectiveness tool up to 60% of project cost.	
	Energy Management	Incentives for the Energy Management pathway are structured around the measure categories that focus on specific energy efficiency measures and management practices as follows: HVAC Tune-Up: Fixed incentives for the implementation of the tune-up measures based on the size of the HVAC units. Building Tune-Up: Incentives that cover up to 80% of the project cost and up to 70% of the cost to attend qualified BOC training up to \$1000 per person. Retro-Commissioning: Incentives to cover up to 100% of the initial cost to perform the required ASHRAE level audit. The total project incentive will be capped at up to 70% of the project cost. The customer may also be paid a custom incentive for the implementation of the energy efficiency measures determined through the audit. Monitoring-based Commissioning, Virtual Commissioning: Incentives to cover up to 100% of the cost of integration of third-party hardware and software. Utilities may also implement a performance-based model with an implementation contractor where the utility only pays for delivered and verified energy savings. Strategic Energy Management: The utility or third-party implementation contractor may perform an engineering assessment of the customer's facility to develop a SEMP or the customer may choose to utilize a consultant of their choosing to perform an engineering assessment to develop the SEMP. Customers who utilize a consultant will receive an incentive to cover up to 100% of the initial cost of the engineering assessment. A tiered incentive structure for customer engineering assessment may be utilized based upon square footage of a customer's facility. The SEMP will identify short, medium and long-term goals for the customer and will set identifiable metrics for mapping to the plan. For the implementation of the energy efficiency measures determined by the SEMP, the customer	Incentives for the Energy Management pathway are structured around the measure categories that focus on specific energy efficiency measures and management practices as follows: HVAC Tune-Up: Fixed incentives for the implementation of the tune-up measures based on the size of the HVAC units up to \$250 value. Building Tune up: Incentives that cover up to 70% of the project cost with a project cap of \$75,000 and up to 70% of the cost to attend qualified BOC training up to \$1,000 per person. Retro-Commissioning: Incentives to cover up to 50% of the initial cost to perform the required ASHRAE level audit, and the remaining cost upon the customer commitment to implementation of energy efficiency measures defined by the audit. The customer will also be paid a custom incentive for the implementation of the energy efficiency measures determined through the audit. The total audit and project incentive will be capped at up to 70% of the project cost. Strategic Energy Management: Customers who utilize a consultant will receive an incentive to cover up to 50% of the initial cost of the engineering assessment, with the remaining cost upon the customer commitment to implementation of energy efficiency measures defined by the SEMP process. A tiered incentive structure for Customer engineering assessment will be utilized based upon square footage of Customer's facility. The SEMP will identify short, medium, and long-term goals for the customer and will set identifiable metrics for mapping to the plan. For the implementation of the energy efficiency measures determined by the SEMP, the customer will be paid an

Notes

1 - The utilities reserve the right to include additional measures that are supported by established protocols or evaluation results in the industry to ensure we include a broad range of energy savings measures to maximize energy savings for customers and avoid market disruption.

2 - All rebates will be offered equal to or less than the "Up To" value.

3 - Represents current incentives and does not including financing incentives. See Section 4H.

Multifamily Incentives (not including repayment plans)				
Program	Pathway	Measure ¹	Rebate Strategy ²	Existing Rebate Strategy
Multifamily	N/A	Prescriptive	Please refer to the Residential and Commercial Schedules. Note the additional column for income eligible projects	Energy Assessment with the equipment and installation costs for the standard energy savings measures will be provided to eligible properties with "Up to 100%" of the cost provided by the program.
		MF Whole Building (successor to current MF HPwES Program)	Tiered incentive cash rebate not to exceed 50% of the costs of the measures used to calculate Total Energy Savings, up to \$1,750 per unit. - Contractor production incentive of up to \$50 per unit. (Will stay with the lead utility.)	- Tiered incentive cash rebate not to exceed 50% of the costs of the measures used to calculate Total Energy Savings, up to \$1,500 per unit - Up to \$50 contractor production incentive per unit
		MF Direct Install	Provide incentives consistent with proposed Tiers within Small Business Direct Install Program	N/A
		MF Energy Solutions (ES)- regular customers	Follow structure of C&I Energy Solutions	- Program will buy-down the simple payback of the recommended energy-efficiency project cost for approved measures by up to six years, with the resulting payback not less than three years.
		MF Energy Solutions - special Income Eligible treatment	For Engineered Solutions Tier 1 – Keep to 6 year buydown. For Engineered Solutions Tier 2 – Increase the incentive up to 80% of project costs.	N/A- No special treatment

Notes

1 - The utilities reserve the right to include additional measures that are supported by established protocols or evaluation results in the industry to ensure we include a broad range of energy savings measures to maximize energy savings for customers and avoid market disruption.

2 - All rebates will be offered equal to or less than the "Up to" value.

Additional Utility Led Initiatives			
Program	Category	Description	Proposed Incentive Strategy
Next Generation Savings	All	New and developing clean energy technologies	Enhanced incentives for contractor training, customers, manufacturers and distributors
Building Decarbonization	Hybrid Heat	Hybrid Gas Furnace and Electric Heat Pump Systems	Hybrid Gas Furnace and Electric Heat Pump Systems Full System – Up to \$5,000 Paired with Existing Gas Heating – Up to \$2,500
Demand Response	Bring Your Own Thermostat	Initial enrollment incentive	Up to \$50 per enrollment
		Annual participation incentive	Up to \$25 per year

Note: These are all new initiatives so there are not any current incentives to display for comparison purposes.

6i. Appendix I: Comfort Partners Transition Plan

The Utilities strongly believe the current Comfort Partners Program (“CP”) should be transitioned to full Utility administration in the second triennium and are grateful to the Board for its consideration of the switch. There are several reasons the Utilities believe this transition is both beneficial to customers and consistent with the Clean Energy Act. The Utilities believe the switch can benefit customers by consolidating program design, implementation and evaluation. For participants, having the low-income segment program designed and marketed with the moderate-income program will improve the customer experience by easing access to the program through a streamlined and singular path of entry; the consolidation of the low- and moderate- income segment programs will also allow for the alignment of marketing, the application process, and implementation. It will become a seamless program for all income-qualified customers, as opposed to having two separate, potentially confusing, program offerings in the market.

Furthermore, administration and evaluation of the program would be consolidated within the utilities' program portfolio, which will help to better manage the costs of the program to all customers by integrating the administration and evaluation costs within the larger portfolio and taking advantage of economies of scale. And finally, this switch combines the responsibility for savings performance and budgets to the Utilities alone, which clarifies responsibility in achievement of the Clean Energy Act savings targets and streamlines reporting. The current program cycle has savings and budget responsibility split between the Utilities and the Division of Clean Energy, which does not provide the Utilities with adequate opportunity to appropriately manage the program and achieve the mandated targets.

This document details the utilities’ proposed plan to ensure a smooth transition from the existing co-managed Comfort Partners Program to the new utility-run Income Qualified Program.

Schedule

Planning Period

The Planning Period is necessary for the Utilities to develop a detailed tactical approach for the transition. This Planning Period is expected to run from July 2024 through January 2025. Although some high-level exploratory pre-planning efforts necessary to develop the Utility filings have already been underway, this more detailed planning period, starting in 2024, is critical to ensure a seamless transition of the myriad processes and responsibilities that will make the transition and future program successful. This period is required to ensure the Utilities have enough time to address details related to sunseting Comfort Partners and transitioning processes and resources to the new combined Income Qualified Program. Note that the transition timeline is subject to adjustment to allow for a timely and effective process.

Soft Transition Period

The Soft Transition Period, is defined as the six-month period during which, Comfort Partners is expected to remain unchanged with regards to services delivered, resource allocation, implementation vendors, procedures manual, marketing strategy, eligibility criteria, data tracking systems, etc. During the Soft Transition Period, the Comfort Partners Program budget will be included in the utilities’ filed budgets, specifically the Income Qualified Program. Additionally,

Board Staff will no longer have a program administrative role but will retain regulatory oversight of the program similar to the role they have with other CEA programs.

During the Soft Transition Period, the Utilities will also begin to execute the transition plan developed during the Planning Period. This includes implementing the closeout of specific Comfort Partners operations such as marketing, enrollment, and assessments prior to the launch of the new combined Income Qualified Program.

During the final months of the Soft Transition Period, the Utilities will also begin to ramp-up the new combined Income Qualified Program in parallel with the Comfort Partners Program sunset. The ramp-up involves training vendors, launching marketing, preparing enrollment resources, and eventually scheduling assessments; all to ensure the transition is seamless for customers and program momentum is maintained (some activities could feature a minor overlap between the programs in order to ensure there are no gaps in customer access to the program offering and to seek to avoid disruption to the workforce serving the program).

The schedule allows for an important timing overlap between the Comfort Partners sunset and the new combined Income Qualified Program launch which will be crucial to maintaining participation momentum in this customer segment. The overlapping period allows for the Comfort Partners Working Group to close out committed work-in-progress jobs and shutdown systems and processes related to the legacy Comfort Partners Program. Having this additional time to close out committed customer projects enables the Comfort Partners Program to continue to serve customers up until the new combined Income Qualified Program can begin enrollment efforts, eliminating any gap in service.

New Combined Income Qualified Program

The second period of the transition, which will begin in PY5, represents the time post-launch of the new combined Income Qualified Program that will serve both low- and moderate-income residential customers.

Please find the full description of the Income Qualified Program in Section 3.a.i.2 of this Program Plan.

Comfort Partners Transition Plan	2023						2024											
Milestones	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Comfort Partners Fiscal Year 2024 (Unchanged)																		
Comfort Partners Fiscal Year 2025 (6-Month BPU Compliance Filing)																		
Planning																		
Finalize Details - Comfort Partners Sunset Plan																		
Finalize Details - New Program Transition Plan																		
Soft Transition Period																		
Comfort Partners Continues Operation (Modified)																		
Execute Implementation of Transition Plan																		
CP Vendors Close Remaining Work-in-Progress Jobs																		
CP Systems & Processes Transition Completed																		
New Combined Income Qualified Program																		
Pre-Launch Activities																		
Execute Implementation of Income Qualified Program																		

Comfort Partners Transition Plan	2025												2026		
Milestones	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Comfort Partners Fiscal Year 2024 (Unchanged)															
Comfort Partners Fiscal Year 2025 (6-Month BPU Compliance Filing)															
Planning															
Finalize Details - Comfort Partners Sunset Plan															
Finalize Details - New Program Transition Plan															
Soft Transition Period															
Comfort Partners Continues Operation (Modified)															
Execute Implementation of Transition Plan															
CP Vendors Close Remaining Work-in-Progress Jobs															
CP Systems & Processes Transition Completed															
New Combined Income Qualified Program															
Pre-Launch Activities															
Execute Implementation of Income Qualified Program															

Notes:

- 1) **Comfort Partners Program Fiscal Year 2024** – Comfort Partners will remain unimpacted by the transition plan during Fiscal Year 2024. The Fiscal Year 2024 Compliance Filing will govern the Comfort Partners Program during this period, as per the normal process historically.
- 2) **Comfort Partners Program Fiscal Year 2025 (1st Half)** – The Division of Clean Energy submits a Compliance Filing for a 6-month abbreviated Program Year running from July 2024 through December 2024.
- 3) **Comfort Partners Program Fiscal Year 2025 (2nd Half)** – January 2025 to mark the start of the Soft Transition Period, in which, the Program maintains the implementation and contracting structure but transitions funding from SBC to CEA funds.
- 4) Transition timeline is subject to adjustment to allow for a timely and effective process.

Budgets**Triennium 2**

Utilities will consider historical incentive budgets to determine what the annual Low-Income budget should be within the overall Income-Qualified Program offering. The filing will include individual Utility budgets for the next triennium.

Administration

The Soft Transition Period is tentatively scheduled to begin January, 2025. During that timeframe, the Comfort Partners Working Group will continue to implement the program similar to previous years, including the implementation structure, procedures manual, vendors, marketing strategy, enrollment criteria, data tracking system, etc. The CP Working Group will coordinate with the Joint Utility Residential Working Group during this time. Board Staff will no longer have a program administrative role but will retain regulatory oversight of the program similar to the role they have with other CEA programs. Quarterly and annual reports will be provided with regards to program targets via the existing Utility CEA program reporting process and the Utilities can provide status updates through the Utility Working Group discussions.

The Income Qualified Program will be similar to the current Moderate Income Weatherization Program implementation structure. The dollars, participants, and savings will be shared via the SWC system. Each Utility will hire their own implementation vendors to operate the program in their territory and coordinate delivery of the program with their other residential-sector programs in order to streamline customer access to the programs. Utilities may consider continuing working relationships with current Comfort Partners vendors where possible.

During the soft transition period, Comfort Partners and the moderate-income pathway in the Income Qualified Program will not change their eligibility thresholds, rules, and verification process from the way they are currently handled. The future, combined Income Qualified Program will continue to utilize the Federal Poverty Level thresholds for low- and moderate-income that were used in the previous programs, but may consider adjusting them in the future, particularly to align and leverage other programs targeted at low-income customers or to take advantage of Inflation Reduction Act¹¹ (“IRA”) incentives.

The Utilities will consider adjusting the landlord approval process as related to tenant participation.

Regarding the multifamily rules/procedures, the program will remain consistent during the Soft Transition Period.

Net Cost Savings / Additional Benefits

The utilization of a multi-year budget cycle will allow for better long-term forecasting and provide consistency and predictability to program management. This approach would allow Utilities to continuously improve management and implementation processes to provide increased efficiencies and reduce administrative burden and costs.

Reduced administrative burden would provide benefits to the utilities, their low- and moderate-income customers, and all utility customers, by lowering the total costs of program administration. In its current state, the Comfort Partners Program is delivered jointly and collaboratively by the seven investor-owned utilities in New Jersey. This requires duplicative effort in legal review, info and cyber security, senior leadership review and execution, etc. for contracting efforts.

There are a number of contributing factors that make it difficult to estimate the potential combined utility costs savings at this time. These include but are not limited to:

- An expectation that the Utilities will serve more participants so some administrative savings may be absorbed by the need to process additional projects.
- Intention to increase the allowance for health and safety expenses to improve the historic percentage of customers that have not been able to fully proceed through the program which will result in larger projects that may require more administrative review.
- More detailed information about processes will not be available until after the transition period is completed
- Unknown potential administrative activities that may be necessary if the program aligns with IRA programs

However, at a minimum the Utilities believe there would be savings from the elimination of the use of the current joint program tracking system by PY6. The current forecasted annual cost is approximately \$800,000.

Combination of the low- and moderate-income programs (“LMI”) would ease confusion with the customer base and ensure that potential participants are directed to the pathway that is right for them rather than try to find the right pathway to fit their needs. A combined Income Qualified Program would ease contractor confusion and reduce the need for referrals from one program to another, streamlining the customer journey to ensure they begin receiving services on the first visit, and reducing unproductive visits from contractors leading to non-billable hours. This would help reduce the costs of implementation, providing that every visit would be productive. Additionally, this would help prevent income-qualified customers from having to use vacation days, sick time, or unpaid time off for appointments that are unproductive, and reduce the need for multiple visits with no services rendered.

The removal of defined territories for individual implementation contractors would enable implementers within each Utility’s territory to address customers in a more timely manner.

Customers residing in joint delivery territory could potentially be addressed by multiple contractors, providing additional flexibility of scheduling and delivery of services.

A single combined income-qualified offering would simplify marketing and outreach efforts by providing a single point of entry and casting a larger net to reach a larger population of potential participants. A combined offering would ease training of outreach coordinators and community partners, which would help the outreach efforts reach a larger population. A combined offering could also make it easier to align with available federal funding for integration into these programs in the future.

Lastly, a combined offering would enable simpler reporting of key metrics and expenditures to regulators.

¹ 1 - Pub.L. 117-169

**BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES**

**DIRECT TESTIMONY
OF
JAMES G. FREDERICKS
Rate Analyst Lead, Rates**

**On Behalf of
South Jersey Gas Company**

December 1, 2023

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1 **I. INTRODUCTION**

2 **Q. Please state your name, affiliation and business address.**

3 **A.** My name is James G. Fredericks, and I am the Rate Analyst Lead for South Jersey
4 Gas Company (“South Jersey” or “Company”). My business address is One South
5 Jersey Place, Atlantic City, New Jersey 08401.

6

7 **Q. Please summarize your educational background and industry related**
8 **experience.**

9 **A.** In 1986, I graduated from Ithaca College, Ithaca N.Y. with a Bachelor of Science
10 degree in Economics and Business Administration.

11 My professional responsibilities have encompassed financial analysis,
12 planning, and pricing in financial services, manufacturing, and energy services
13 companies. In 1986, I was employed by the Prudential as a Rate Analyst being
14 promoted to Associate Manager prior to leaving in 1996. I was then employed by
15 Alcatel-Lucent as a Senior Analyst in 1996. In 2001, I was employed by PECO
16 Energy as a Principal Operations Analyst. In 2002, I joined South Jersey as a Senior
17 Rate Analyst in the Rates and Regulatory Affairs Department. In 2014, I transferred
18 to the Company’s Energy Efficiency Department. In 2021, I returned to the Rates
19 and Regulatory Affairs Department in my current position of Rate Analyst Lead.

20 I am a member of the American Gas Association (“AGA”) and the New
21 Jersey Utilities Association (“NJUA”), where I serve on the Finance and
22 Regulations Committee.

1 **II. PURPOSE OF TESTIMONY**

2 **Q. What is the purpose of your testimony in this proceeding?**

3 **A.** The purpose of my testimony is to address the revenue requirements and cost
4 recovery mechanism associated with the Company's proposed Energy Efficiency
5 Programs ("EEPs"), Building Decarbonization Programs ("BDs" or "BD
6 Programs"), and Demand Response Programs ("DRs") or "DR Programs")
7 (collectively referred to as "Triennium 2 Programs"). The proposed Triennium 2
8 Programs and related cost recovery mechanism are filed in accordance with the
9 Clean Energy Act of 2018 and the Board of Public Utilities' ("Board" or "BPU")
10 Orders dated May 24, 2023, July 26, 2023, September 27, 2023, and October 25,
11 2023 in Docket Nos. QO19010040, QO23030150 and QO17091004 (the "May
12 2023 Order", "July 2023 Order", "September 2023 Order", and October 2023
13 Order", respectively, and collectively the "Triennium 2 Orders"). My testimony
14 also provides information responsive to certain Minimum Filing Requirements
15 ("MFRs") required pursuant to the Triennium 2 Orders, which established the
16 procedures by which electric and natural gas utilities may seek approval of energy
17 efficiency and conservation programs on a regulated basis. The proposed
18 Triennium 2 Programs and the related investments and operating and maintenance
19 ("O&M") budgets are described in detail in the Direct Testimony of Peter
20 Druckenmiller, Manager, Energy Efficiency.

1 **Q. Do you sponsor any schedules in your direct testimony?**

2 **A.** Yes. I am sponsoring the following schedules, which have been prepared by me or
3 under my direction and supervision:

- 4 • Schedule JGF – 1 Annual Revenue Requirements;
- 5 • Schedule JGF – 2 Rate of Return;
- 6 • Schedule JGF – 3 Derivation of Revenue Factor;
- 7 • Schedule JGF – 4 Monthly Recovery and Interest Calculation;
- 8 • Schedule JGF – 5 Comparative Balance Sheet 2020-2022;
- 9 • Schedule JGF – 6 Comparative Income Statement 2020-2022;
- 10 • Schedule JGF – 7 Balance Sheet at September 30, 2023;
- 11 • Schedule JGF – 8 Statement of Revenue at December 31, 2022;
- 12 • Schedule JGF – 9 Utility Payments or Accruals to Affiliates 2022;
- 13 • Schedule JGF – 10 Energy Efficiency Program Accounting Entries;
- 14 • Schedule JGF – 11 Pro Forma Income Statement;
- 15 • Schedule JGF – 12 Pro Forma Balance Sheet;
- 16 • Schedule JGF – 13 Annual Rate and Bill Impact Summary; and
- 17 • Schedule JGF – 14 Proposed Tariff Sheets.

18
19 **III. REVENUE REQUIREMENTS**

20 **Q.** Please provide a brief description of the revenue requirements for the
21 proposed Triennium 2 Programs.

22 **A.** The revenue requirements for the proposed Triennium 2 Programs are detailed on
23 the attached Schedule JGF-1. The revenue requirement components vary with the

1 type of incentive provided to customers. The proposed Triennium 2 Program
2 revenue requirements can be divided into two general components: On-Bill
3 Repayment Program (“OBR Program”) Investments and Direct Program
4 Investments. The OBR Program Investment category is comprised of the loan
5 incentives that will be provided by the Company through the following programs:
6 Energy Efficiency Products, Whole Home, Multifamily, Prescriptive/Custom,
7 Direct Install, Energy Solutions, and Building Decarbonization. The Direct
8 Program Investments category is comprised of grants and energy audits, as well as
9 other capitalizable expenditures required to implement the proposed programs.
10 These incentives are discussed in further detail by Company witness
11 Druckenmiller.

12 The total program revenue requirements are calculated by adding the
13 revenue requirements for the Direct Program Investments and the OBR Program
14 Investments. The revenue requirement components also include accumulated
15 amortization of the direct investments, accumulated deferred income tax (“ADIT”),
16 pre-tax rate of return (“ROR”), incremental pre-tax O&M expense, and a revenue
17 factor, as discussed in further detail below. The determination of revenue
18 requirements is consistent with previous Board approvals of South Jersey’s EEPs.
19

1 **Q. Please provide the revenue requirement calculation for the Direct Program**
 2 **Investments.**

3 **A.** The Direct Program Investment revenue requirement calculation is as follows:

4 Revenue Requirement = ((Direct Program Net Investment * Pre-
 5 Tax ROR) + Incremental Pre-Tax O&M Expense + Pre-Tax
 6 Amortization) * Revenue Factor

7
 8 **Q. Likewise, please provide the revenue requirement calculation for the OBR**
 9 **Program Investments.**

10 **A.** The OBR Program Investment revenue requirement calculation is as follows:

11 Revenue Requirement = ((OBR Program Net Investment * Pre-
 12 Tax ROR) + Incremental Pre-Tax O&M Expense) * Revenue
 13 Factor

14
 15 **Q. Please explain how the net investment is calculated for the Direct Program**
 16 **Investments and OBR Program Investments.**

17 **A.** Direct Program net investments are comprised of the cumulative program
 18 investments, less the accumulated amortization, less the accumulated deferred
 19 income tax. OBR Program net investments are calculated as the cumulative
 20 program investments, less loan repayments received, less OBR write-offs.

21 The Direct Program net Investments also include the impact of South
 22 Jersey's estimate of electric investments that will be transferred to our partner
 23 utilities as well as a high level estimate of investments that South Jersey anticipates

1 that such partner utilities will bill to South Jersey for gas measures that they have
2 installed as the Lead Utility. The inclusion of partner utility payments in South
3 Jersey's Triennium 2 Program budget is further discussed in the testimony of
4 Company witness Druckenmiller.

5
6 **Q. Please explain which investments are amortized and the amortization period.**

7 **A.**Only the Direct Program Investments will be amortized. The Company proposes
8 an amortization period of ten (10) years, consistent with the May 2023 Order.

9
10 **Q. How is the ADIT calculated and applied?**

11 **A.**The ADIT is only applicable to the Direct Program Investments revenue
12 requirement. The ADIT is calculated as the accumulated Direct Program
13 Investments, less accumulated amortization, multiplied by a 28.11% tax rate. The
14 28.11% tax rate is a combination of the Federal income tax rate of 21% and the
15 State corporate business tax of 9%.

16
17 **Q. What is the basis for the rate of return used to calculate the revenue**
18 **requirements?**

19 **A.**The Company is using a rate of return ("ROR") of 6.93%, or 8.96% on a pre-tax
20 basis, effective January 1, 2023. This is the ROR utilized to set rates in the
21 Company's most recent base rate case in Docket No. GR22040253. Any change in
22 the ROR authorized by the Board in a subsequent base rate case will be reflected in
23 the subsequent monthly revenue requirement calculations. Any change in the

1 revenue requirement resulting from the change in the ROR will not be included in
2 the monthly interest calculation for over and under recoveries until the date of the
3 next scheduled annual true-up but in any event, no later than October 1 of the
4 subsequent year. In addition, any changes to current tax rates would be reflected
5 in an adjustment to the ROR on a pre-tax basis. The ROR calculation is attached
6 hereto as Schedule JGF-2.

7

8 **Q. What assumptions and types of expenses are included in the incremental**
9 **O&M used to calculate the revenue requirement?**

10 **A.** Consistent with the prior approval of the Company's current program, South Jersey
11 is seeking to recover O&M expenses, which primarily consist of utility
12 administration, inspections and quality control, and evaluation costs incurred to run
13 the proposed Triennium 2 Programs.

14

15 **Q. Please explain the basis for the revenue factor used to calculate the revenue**
16 **requirements.**

17 **A.** The revenue factor reflects adjustments for BPU and Rate Counsel Assessments
18 and bad debt allowance. The Company is using a revenue factor of 1.01643, which
19 is the revenue factor utilized to set rates in the Company's most recent base rate
20 case in Docket No. GR22040253 after removing the Federal and State corporate
21 business tax. The calculation of this revenue factor is attached hereto as Schedule
22 JGF-3.

1 **IV. COST RECOVERY MECHANISM**

2 **Q. Please describe the cost recovery mechanism proposed by the Company for**
3 **the recovery of costs associated with the proposed Triennium 2 Programs.**

4 **A.** The proposed cost recovery mechanism is consistent with the cost recovery
5 mechanism approved by the Board for the Company's current EEPs. The Company
6 currently recovers its costs associated with EEPs through the Energy Efficiency
7 Tracker rate ("EET Rate"), which is set forth in Rider "N" to the Company's Tariff.
8 Total revenue requirements for the EEPs for an annual period are calculated and
9 recovered through a volumetric charge applicable to all firm throughput. Rider "N"
10 also includes provisions for the treatment of any over- or under-recoveries.
11 Recovery of the revenue requirements associated with the proposed Triennium 2
12 Programs will be accomplished by deriving a rate associated with such revenue
13 requirements and adding it to the Company's currently approved EET Rate. The
14 forecasted recovery of the year one revenue requirement is attached hereto as
15 Schedule JGF-4.

16
17 **Q. Please explain how the rate associated with the Company's proposed**
18 **Triennium 2 Programs is derived.**

19 **A.** The total revenue requirement equals the sum of the Direct Program Investment
20 revenue requirement and the OBR Program Investment revenue requirement plus
21 OBR write-off recovery and the prior year over/under-recovered deferred balance
22 including carrying costs. The total revenue requirement is divided by the applicable
23 firm throughput to derive the rate per therm, excluding taxes.

1

2 **Q. What is the basis for the therms used to calculate the rate?**

3 **A.** The initial recovery rate for the proposed Triennium 2 Programs is based on
4 forecasted revenue requirements for the period January 1, 2025 to June 30, 2025.
5 Annual true-up filings covering the recovery period of July 1st to June 30th will be
6 submitted in July each year. The forecasted volumes for the initial recovery period
7 are 438,214,235 therms. These volumes reflect consumption for all customers that
8 are charged the EET Rate. In forecasting its customer consumption, the
9 methodology is the same as that used in the demand forecast which supports the
10 Company's Basic Gas Supply Service ("BGSS") rates, including utilizing 10 years
11 of historical usage and 20 years of normalized weather data.

12

13 **Q. How will the Company account for any over-/under-recoveries?**

14 **A.** Consistent with the cost recovery mechanism approved by the Board for the
15 Company's current EEPs, the Company will defer any over/under-recovery of the
16 actual revenue requirements compared to revenues. In calculating the monthly
17 interest on net over- and under-recoveries, the interest rate shall be based on the
18 Company's monthly average Short-Term Debt rate. The calculation of monthly
19 interest is attached hereto as Schedule JGF-4.

20

1 **Q.** **Please provide the initial EET rate associated with the Company’s proposed**
2 **Triennium 2 Programs, as well as the associated customer bill impacts.**

3 **A.** The EET rate and annual customer bill impact associated with the initial thirteen
4 (13) years of the recovery of the proposed Triennium 2 Programs, including the ten
5 (10) year amortization period, are included in Schedule JGF-1. The proposed
6 Year 1 EET rate will be \$0.012440 per therm, including taxes, and \$0.011667 per
7 therm, excluding taxes. This represents an increase of \$0.012440 per therm to the
8 current EET rate of \$0.027382 per therm (including taxes), for a total combined
9 EET rate of \$0.039822 per therm (including taxes), to be effective upon issuance
10 of a Board Order. The monthly bill impact for a residential heating customer using
11 100 therms will be an increase of \$1.24, or 0.7% as compared to current rates. The
12 cumulative annual bill impacts for all approved and proposed programs, for all rate
13 classes, are provided in Schedule JGF-13.

14
15 **V. CONSERVATION INCENTIVE PROGRAM (“CIP”)**

16 **Q.** **Is the Company proposing any changes to South Jersey’s CIP?**

17 **A.** No, the Company will maintain the CIP as it currently exists in accordance with the
18 Board’s Order dated May 21, 2014 in Docket No. GR13030185.

1 **VI. ADDITIONAL MINIMUM FILING REQUIREMENTS**

2 **Q. Please provide a comparative balance sheet for the most recent three-year**
3 **period.**

4 **A.** Please see the attached Schedule JGF-5, which reflects the Company's balance
5 sheets as of December 31st for 2020, 2021 and 2022.

6
7 **Q. Please provide a comparative income statement for the most recent three-year**
8 **period.**

9 **A.** Please see the attached Schedule JGF-6, which reflects the Company's income
10 statement for the year ending December 31st for 2020, 2021 and 2022.

11
12 **Q. Please provide a balance sheet with the most recent date available.**

13 **A.** Please see the attached Schedule JGF-7, which reflects the Company's balance
14 sheet marked as Confidential. Following the close of the merger approved by the
15 Board's Order in BPU docket No. GM22040270, In the Matter of the Merger of
16 South Jersey Industries, Inc. and Boardwalk Merger Sub, Inc., the Company is now
17 a privately held entity and the attached financial data constitutes proprietary
18 financial information that is not publicly available. Therefore, the Company is
19 providing the attached financial data subject to the Non-Disclosure Agreement
20 entered into by the parties in this proceeding.

1 **Q. Please provide a statement of the amount of revenue derived in the calendar**
2 **year last preceding the institution of this proceeding from the intrastate sales**
3 **of natural gas.**

4 **A. Please see the attached Schedule JGF-8 which lists the Company's intrastate**
5 **revenue for the year ending December 31, 2022 by customer class.**

6

7 **Q. Please provide a schedule of payments and accruals made to affiliated**
8 **companies.**

9 **A. Please see the attached Schedule JGF-9 listing payments and accruals made to**
10 **affiliated companies for the year ending December 31, 2022.**

11

12 **Q. Please provide the accounts and account numbers that will be utilized in**
13 **booking revenue, costs, expenses and assets pertaining to each proposed**
14 **program and indicate which accounts will be debited or credited monthly.**

15 **A. Please see the attached Schedule JGF-10 which provides the account numbers for**
16 **all accounting entries related to the Triennium 2 Programs as well as which**
17 **accounts will be debited or credited monthly.**

18

1 **Q. Please provide pro forma income statements and balance sheets for the**
2 **Triennium 2 Programs for each of the first three years of operations and actual**
3 **or estimated balance sheets at the beginning and end of each year of said three-**
4 **year period.**

5 **A.** Please see the attached Schedule JGF-11 and Schedule JGF-12 for the pro forma
6 income statement and balance sheets for the first three years of the Triennium 2
7 Programs.

8 **Q. Please provide an annual cumulative rate impact summary for all approved**
9 **and proposed programs as well as a cumulative bill impact summary by year**
10 **for all approved and proposed programs.**

11 **A.** Please see the attached Schedule JGF-13 for the annual rate impact and bill impacts
12 by year.

13

14 **Q. Please provide proposed tariff sheets associated with the proposed**
15 **Triennium 2 Programs.**

16 **A.** Please see the attached Schedule JGF-14 for the proposed tariff sheets including
17 Rider “N”, in redlined and clean form. Please note the proposed change to how the
18 energy efficiency rates are presented in Rider “N”. This presentation is consistent
19 with the how the State’s other gas utilities present their energy efficiency rates.

20


21 **Q. Does this conclude your testimony?**

22 **A.** Yes, it does.


VERIFICATION

I, James G. Fredericks, of full age, being duly sworn according to law, upon my oath, depose and say:

1. I am Rates Analyst Lead, Rates of South Jersey Gas Company ("Company") and I am authorized to make this verification on behalf of the Company.
2. I have reviewed the within petition and the information contained therein is true according to the best of my knowledge, information and belief.


James G. Fredericks
Rates Analyst Lead, Rates

Sworn to and subscribed
before me this 15th day
of December 2023





Carolyn A. Jacobs
NOTARY PUBLIC
State of New Jersey
My Commission Expires
October 28, 2028



**South Jersey Gas Company
Energy Efficiency Tracker - Triennium 2
Annual Revenue Requirements**

Schedule JGF-1
Page 1 of 4

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<u>DIRECT PROGRAM INVESTMENTS</u>			
Annual Investment	\$ 36,480,722	\$ 110,889,315	\$ 115,667,298
Cumulative Investment	\$ 36,480,722	\$ 147,370,037	\$ 263,037,335
Less Accumulated Amortization	\$ (1,064,021)	\$ (10,718,598)	\$ (31,720,914)
Less Accumulated Deferred Tax	\$ (9,955,635)	\$ (38,412,720)	\$ (65,023,046)
Net Investment	\$ 25,461,067	\$ 98,238,720	\$ 166,293,375
Rate of Return (Pre Tax)	8.96%	8.96%	8.96%
Required Net Operating Income	\$ 670,142	\$ 5,872,563	\$ 12,166,765
Incremental O&M Pre Tax	\$ 718,396	\$ 1,876,754	\$ 1,993,621
Pre Tax Amortization	\$ 1,064,021	\$ 9,654,577	\$ 21,002,316
Operating Income	\$ 2,452,559	\$ 17,403,894	\$ 35,162,701
Revenue Factor	1.01643	1.01643	1.01643
Revenue Requirement Excluding SUT	\$ 2,492,850	\$ 17,689,805	\$ 35,740,354
<u>OBR PROGRAM INVESTMENTS</u>			
Annual Investment	\$ 25,903,741	\$ 56,388,891	\$ 61,302,115
Less OBR Repayments	\$ (1,066,988)	\$ (7,967,620)	\$ (16,299,497)
OBR Write-Off	\$ -	\$ -	\$ -
Net Investment	\$ 24,836,753	\$ 48,421,271	\$ 45,002,618
Cumulative Investment	\$ 24,836,753	\$ 73,258,024	\$ 118,260,642
Rate of Return (Pre Tax)	8.96%	8.96%	8.96%
Required Net Operating Income	\$ 655,706	\$ 4,634,409	\$ 8,812,185
Incremental O&M Pre Tax	\$ 1,921,733	\$ 5,822,397	\$ 6,036,295
Operating Income	\$ 2,577,439	\$ 10,456,806	\$ 14,848,480
Revenue Factor	1.01643	1.01643	1.01643
Revenue Requirement Excluding SUT	<u>\$ 2,619,781</u>	<u>\$ 10,628,590</u>	<u>\$ 15,092,411</u>
<u>RATE CALCULATION</u>			
Revenue Requirement For Direct Investments Excluding SUT	\$ 2,492,850	\$ 17,689,805	\$ 35,740,354
Revenue Requirement For OBRs Programs Excluding SUT	\$ 2,619,781	\$ 10,628,590	\$ 15,092,411
OBR Write-Off Recovery	\$ -	\$ -	\$ -
Prior Year (Over)/Under Recovered Deferred Balance Including Carrying Costs	\$ -	\$ 732,086	\$ 2,568,106
Total Revenue Requirements	\$ 5,112,631	\$ 29,050,482	\$ 53,400,871
Therms	438,214,235	559,523,915	559,523,915
Rate Per Therm, Excluding SUT	\$ 0.011667	\$ 0.051920	\$ 0.095440
Rate Per Therm, Including SUT	<u>\$ 0.012440</u>	<u>\$ 0.055360</u>	<u>\$ 0.101763</u>
<u>Annual Bill Impact</u>			
Residential Non Heat (234 Therms)	\$ 2.90	\$ 10.04	\$ 10.86
Residential Heat (731 Therms)	\$ 9.09	\$ 31.37	\$ 33.90
General Service (3,739 Therms)	\$ 46.52	\$ 160.48	\$ 173.51
General Service - Large Volume (169,807 Therms)	\$ 2,112.39	\$ 7,288.10	\$ 7,879.54

**South Jersey Gas Company
Energy Efficiency Tracker - Triennium 2
Annual Revenue Requirements**

Schedule JGF-1
Page 2 of 4

	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>
<u>DIRECT PROGRAM INVESTMENTS</u>			
Annual Investment	\$ -	\$ -	\$ -
Cumulative Investment	\$ 263,037,335	\$ 263,037,335	\$ 263,037,335
Less Accumulated Amortization	\$ (58,024,647)	\$ (84,328,381)	\$ (110,632,114)
Less Accumulated Deferred Tax	\$ (57,629,067)	\$ (50,235,087)	\$ (42,841,108)
Net Investment	\$ 147,383,621	\$ 128,473,867	\$ 109,564,113
Rate of Return (Pre Tax)	8.96%	8.96%	8.96%
Required Net Operating Income	\$ 13,982,133	\$ 12,287,819	\$ 10,593,505
Incremental O&M Pre Tax	\$ -	\$ -	\$ -
Pre Tax Amortization	\$ 26,303,734	\$ 26,303,734	\$ 26,303,734
Operating Income	\$ 40,285,867	\$ 38,591,553	\$ 36,897,239
Revenue Factor	1.01643	1.01643	1.01643
Revenue Requirement Excluding SUT	\$ 40,947,683	\$ 39,225,535	\$ 37,503,386
<u>OBR PROGRAM INVESTMENTS</u>			
Annual Investment	\$ -	\$ -	\$ -
Less OBR Repayments	\$ (20,264,137)	\$ (20,264,137)	\$ (20,264,137)
OBR Write-Off	\$ (125,927)	\$ (125,927)	\$ (125,927)
Net Investment	\$ (20,390,064)	\$ (20,390,064)	\$ (20,390,064)
Cumulative Investment	\$ 97,870,578	\$ 77,480,514	\$ 57,090,450
Rate of Return (Pre Tax)	8.96%	8.96%	8.96%
Required Net Operating Income	\$ 9,606,556	\$ 7,779,606	\$ 5,952,656
Incremental O&M Pre Tax	\$ -	\$ -	\$ -
Operating Income	\$ 9,606,556	\$ 7,779,606	\$ 5,952,656
Revenue Factor	1.01643	1.01643	1.0164
Revenue Requirement Excluding SUT	<u>\$ 9,764,372</u>	<u>\$ 7,907,409</u>	<u>\$ 6,050,447</u>
<u>RATE CALCULATION</u>			
Revenue Requirement For Direct Investments Excluding SUT	\$ 40,947,683	\$ 39,225,535	\$ 37,503,386
Revenue Requirement For OBRs Programs Excluding SUT	\$ 9,764,372	\$ 7,907,409	\$ 6,050,447
OBR Write-Off Recovery	\$ 125,927	\$ 125,927	\$ 125,927
Prior Year (Over)/Under Recovered Deferred Balance Including Carrying Costs	\$ 2,732,809	\$ (137,560)	\$ (886,974)
Total Revenue Requirements	\$ 53,570,792	\$ 47,121,312	\$ 42,792,786
Therms	559,523,915	559,523,915	559,523,915
Rate Per Therm, Excluding SUT	\$ 0.095744	\$ 0.084217	\$ 0.076481
Rate Per Therm, Including SUT	<u>\$ 0.102087</u>	<u>\$ 0.089796</u>	<u>\$ 0.081548</u>
<u>Annual Bill Impact</u>			
Residential Non Heat (234 Therms)	\$ 0.07	\$ (2.87)	\$ (1.93)
Residential Heat (731 Therms)	\$ 0.24	\$ (8.98)	\$ (6.03)
General Service (3,739 Therms)	\$ 1.21	\$ (45.95)	\$ (30.85)
General Service - Large Volume (169,807 Therms)	\$ 55.01	\$ (2,087.09)	\$ (1,400.57)

**South Jersey Gas Company
Energy Efficiency Tracker - Triennium 2
Annual Revenue Requirements**

Schedule JGF-1
Page 3 of 4

	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>
<u>DIRECT PROGRAM INVESTMENTS</u>			
Annual Investment	\$ -	\$ -	\$ -
Cumulative Investment	\$ 263,037,335	\$ 263,037,335	\$ 263,037,335
Less Accumulated Amortization	\$ (136,935,848)	\$ (163,239,581)	\$ (189,543,315)
Less Accumulated Deferred Tax	\$ (35,447,128)	\$ (28,053,149)	\$ (20,659,169)
Net Investment	\$ 90,654,359	\$ 71,744,605	\$ 52,834,851
Rate of Return (Pre Tax)	8.96%	8.96%	8.96%
Required Net Operating Income	\$ 8,899,191	\$ 7,204,877	\$ 5,510,563
Incremental O&M Pre Tax	\$ -	\$ -	\$ -
Pre Tax Amortization	\$ 26,303,734	\$ 26,303,734	\$ 26,303,734
Operating Income	\$ 35,202,925	\$ 33,508,611	\$ 31,814,297
Revenue Factor	1.01643	1.01643	1.01643
Revenue Requirement Excluding SUT	\$ 35,781,238	\$ 34,059,090	\$ 32,336,942
<u>OBR PROGRAM INVESTMENTS</u>			
Annual Investment	\$ -	\$ -	\$ -
Less OBR Repayments	\$ (20,264,137)	\$ (19,203,842)	\$ (12,356,302)
OBR Write-Off	\$ (125,927)	\$ (125,927)	\$ (125,927)
Net Investment	\$ (20,390,064)	\$ (19,329,770)	\$ (12,482,230)
Cumulative Investment	\$ 36,700,386	\$ 17,370,616	\$ 4,888,387
Rate of Return (Pre Tax)	8.96%	8.96%	8.96%
Required Net Operating Income	\$ 4,125,707	\$ 2,319,868	\$ 892,117
Incremental O&M Pre Tax	\$ -	\$ -	\$ -
Operating Income	\$ 4,125,707	\$ 2,319,868	\$ 892,117
Revenue Factor	1.0164	1.0164	1.0164
Revenue Requirement Excluding SUT	<u>\$ 4,193,484</u>	<u>\$ 2,357,979</u>	<u>\$ 906,772</u>
<u>RATE CALCULATION</u>			
Revenue Requirement For Direct Investments Excluding SUT	\$ 35,781,238	\$ 34,059,090	\$ 32,336,942
Revenue Requirement For OBRs Programs Excluding SUT	\$ 4,193,484	\$ 2,357,979	\$ 906,772
OBR Write-Off Recovery	\$ 125,927	\$ 125,927	\$ 125,927
Prior Year (Over)/Under Recovered Deferred Balance Including Carrying Costs	\$ (608,396)	\$ (490,650)	\$ (510,880)
Total Revenue Requirements	\$ 39,492,253	\$ 36,052,346	\$ 32,858,762
Therms	559,523,915	559,523,915	559,523,915
Rate Per Therm, Excluding SUT	\$ 0.070582	\$ 0.064434	\$ 0.058726
Rate Per Therm, Including SUT	<u>\$ 0.075258</u>	<u>\$ 0.068703</u>	<u>\$ 0.062617</u>
<u>Annual Bill Impact</u>			
Residential Non Heat (234 Therms)	\$ (1.47)	\$ (1.54)	\$ (1.42)
Residential Heat (731 Therms)	\$ (4.59)	\$ (4.79)	\$ (4.45)
General Service (3,739 Therms)	\$ (23.52)	\$ (24.51)	\$ (22.75)
General Service - Large Volume (169,807 Therms)	\$ (1,068.08)	\$ (1,113.08)	\$ (1,033.44)

**South Jersey Gas Company
Energy Efficiency Tracker - Triennium 2
Annual Revenue Requirements**

Schedule JGF-1
Page 4 of 4

	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>
<u>DIRECT PROGRAM INVESTMENTS</u>				
Annual Investment	\$ -	\$ -	\$ -	\$ -
Cumulative Investment	\$ 263,037,335	\$ 263,037,335	\$ 263,037,335	\$ 263,037,335
Less Accumulated Amortization	\$ (215,847,048)	\$ (241,086,760)	\$ (257,735,917)	\$ (263,037,335)
Less Accumulated Deferred Tax	\$ (13,265,190)	\$ (6,170,307)	\$ (1,490,229)	\$ (0)
Net Investment	\$ 33,925,097	\$ 15,780,268	\$ 3,811,189	\$ (0)
Rate of Return (Pre Tax)	8.96%	8.96%	8.96%	8.96%
Required Net Operating Income	\$ 3,816,249	\$ 2,137,166	\$ 773,903	\$ 94,856
Incremental O&M Pre Tax	\$ -	\$ -	\$ -	\$ -
Pre Tax Amortization	\$ 26,303,734	\$ 25,239,712	\$ 16,649,157	\$ 5,301,418
Operating Income	\$ 30,119,983	\$ 27,376,878	\$ 17,423,060	\$ 5,396,274
Revenue Factor	1.01643	1.01643	1.01643	1.01643
Revenue Requirement Excluding SUT	\$ 30,614,794	\$ 27,826,626	\$ 17,709,286	\$ 5,484,924
<u>OBR PROGRAM INVESTMENTS</u>				
Annual Investment	\$ -	\$ -	\$ -	\$ -
Less OBR Repayments	\$ (4,094,170)	\$ (155,478)	\$ (102,387)	\$ (32,642)
OBR Write-Off	\$ (125,927)	\$ (125,927)	\$ (125,927)	\$ (125,927)
Net Investment	\$ (4,220,097)	\$ (281,406)	\$ (228,314)	\$ (158,569)
Cumulative Investment	\$ 668,289	\$ 386,883	\$ 158,569	\$ 0
Rate of Return (Pre Tax)	8.96%	8.96%	8.96%	8.96%
Required Net Operating Income	\$ 169,573	\$ 46,030	\$ 23,080	\$ 5,984
Incremental O&M Pre Tax	\$ -	\$ -	\$ -	\$ -
Operating Income	\$ 169,573	\$ 46,030	\$ 23,080	\$ 5,984
Revenue Factor	1.0164	1.0164	1.0164	1.0164
Revenue Requirement Excluding SUT	\$ 172,359	\$ 46,786	\$ 23,459	\$ 6,082
<u>RATE CALCULATION</u>				
Revenue Requirement For Direct Investments Excluding SUT	\$ 30,614,794	\$ 27,826,626	\$ 17,709,286	\$ 5,484,924
Revenue Requirement For OBRs Programs Excluding SUT	\$ 172,359	\$ 46,786	\$ 23,459	\$ 6,082
OBR Write-Off Recovery	\$ 125,927	\$ 125,927	\$ 125,927	\$ 125,927
Prior Year (Over)/Under Recovered Deferred Balance Including Carrying Costs	\$ (483,461)	\$ (396,336)	\$ (438,902)	\$ (1,280,703)
Total Revenue Requirements	\$ 30,429,619	\$ 27,603,002	\$ 17,419,770	\$ 4,336,231
Therms	559,523,915	559,523,915	559,523,915	559,523,915
Rate Per Therm, Excluding SUT	\$ 0.054385	\$ 0.049333	\$ 0.031133	\$ 0.007750
Rate Per Therm, Including SUT	\$ 0.057988	\$ 0.052601	\$ 0.033196	\$ 0.008263
<u>Annual Bill Impact</u>				
Residential Non Heat (234 Therms)	\$ (1.08)	\$ (1.26)	\$ (4.54)	\$ (5.83)
Residential Heat (731 Therms)	\$ (3.38)	\$ (3.94)	\$ (14.18)	\$ (18.22)
General Service (3,739 Therms)	\$ (17.31)	\$ (20.14)	\$ (72.56)	\$ (93.23)
General Service - Large Volume (169,807 Therms)	\$ (786.04)	\$ (914.75)	\$ (3,295.09)	\$ (4,233.79)

**SOUTH JERSEY GAS COMPANY
ENERGY EFFICIENCY TRACKER - TRIENNium 2
RATE OF RETURN**

<u>Type of Capital</u>	<u>Ratios</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>	<u>After Tax Weighted Cost Rate</u>	<u>Revenue Conversion Factor</u>	<u>Pre-Tax Weighted Cost Rate</u>
Long-Term Debt	46.000%	3.810%	1.750%	1.260%		1.75%
Common Equity	<u>54.000%</u>	9.600%	<u>5.180%</u>	<u>5.180%</u>	139.100%	<u>7.21%</u>
	<u>100.000%</u>		<u>6.93%</u>	<u>6.440%</u>		<u>8.9600%</u>

**Tax Reflects FIT Rate of 21%, effective January 1, 2018*

**SOUTH JERSEY GAS COMPANY
ENERGY EFFICIENCY TRACKER - TRIENNium 2
DERIVATION OF REVENUE FACTOR**

<u>Line No.</u>	<u>Components: (Effective 1-1-23)</u>	
1	BPU and Rate Counsel Assessments	0.272795%
2		
3	Bad Debt Provision (Bad Debt)	1.343411%
4		
5	Operating Revenue	100%
6		
7	Revenue Factor Calculation: = L7 / (1- (L1 + L3))	1.016428

* Revenue Factor from 2021 Rate Case GR22040253 - Effective 1/1/2023 excluding FIT and CBT rates.

**South Jersey Gas Company
Energy Efficiency Tracker - Tirennum 2
Monthly Recovery and Interest Calculation**

	Projected Jan-25	Projected Feb-25	Projected Mar-25	Projected Apr-25	Projected May-25	Projected Jun-25	Projected Jul-25	Projected Aug-25	Projected Sep-25	Total
1 Period Volumes	93,721,626	92,481,767	80,804,647	54,392,488	31,615,022	23,459,452	21,424,878	19,101,971	21,212,383	438,214,235
2										
3 Recovery Rate	\$ 0.011667	\$ 0.011667	\$ 0.011667	\$ 0.011667	\$ 0.011667	\$ 0.011667	\$ 0.011667	\$ 0.011667	\$ 0.011667	
4										
5 Recoveries	<u>\$ 1,093,450</u>	<u>\$ 1,078,985</u>	<u>\$ 942,748</u>	<u>\$ 634,597</u>	<u>\$ 368,852</u>	<u>\$ 273,701</u>	<u>\$ 249,964</u>	<u>\$ 222,863</u>	<u>\$ 247,485</u>	<u>5,112,645</u>
6										
7 Revenue Requirements Excluding SUT	\$ 564,026	\$ 680,141	\$ 795,593	\$ 910,383	\$ 1,024,511	\$ 1,137,977	\$ 1,502,403	\$ 1,661,104	\$ 1,818,965	10,095,102
8										
9 Less Recoveries	\$ 1,093,450	\$ 1,078,985	\$ 942,748	\$ 634,597	\$ 368,852	\$ 273,701	\$ 249,964	\$ 222,863	\$ 247,485	5,112,645
10										
11 Monthly (Over)/Under Recovered Balance	<u>\$ (529,424)</u>	<u>\$ (398,844)</u>	<u>\$ (147,155)</u>	<u>\$ 275,786</u>	<u>\$ 655,659</u>	<u>\$ 864,276</u>	<u>\$ 1,252,439</u>	<u>\$ 1,438,241</u>	<u>\$ 1,571,480</u>	<u>\$ 4,982,457</u>
12										
13 Beginning (Over)/Under Recovered Balance	<u>\$ -</u>	<u>\$ (529,424)</u>	<u>\$ (928,268)</u>	<u>\$ (1,075,423)</u>	<u>\$ (799,637)</u>	<u>\$ (143,979)</u>	<u>\$ 720,297</u>	<u>\$ 1,972,736</u>	<u>\$ 3,410,977</u>	<u>\$ -</u>
14										
15 Ending (Over)/Under Recovered Balance	<u>\$ (529,424)</u>	<u>\$ (928,268)</u>	<u>\$ (1,075,423)</u>	<u>\$ (799,637)</u>	<u>\$ (143,979)</u>	<u>\$ 720,297</u>	<u>\$ 1,972,736</u>	<u>\$ 3,410,977</u>	<u>\$ 4,982,457</u>	<u>\$ 4,982,457</u>
16										
17 Average (Over)/Under Recovered Balance (Net of Taxes)	71.89% <u>\$ (190,301)</u>	<u>\$ (523,967)</u>	<u>\$ (720,227)</u>	<u>\$ (673,990)</u>	<u>\$ (339,183)</u>	<u>\$ 207,158</u>	<u>\$ 968,011</u>	<u>\$ 1,935,175</u>	<u>\$ 3,017,020</u>	
18										
19 Interest (To Customers) / To Company	<u>\$ (708)</u>	<u>\$ (1,909)</u>	<u>\$ (2,568)</u>	<u>\$ (2,361)</u>	<u>\$ (1,170)</u>	<u>\$ 706</u>	<u>\$ 3,266</u>	<u>\$ 6,486</u>	<u>\$ 10,047</u>	<u>\$ 11,789</u>
20										
21 Year to Date Interest	\$ (708)	\$ (2,617)	\$ (5,185)	\$ (7,546)	\$ (8,716)	\$ (8,010)	\$ (4,744)	\$ 1,742	\$ 11,789	
22										
23 Annual Interest Rate	4.4660%	4.3721%	4.2785%	4.2030%	4.1392%	4.0877%	4.0489%	4.0220%	3.9963%	

**South Jersey Gas
Balance Sheet (\$000s)**

	December 31, 2022	December 31, 2021	December 31, 2020
<u>Assets</u>			
Property, Plant and Equipment:			
Utility Plant, at original cost	3,814,770	3,613,360	3,387,831
Accumulated Depreciation	(695,683)	(656,829)	(606,925)
Property, Plant and Equipment - Net	<u>3,119,087</u>	<u>2,956,531</u>	<u>2,780,906</u>
Investments:			
Restricted Investments	<u>16,951</u>	<u>686</u>	<u>4,826</u>
Total Investments	<u>16,951</u>	<u>686</u>	<u>4,826</u>
Current Assets:			
Cash and Cash Equivalents	1,089	3,360	1,598
Accounts Receivable	154,100	125,848	88,657
Accounts Receivable - Related Parties	4,063	7,591	3,989
Unbilled Revenues	73,545	43,236	46,837
Provision for Uncollectibles	(27,510)	(25,166)	(17,359)
Natural Gas in Storage, average cost	47,103	23,143	14,050
Materials and Supplies, average cost	1,108	606	619
Prepaid Taxes	14,230	17,252	19,522
Derivatives - Energy Related Assets	16,884	9,396	4,053
Other Prepayments and Current Assets	<u>15,029</u>	<u>13,413</u>	<u>12,710</u>
Total Current Assets	<u>299,641</u>	<u>218,679</u>	<u>174,676</u>
Regulatory and Other Noncurrent Assets:			
Regulatory Assets	473,684	482,745	495,084
Contract Receivables	52,599	45,247	41,428
Derivatives - Energy Related Assets	74	507	87
Other	<u>56,394</u>	<u>63,502</u>	<u>25,258</u>
Total Regulatory and Other Noncurrent Assets	<u>582,751</u>	<u>592,001</u>	<u>561,857</u>
Total Assets	<u><u>4,018,430</u></u>	<u><u>3,767,897</u></u>	<u><u>3,522,265</u></u>

**South Jersey Gas
Balance Sheet (\$000s)**

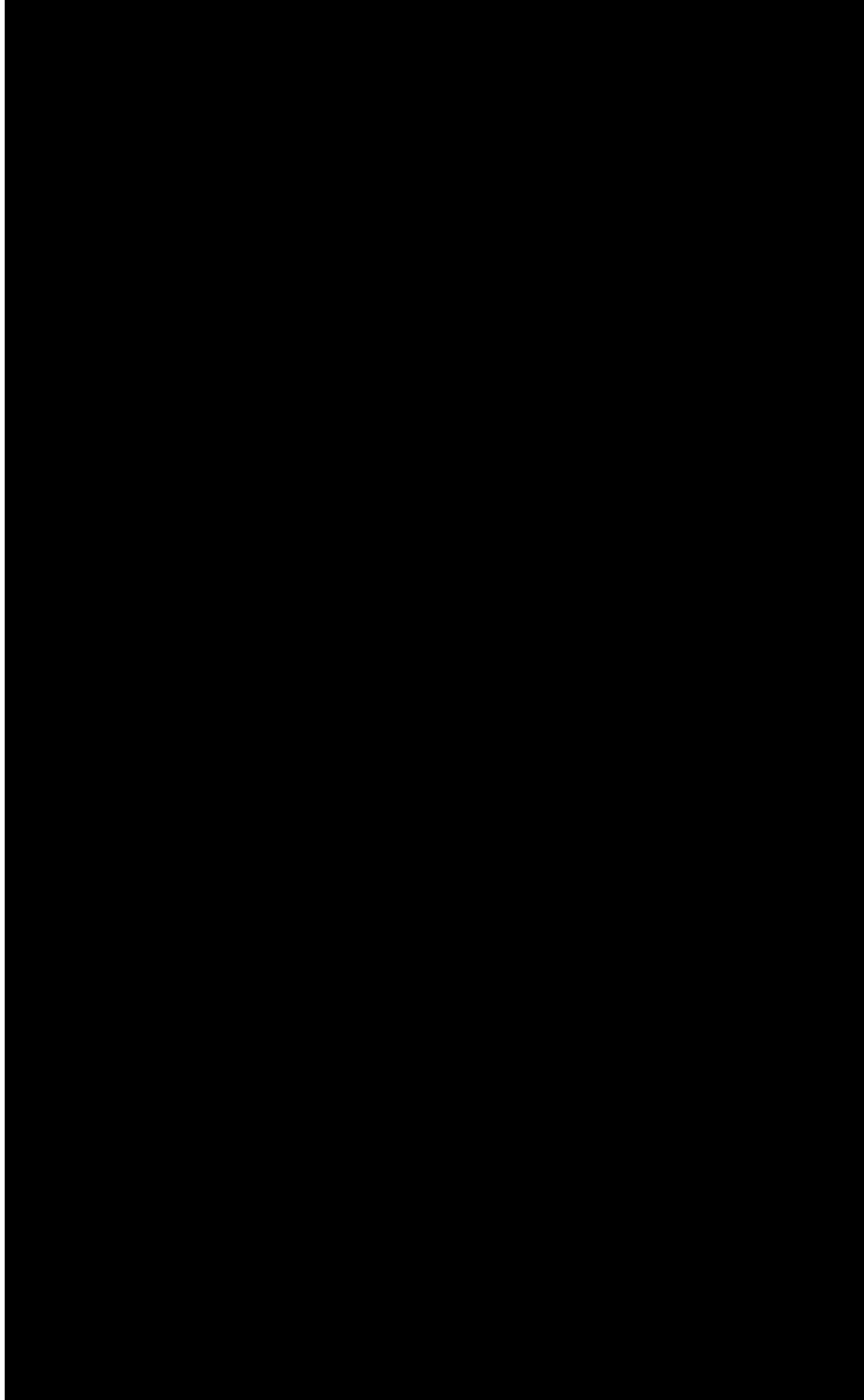
	December 31, 2022	December 31, 2021	December 31, 2020
<u>Capitalization and Liabilities</u>			
Equity:			
Common Stock, Par Value \$2.50 per share:			
Authorized - 4,000,000 shares			
Outstanding - 2,339,139 shares	5,848	5,848	5,848
Other Paid-In Capital and Premium on Common Sto	530,244	505,244	465,244
Accumulated Other Comprehensive Loss	(5,190)	(22,976)	(31,606)
Retained Earnings	1,120,862	991,878	864,240
	<hr/>	<hr/>	<hr/>
Total Equity	1,651,764	1,479,994	1,303,726
 Long-Term Debt	 971,321	 1,010,727	 1,016,280
	<hr/>	<hr/>	<hr/>
Total Capitalization	2,623,085	2,490,721	2,320,006
	<hr/>	<hr/>	<hr/>
Current Liabilities:			
Notes Payable	142,800	108,000	47,500
Current Portion of Long-Term Debt	40,084	31,084	52,809
Accounts Payable & Other Accrued Liabilities	96,690	76,373	77,852
Accounts Payable - Related Parties	23,953	12,901	11,049
Derivatives - Energy Related Liabilities	18,411	2,520	2,868
Derivatives - Other Current	219	568	659
Customer Deposits and Credit Balances	29,460	25,232	23,637
Environmental Remediation Costs	23,238	27,575	23,067
Taxes Accrued	2,881	3,615	3,942
Interest Accrued	12,397	11,604	10,961
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	390,133	299,472	254,344
	<hr/>	<hr/>	<hr/>
Regulatory and Other Noncurrent Liabilities:			
Regulatory Liabilities	206,679	222,411	245,360
Deferred Income Taxes	489,290	443,402	403,609
Environmental Remediation Costs	61,244	64,389	78,176
Asset Retirement Obligations	112,158	103,371	89,252
Derivatives - Energy Related Liabilities	1,374	324	190
Derivatives - Other Noncurrent	2,644	7,432	9,279
Other	131,823	136,375	122,049
	<hr/>	<hr/>	<hr/>
Total Regulatory and Other Noncurrent Liabilities	1,005,212	977,704	947,915
	<hr/>	<hr/>	<hr/>
Total Capitalization and Liabilities	4,018,430	3,767,897	3,522,265
	<hr/>	<hr/>	<hr/>

South Jersey Gas
Income Statement (\$000s)

	Year Ended December 31,		
	2022	2021	2020
Operating Revenues	<u>824,979</u>	<u>618,426</u>	<u>571,787</u>
Operating Expenses:			
Cost of Sales (Excluding depreciation and amortiza	370,373	190,887	181,262
Operations and Maintenance	157,771	143,205	143,277
Depreciation	84,237	80,243	71,026
Impairment Charges	1,902	—	—
Energy and Other Taxes	6,478	4,877	4,987
Total Operating Expenses	<u>620,761</u>	<u>419,212</u>	<u>400,552</u>
Operating Income	204,218	199,214	171,235
Other Income and Expense	6,475	5,971	5,536
Interest Charges	<u>(37,503)</u>	<u>(39,133)</u>	<u>(33,388)</u>
Income Before Income Taxes	173,190	166,052	143,383
Income Taxes	<u>(44,206)</u>	<u>(38,414)</u>	<u>(35,324)</u>
Net Income	<u><u>128,984</u></u>	<u><u>127,638</u></u>	<u><u>108,059</u></u>

**South Jersey Gas Company
Balance Sheet**

**As of September 30,
2023**



**South Jersey Gas Company
Balance Sheet**

**As of September 30,
2023**



**South Jersey Gas Company
Statement of Gas Operating Revenues
December 2022**

	Year To Date 2022
Gas Operating Revenues	
<u>Sales of Gas</u>	
Residential	\$ 455,827,289
Commercial and Industrial	\$ 282,995,936
Other sales public authorities	\$ -
Sales for resale	\$ -
Interdepartmental sales.	\$ (19,554,832)
Total Sales of Gas	<u>719,268,393</u>
<u>Other Gas Revenues</u>	
Forfeited Discounts	\$ 275,560
Miscellaneous Service Revenues	\$ 1,160,340
Revenues from Transportation of Gas - Natural Gas	\$ 86,517,305
Revenues from Transportation of Gas - Gathering	\$ 504,083
Revenues from Transportation of Gas - Transmission	\$ 319,482
Revenues from Transportation of Gas - Distribution	\$ 16,857,462
Revenues from Storage of Gas	\$ 3,637
Incidental Gasoline & Oil Sale	\$ -
Rent from Gas Property	\$ 6,473
Other Gas Revenues	\$ 66,625
(Less) Provision for Rate Refund	\$ -
Total Other Gas Revenues	<u>105,710,966</u>
Total Gas Operating Revenues	<u><u>\$ 824,979,359</u></u>

South Jersey Gas Company
Payments and Accruals to Affiliates
For the Twelve Months Ended December 31, 2022

Description	Amount
<u>Payment and Accrual to Affiliate for Services Provided to South Jersey Gas</u>	
<u>South Jersey Industries, Inc.</u>	
Management Fee and Intercompany Payroll Allocations	\$ 21,747,134
Capitalization of O&M Costs	4,751,735
	<u>26,498,870</u>
<u>SJI Utilities, Inc.</u>	
Management Fee and Intercompany Payroll Allocations	6,672,484
Capitalization of O&M Costs	346,344
	<u>7,018,827</u>
<u>Elizabethtown Gas Company</u>	
Intercompany Payroll Allocation	(3,186)
	<u>(3,186)</u>
Total Costs for Services Provided to South Jersey Gas Company	<u>\$ 33,514,511</u>
 <u>Payment and Accrual to Affiliate for Flowthrough Costs</u>	
<u>South Jersey Industries, Inc.</u>	
Medical and Benefit Costs Allocation	\$ 20,741,335
Accounts Payable Reimbursements (Primarily insurance policy and miscellaneous expenses)	1,259,494
Accounts Payable Reimbursements (Primarily shared IT and debt issuance costs)	1,546,651
	<u>23,547,480</u>
<u>South Jersey Resources Group, Inc.</u>	
Gas Purchases, net of asset management fees	<u>286,434</u>
<u>Millennium Account Services</u>	
Meter Reading	<u>3,849,893</u>
<u>SJI Utilities, Inc.</u>	
Accounts Payable Reimbursements (Primarily utilities, consulting, and miscellaneous)	<u>(1,788,088)</u>
<u>Elizabethtown Gas Company</u>	
Medical and Benefit Costs Allocation	(2,413,959)
Accounts Payable Reimbursements (Primarily shared IT and utilities costs)	(335,141)
	<u>(2,749,101)</u>
Total Flowthrough Costs	<u>\$ 23,146,619</u>

South Jersey Gas Company
Energy Efficiency Program Accounting Entries

		Debit	Credit
<hr/>			
To Record Regulatory Asset			
16140	Regulatory Asset	XXX	
13100	Cash		XXX
To Record Incremental O&M			
Various	P&L Accounts	XXX	
13100	Cash		XXX
To Amortize Regulatory Asset			
50110	Amortization of Reg Prog-RGGI	XXX	
16140	Regulatory Asset		XXX
To Record Recovery of Regulatory Asset			
14120	Customer AR	XXX	
40300	Clause Revenue		XXX
40300	Clause Revenue	XXX	
16140	Regulatory Asset		XXX
To Record Revenue Requirement			
16140	Regulatory Asset	XXX	
40300	Clause Revenue		XXX
To Record Over/Under Recovery			
16140	Regulatory Asset	XXX	
23110	Regulatory Liability		XXX
To Record Carrying Costs on Under/(Over) Recovered Balance			
60300	Program Carrying Costs	XXX	
16140	Regulatory Asset		XXX
To Record Loan Repayment (Reduction to the Regulatory Asset)			
13100	Cash	XXX	
16140	Regulatory Asset		XXX

South Jersey Gas Company
Energy Efficiency Program - Triennium 2
Pro Forma Income Statement (Program Year)

	Year 1	Year 2	Year 3
Operating Revenues	\$ 5,112,631	\$ 28,318,396	\$ 50,832,765
Incremental O&M Expense	\$ (2,640,129)	\$ (7,699,151)	\$ (8,029,915)
Margin	\$ 2,472,502	\$ 20,619,245	\$ 42,802,850
Amortization of Program Investment	\$ (1,064,021)	\$ (9,654,577)	\$ (21,002,316)
Operating Income	\$ 1,408,481	\$ 10,964,668	\$ 21,800,534
Interest Expense	\$ (638,835)	\$ (5,391,598)	\$ (10,824,476)
Income Before Income Taxes	\$ 769,646	\$ 5,573,070	\$ 10,976,058
Income Tax Expense (28.11%)	\$ (216,347)	\$ (1,566,590)	\$ (3,085,370)
Net Income	<u>\$ 553,298</u>	<u>\$ 4,006,480</u>	<u>\$ 7,890,688</u>

**South Jersey Gas Company
Energy Efficiency Tracker - Triennium 2
Pro Forma Balance Sheet (Program Year)**

	Year 1	Year 2	Year 3
<hr/>			
<u>Assets</u>			
Cumulative Investment	\$ 62,384,463	\$ 229,662,669	\$ 406,632,082
Less Accumulated Amortization	\$ (1,064,021)	\$ (10,718,598)	\$ (31,720,914)
Net Investment	\$ 61,320,442	\$ 218,944,071	\$ 374,911,169
Deferred Tax	\$ (9,955,635)	\$ (38,412,720)	\$ (65,023,046)
Total Asset	\$ 51,364,808	\$ 180,531,352	\$ 309,888,123
<hr/>			
<u>Liabilities & Capitalization</u>			
Deferred Income Tax	\$ (9,955,635)	\$ (38,412,720)	\$ (65,023,046)
Total Capitalization	\$ 61,320,442	\$ 218,944,071	\$ 374,911,169
Total Liabilities & Capitalization	\$ 51,364,808	\$ 180,531,352	\$ 309,888,123

South Jersey Gas Company
Energy Efficiency Tracker - Triennium 2
Annual Bill Summary

Program Year	Rate	<u>Proposed Residential Non Heat Sales (234 Therms)</u>				<u>Proposed Residential Heat Sales (731 Therms)</u>			
		Annual Bill	Change (\$)	Change (%)	Cumulative Change (%)	Annual Bill	Change (\$)	Change (%)	Cumulative Change (%)
Current Bill	\$0.027382	\$507.89				\$1,373.61			
Year 1	\$0.039822	\$510.79	\$2.90	0.6%	0.6%	\$1,382.70	\$9.09	0.7%	0.7%
Year 2	\$0.082742	\$520.83	\$10.04	2.0%	2.5%	\$1,414.07	\$31.37	2.3%	2.9%
Year 3	\$0.129145	\$531.69	\$10.86	2.1%	4.7%	\$1,447.97	\$33.90	2.4%	5.4%
Year 4	\$0.129469	\$531.76	\$0.07	0.0%	4.7%	\$1,448.21	\$0.24	0.0%	5.4%
Year 5	\$0.117178	\$528.89	(\$2.87)	-0.5%	4.1%	\$1,439.23	(\$8.98)	-0.6%	4.8%
Year 6	\$0.108930	\$526.96	(\$1.93)	-0.4%	3.8%	\$1,433.20	(\$6.03)	-0.4%	4.3%
Year 7	\$0.102640	\$525.49	(\$1.47)	-0.3%	3.5%	\$1,428.61	(\$4.59)	-0.3%	4.0%
Year 8	\$0.096085	\$523.95	(\$1.54)	-0.3%	3.2%	\$1,423.82	(\$4.79)	-0.3%	3.7%
Year 9	\$0.089999	\$522.53	(\$1.42)	-0.3%	2.9%	\$1,419.37	(\$4.45)	-0.3%	3.3%
Year 10	\$0.085370	\$521.45	(\$1.08)	-0.2%	2.7%	\$1,415.99	(\$3.38)	-0.2%	3.1%
Year 11	\$0.079983	\$520.19	(\$1.26)	-0.2%	2.4%	\$1,412.05	(\$3.94)	-0.3%	2.8%
Year 12	\$0.060578	\$515.65	(\$4.54)	-0.9%	1.5%	\$1,397.87	(\$14.18)	-1.0%	1.8%
Year 13	\$0.035645	\$509.82	(\$5.83)	-1.1%	0.4%	\$1,379.65	(\$18.22)	-1.3%	0.4%

Effective Date	Rate	<u>Proposed General Service Sales (3,739 Therms)</u>				<u>Proposed General Service Large Volume Sales (169,807 Therms)</u>			
		Annual Bill	Change (\$)	Change (%)	Cumulative Change (%)	Annual Bill	Change (\$)	Change (%)	Cumulative Change (%)
Current Bill	\$0.027382	\$6,080.07				\$207,056.08			
Year 1	\$0.039822	\$6,126.59	\$46.52	0.8%	0.8%	\$209,168.47	\$2,112.39	1.0%	1.0%
Year 2	\$0.082742	\$6,287.07	\$160.48	2.6%	3.4%	\$216,456.57	\$7,288.10	3.5%	4.5%
Year 3	\$0.129145	\$6,460.58	\$173.51	2.8%	6.3%	\$224,336.11	\$7,879.54	3.6%	8.3%
Year 4	\$0.129469	\$6,461.79	\$1.21	0.0%	6.3%	\$224,391.12	\$55.01	0.0%	8.4%
Year 5	\$0.117178	\$6,415.84	(\$45.95)	-0.7%	5.5%	\$222,304.03	(\$2,087.09)	-0.9%	7.4%
Year 6	\$0.108930	\$6,384.99	(\$30.85)	-0.5%	5.0%	\$220,903.46	(\$1,400.57)	-0.6%	6.7%
Year 7	\$0.102640	\$6,361.47	(\$23.52)	-0.4%	4.6%	\$219,835.38	(\$1,068.08)	-0.5%	6.2%
Year 8	\$0.096085	\$6,336.96	(\$24.51)	-0.4%	4.2%	\$218,722.30	(\$1,113.08)	-0.5%	5.6%
Year 9	\$0.089999	\$6,314.21	(\$22.75)	-0.4%	3.9%	\$217,688.86	(\$1,033.44)	-0.5%	5.1%
Year 10	\$0.085370	\$6,296.90	(\$17.31)	-0.3%	3.6%	\$216,902.82	(\$786.04)	-0.4%	4.8%
Year 11	\$0.079983	\$6,276.76	(\$20.14)	-0.3%	3.2%	\$215,988.07	(\$914.75)	-0.4%	4.3%
Year 12	\$0.060578	\$6,204.20	(\$72.56)	-1.2%	2.0%	\$212,692.98	(\$3,295.09)	-1.5%	2.7%
Year 13	\$0.035645	\$6,110.97	(\$93.23)	-1.5%	0.5%	\$208,459.19	(\$4,233.79)	-2.0%	0.7%

South Jersey Gas Company
Energy Efficiency Tracker - Triennium 2
Annual Bill Summary

Effective Date	Rate	<u>Proposed Comprehensive Firm Trans Service</u>				<u>Proposed Large Volume Service</u>			
		Annual Bill	Change (\$)	Change (%)	Cumulative Change (%)	Annual Bill	Change (\$)	Change (%)	Cumulative Change (%)
Current Bill	\$0.027382	\$237,830.89				\$1,715,286.84			
Year 1	\$0.039822	\$247,603.12	\$9,772.23	4.1%	4.1%	\$1,749,708.94	\$34,422.10	2.0%	2.0%
Year 2	\$0.082742	\$281,318.89	\$33,715.77	13.6%	18.3%	\$1,868,470.73	\$118,761.79	6.8%	8.9%
Year 3	\$0.129145	\$317,770.74	\$36,451.85	13.0%	33.6%	\$1,996,870.15	\$128,399.42	6.9%	16.4%
Year 4	\$0.129469	\$318,025.26	\$254.52	0.1%	33.7%	\$1,997,766.67	\$896.52	0.0%	16.5%
Year 5	\$0.117178	\$308,370.07	(\$9,655.19)	-3.0%	29.7%	\$1,963,756.86	(\$34,009.81)	-1.7%	14.5%
Year 6	\$0.108930	\$301,890.86	(\$6,479.21)	-2.1%	26.9%	\$1,940,934.23	(\$22,822.63)	-1.2%	13.2%
Year 7	\$0.102640	\$296,949.75	(\$4,941.11)	-1.6%	24.9%	\$1,923,529.49	(\$17,404.74)	-0.9%	12.1%
Year 8	\$0.096085	\$291,800.48	(\$5,149.27)	-1.7%	22.7%	\$1,905,391.48	(\$18,138.01)	-0.9%	11.1%
Year 9	\$0.089999	\$287,019.63	(\$4,780.85)	-1.6%	20.7%	\$1,888,551.21	(\$16,840.27)	-0.9%	10.1%
Year 10	\$0.085370	\$283,383.32	(\$3,636.31)	-1.3%	19.2%	\$1,875,742.54	(\$12,808.67)	-0.7%	9.4%
Year 11	\$0.079983	\$279,151.56	(\$4,231.76)	-1.5%	17.4%	\$1,860,836.44	(\$14,906.10)	-0.8%	8.5%
Year 12	\$0.060578	\$263,907.98	(\$15,243.58)	-5.5%	11.0%	\$1,807,141.83	(\$53,694.61)	-2.9%	5.4%
Year 13	\$0.035645	\$244,321.88	(\$19,586.10)	-7.4%	2.7%	\$1,738,150.97	(\$68,990.86)	-3.8%	1.3%

Effective Date	Rate	<u>Proposed Electric Generation Service</u>				<u>Proposed Electric Generation Service Large Volume</u>			
		Annual Bill	Change (\$)	Change (%)	Cumulative Change (%)	Annual Bill	Change (\$)	Change (%)	Cumulative Change (%)
Current Bill	\$0.027382	\$136,054.05				\$2,688,549.14			
Year 1	\$0.039822	\$137,905.85	\$1,851.80	1.4%	1.4%	\$2,746,648.23	\$58,099.09	2.2%	2.2%
Year 2	\$0.082742	\$144,294.87	\$6,389.02	4.6%	6.1%	\$2,947,099.41	\$200,451.18	7.3%	9.6%
Year 3	\$0.129145	\$151,202.36	\$6,907.49	4.8%	11.1%	\$3,163,817.41	\$216,718.00	7.4%	17.7%
Year 4	\$0.129469	\$151,250.59	\$48.23	0.0%	11.2%	\$3,165,330.60	\$1,513.19	0.0%	17.7%
Year 5	\$0.117178	\$149,420.96	(\$1,829.63)	-1.2%	9.8%	\$3,107,927.40	(\$57,403.20)	-1.8%	15.6%
Year 6	\$0.108930	\$148,193.18	(\$1,227.78)	-0.8%	8.9%	\$3,069,406.40	(\$38,521.00)	-1.2%	14.2%
Year 7	\$0.102640	\$147,256.86	(\$936.32)	-0.6%	8.2%	\$3,040,029.93	(\$29,376.47)	-1.0%	13.1%
Year 8	\$0.096085	\$146,281.09	(\$975.77)	-0.7%	7.5%	\$3,009,415.82	(\$30,614.11)	-1.0%	11.9%
Year 9	\$0.089999	\$145,375.13	(\$905.96)	-0.6%	6.9%	\$2,980,992.10	(\$28,423.72)	-0.9%	10.9%
Year 10	\$0.085370	\$144,686.07	(\$689.06)	-0.5%	6.3%	\$2,959,373.08	(\$21,619.02)	-0.7%	10.1%
Year 11	\$0.079983	\$143,884.16	(\$801.91)	-0.6%	5.8%	\$2,934,213.93	(\$25,159.15)	-0.9%	9.1%
Year 12	\$0.060578	\$140,995.56	(\$2,888.60)	-2.0%	3.6%	\$2,843,585.90	(\$90,628.03)	-3.1%	5.8%
Year 13	\$0.035645	\$137,284.07	(\$3,711.49)	-2.6%	0.9%	\$2,727,140.20	(\$116,445.70)	-4.1%	1.4%

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 14 - GAS

**Fifth Revised Sheet No. 6
Superseding Fourth Revised Sheet No. 6**

RESIDENTIAL SERVICE (RSG)

APPLICABLE TO USE OF SERVICE FOR:

All residential purposes. Customer may elect Firm Sales Service or Firm Transportation Service. To be eligible for Firm Transportation Service RSG, a customer must hold clear and marketable title to gas that is made available for delivery to the customer's residence on the Company's system.

CHARACTER OF SERVICE Firm Sales Service and Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Customer Charge: \$10.502563 per month

Delivery Charge:

(a) Residential Non-Heating Customers
Firm Sales Service and Firm Transportation Service \$1.~~217521~~229961 per therm

(b) Residential Heating Customers
Firm Sales Service and Firm Transportation Service \$1.~~292346~~304786 per therm

Basic Gas Supply Service ("BGSS") Charge:

All consumption for customers who elect Firm Sales Service. See Rider "A" of this Tariff.

APPLICABLE RIDERS:

Basic Gas Supply Service Clause: BGSS charges are depicted in Rider "A" of this Tariff.

Infrastructure Investment Program The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "B" of this Tariff.

Transportation Initiation Clause: The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "C" of this Tariff.

Societal Benefits Clause: The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "E" of this Tariff.

Temperature Adjustment Clause: The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "F" of this Tariff.

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates and Price to Compare

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B. Schomber, President

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 14 - GAS

**Fifth Revised Sheet No. 10
Superseding Fourth Revised Sheet No. 10**

GENERAL SERVICE (GSG)

APPLICABLE TO USE OF SERVICE FOR:

All Commercial and Industrial Customers who would not qualify for any other Rate Schedule. A customer qualifying for service under Rate Schedule GSG may elect either Firm Sales Service or Firm Transportation Service. To be eligible for Firm Transportation Service under this Rate Schedule GSG, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

CHARACTER OF SERVICE:

Firm Sales Service or Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Customer Charge:

\$40.496175 per month

Delivery Charges:

Firm Sales Service and Firm Transportation Service

\$1.~~081037~~093477 per therm

Basic Gas Supply Service ("BGSS") Charge:

All consumption for customers who elect
Firm Sales Service

See Rider "A" of this Tariff.

LINE LOSS:

Line Loss shall be 1.43% as provided in Special Provision (o).

APPLICABLE RIDERS:

Basic Gas Supply Service Clause:	BGSS charges are depicted in Rider "A" of this Tariff.
Infrastructure Investment Program	The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "B" of this Tariff.
Transportation Initiation Clause:	The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "C" of this Tariff.
Societal Benefits Clause:	The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "E" of this Tariff.
Temperature Adjustment Clause:	The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "F" of this Tariff.

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates and Price to Compare.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 14 - GAS

**Fifth Revised Sheet No. 14
Superseding Fourth Revised Sheet No. 14**

GENERAL SERVICE – LARGE VOLUME (GSG-LV)

APPLICABLE TO USE OF SERVICE FOR:

All Commercial and Industrial Customers who would not qualify for any other Rate Schedule (other than Rate Schedule GSG), and who has an annualized usage of 100,000 therms or more,. A customer qualifying for service under Rate Schedule GSG-LV may elect either Firm Sales Service or Firm Transportation Service. To be eligible for Firm Transportation Service under this Rate Schedule GSG-LV, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

CHARACTER OF SERVICE:

Firm Sales Service or Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Customer Charge:

\$264.003500 per month

Delivery Charges:

Firm Sales Service and Firm Transportation Service⁽²⁾

Demand Charge:

D-1FT: \$14.199998 per Mcf of Contract Demand

Volumetric Charge:

\$~~.650082~~ .662522 per therm

Basic Gas Supply Service ("BGSS") Charge:

All consumption for customers who elect
Firm Sales Service

See Rider "A" of this Tariff.

LINE LOSS:

Line Loss shall be 1.43% as provided in Special Provision (o).

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates and Price to Compare.

⁽²⁾ See Special Provision (p) of this Rate Schedule GSG-LV, regarding appropriate balancing charges.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 14 - GAS

**Fourth Revised Sheet No. 18
Superseding Third Revised Sheet No. 18**

COMPREHENSIVE TRANSPORTATION SERVICE (CTS)

APPLICABLE TO USE OF SERVICE FOR:

All customers having a Firm Contract Demand, and an average annual daily Firm usage of 100 Mcf per day or more. To be eligible for service under this Rate Schedule CTS, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system. Provided, however, that any customer receiving service under this Rate Schedule CTS prior to August 29, 2003 shall continue to be eligible to receive service under this Rate Schedule CTS, notwithstanding the foregoing, if said customers continues to have a Firm Contract Demand of 100 Mcf per day or more. Further provided, however, that if a customer ceases to receive service under this Rate Schedule CTS, and seeks to return to service under this Rate Schedule CTS, said customer must meet all requirements for eligibility as though applying for service in the first instance.

CHARACTER OF SERVICE:

Firm Transportation Service and Limited Firm Transportation Service

MONTHLY RATE: ⁽¹⁾

Firm:

Customer Charge: \$874.996738 per month

Delivery Charges:

Demand Charge: D-1FT: \$37.000048 per Mcf of Contract Demand

Volumetric Charges:

All consumption for customers who elected to
transfer from Sales Service to Firm Transportation Service
per therm \$~~.230767~~ 243207

Limited Firm:

Customer Charge: \$533.125000per month

Delivery Charges:

Volumetric Charges:

All consumption for customers who elected to
transfer from Sales Service to Firm Transportation Service
per therm \$~~.492693~~ 205133

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 14 - GAS

**Fifth Revised Sheet No. 25
Superseding Fourth Revised Sheet No. 25**

LARGE VOLUME SERVICE (LVS)

APPLICABLE TO USE OF SERVICE FOR:

Firm Sales Service and Firm Transportation Service pursuant to this Rate Schedule LVS, shall be available to all Industrial Customers with a Contract Demand and a minimum annualized average use of 200 Mcf per day. To be eligible for Firm Transportation Service under this Rate Schedule LVS, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

CHARACTER OF SERVICE:

Firm Sales Service, Limited Firm Sales Service, Firm Transportation Service, and Limited Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Firm:

Customer Charge:

\$1,225.003963 per month

Delivery Charge:

Firm Sales Service and Firm Transportation Service

Demand Charge:

D-1FT: \$22.000043 per Mcf of Contract Demand

Volumetric Charge:

\$~~.197314~~ .209754 per therm

Basic Gas Supply Service ("BGSS") Charge:

Demand Charge:

D-2: \$16.502043 per Mcf of Contract Demand.

Volumetric Charge:

See Rider "A" of this Tariff.

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 14 - GAS

**Fourth Revised Sheet No. 26
Superseding Third Revised Sheet No. 26**

LARGE VOLUME SERVICE (LVS)
(Continued)

Limited Firm:

Customer Charge:

\$533.125000 per month

Delivery Charge:

Firm Sales Service and Firm Transportation

Volumetric Charge:

\$~~.290492~~302932 per therm

Basic Gas Supply Service ("BGSS") Charge:

Applicable to customers who elect Firm Sales Service

Volumetric Charge:

See Rider "A" of this Tariff.

PRICE TO COMPARE:

The Company will provide the Price to Compare for an LVS customer, at said customer's request.

LINE LOSS:

Line Loss shall be 1.43% as provided in Special Provision (h).

MINIMUM BILL:

Sum of monthly Customer Charge and monthly Demand Charges, irrespective of use.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 14 - GAS

**Fifth Revised Sheet No. 31
Superseding Fourth Revised Sheet No. 31**

FIRM ELECTRIC SERVICE (FES)

APPLICABLE TO USE OF SERVICE FOR:

All gas that is purchased or transported to generate electricity. Provided, however, that in order to qualify for this Rate Schedule FES, a customer must have a Winter Daily Contract Demand of 1,000 Mcf per day or more, or a Summer Daily Contract Demand of 2,000 Mcf per day or more, or both. To be eligible for Firm Transportation Service under this Rate Schedule FES, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

CHARACTER OF SERVICE:

Firm Sales Service and Firm Transportation Service.

MONTHLY RATE ^{(1) (2)}

WINTER (November – March):

Demand Charge:

- D-1 \$3.089100 per Mcf of Winter Daily Contract Demand
- D-2 \$8.251022 per Mcf of Daily Billing Determinant or \$0 for Firm Transportation customers

Volumetric Charge:

- C-1: \$.~~130393~~-142833 per therm of consumption
 - C-2: FES Monthly Commodity Rate, pursuant to Rider "A" and Special Provision (x), OR Customer Owned Gas Clause, Rider "D"
 - C-3: \$.173700 per therm of consumption
 - C-4: Escalator Rate – Charge may change monthly pursuant to Standard Gas Service Addendum.
- Minimum Bill:** The monthly D-1 and D-2 charges, irrespective of use.

SUMMER (April – October):

Demand Charge:

- D-1 \$3.089100 per Mcf of Summer Daily Contract Demand
- D-2 \$8.251022 per Mcf of Daily Billing Determinant or \$0 for Firm Transportation customers

Volumetric Charge:

- C-1: \$.~~130393~~-142833 per therm of consumption
- C-2: FES Monthly Commodity Rate, pursuant to Rider "A" and Special Provision (x), OR Customer Owned Gas Clause, Rider "D"
- C-3: \$.173700 per therm of consumption
- C-4: Escalator Rate – Charge may change monthly pursuant to Standard Gas Service Addendum.

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates.

⁽²⁾ Please refer to Special Provision (p)

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 14 - GAS

**Fifth Revised Sheet No. 38
Superseding Fourth Revised Sheet No. 38**

ELECTRIC GENERATION SERVICE (EGS)

APPLICABLE TO USE OF SERVICE FOR:

Residential, commercial and industrial uses for electric generation facilities (excluding back-up generator equipment); all Prime Movers; and all engine driven equipment (whether or not used for electric generation). Provided, however, that in order to be eligible for this Rate Schedule EGS, a customer must have a Firm Daily Contract Demand of less than 200 Mcf per day; provided, however, that a residential EGS customer will have no Firm Daily Contract Demand. To be eligible for Firm Transportation Service under this Rate Schedule EGS, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

CHARACTER OF SERVICE:

Firm Sales Service and Firm Transportation Service

MONTHLY RATE: ⁽¹⁾⁽²⁾

Residential Customer Charge:

\$10.502563 per month

Residential Delivery Charge

Residential Volumetric Charge: \$.~~406879~~415037 per therm

Commercial and Industrial Customer Charge:

\$91.996050 per month

Commercial and Industrial Delivery Charge:

Commercial and Industrial Demand Charge:

D-1 Charge: \$9.750003 per Mcf of contract

Volumetric Charges:

Winter Season (effective during billing months of November through March):

All Consumption for Firm Sales Service and Firm Transportation Service

\$.~~393747~~406187 per therm

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates.

⁽²⁾ See Special Provision (k) of this Rate Schedule EGS, regarding appropriate balancing charges.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 14 - GAS

**Fifth Revised Sheet No. 39
Superseding Fourth Revised Sheet No. 39**

ELECTRIC GENERATION SERVICE (EGS)
(Continued)

Summer Season (effective during billing months of April through October):

All Consumption for Firm Sales Service and Firm Transportation Service

\$~~361759~~374199 per therm

Basic Gas Supply Service ("BGSS") Charge:

Applicable to customers who elect Firm Sales Service

See Rider "A" of this Tariff.

LINE LOSS:

Line Loss shall be 1.43% as provided in Special Provision (p).

APPLICABLE RIDERS:

Basic Gas Supply Service Clause:	BGSS charges are depicted in Rider "A" of this Tariff.
Infrastructure Investment Program	The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "B" of this Tariff.
Societal Benefits Clause:	The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "E" of this Tariff.
Balancing Service Clause	The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "J" of this Tariff. However, also see Special Provision (k) regarding Rider "I".
Energy Efficiency Tracker:	The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "N" of this Tariff.

TERMS OF PAYMENT:

Payment of all bills must be received in full at the Company's designated office within fifteen (15) days of the billing date; provided however, the Company shall take into account any postal service delays of which the Company is advised. If the fifteenth (15th) day falls on a non-business day, the due date shall be extended to the next business day. Should the customer fail to make payment as specified, the Company may, beginning on the twenty-sixth (26th) day, assess simple interest at a rate equal to the prime rate as published in the Money Rates column in The Wall Street Journal. A late payment charge shall not be assessed on a residential customer, or on State, county or municipal government entities.

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B. Schomber, President

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 14 - GAS

**Fifth Revised Sheet No. 43
Superseding Fourth Revised Sheet No. 43**

ELECTRIC GENERATION SERVICE – LARGE VOLUME (EGS-LV)

APPLICABLE TO USE OF SERVICE FOR:

All commercial and industrial electric generation facilities; all Prime Movers and all engine driven equipment (whether or not used for electric generation). Provided, however, that in order to be eligible for this Rate Schedule EGS-LV, a customer must have a Firm Daily Contract Demand of 200 Mcf per day or more. To be eligible for Firm Transportation Service under this Rate Schedule EGS-LVS, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

CHARACTER OF SERVICE:

Firm Sales Service, Firm Transportation Service, Limited Firm Sales Service and Limited Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Customer Charge:

\$874.996738 per month

FIRM:

Demand Charges: ⁽²⁾

D-1 \$29.441185 per Mcf of Firm Daily Contract Demand.

D-2 \$16.587216 per Mcf of Firm Daily Contract Demand or \$0 for Firm Transportation customers.

Volumetric Charge:

C-1: \$.~~130678~~-143118 per therm of consumption

C-2: As depicted in the Monthly BGSS Subrider of Rider "A" of this Tariff, OR
Customer Owned Gas Clause, Rider "D"

Minimum Bill: Monthly D-1 and D-2 charges, irrespective of use.

LIMITED FIRM:

Demand Charge:

D-2 \$8.251022 per Mcf of Limited Firm Daily Contract Demand or \$0 for Limited Firm Transportation customers

Volumetric Charge: ⁽²⁾

C-1: \$.~~130393~~-142833 per therm of consumption

C-2: As depicted in the Monthly BGSS Subrider of Rider "A" of this Tariff, OR
Customer Owned Gas Clause, Rider "D"

C-3 \$.173700 per therm for all consumption within Limited Firm Contract Demand level.¹

Minimum Bill: Monthly D-2 charge, irrespective of use.

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates.

⁽²⁾ Please refer to Special Provision (j).

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 14 - GAS

**Fourth Revised Sheet No. 60
Superseding Third Revised Sheet No. 60**

NATURAL GAS VEHICLE (NGV)

APPLICABLE TO:

This service will be available to Commercial and Industrial customers who will utilize natural gas, for the purpose of providing vehicle fuel at Company-operated fueling stations or at separately metered customer-operated fueling stations.

CHARACTER OF SERVICE:

Firm Sales Service or Firm Transportation Service

COMPRESSED NATURAL GAS VEHICLE SERVICE AT COMPANY OPERATED FUELING STATIONS

This part of the service is available for refueling vehicles with compressed natural gas to customers who refuel at Company operated fueling stations. All service at Company operated fueling stations shall be Firm Sales Service. Provided, however, that in the Company's sole discretion, it may allow for Firm Transportation service for a Customer-specific dedicated dispenser or time fill system (separately metered) at a Company operated fueling station.

Rate for Monthly Consumption

Volumetric Charge

C-1: \$0.~~134377~~ 146817 per therm (\$0.~~167971~~ 183521 GGE*)

Distribution Charge: \$0.257866 per therm (\$0.322333 GGE*)

Compression Charge: \$0.700000 per therm (\$0.875000 GGE*)

Commodity Charges

All consumption for customers who elected Firm Sales Service

Basic Gas Supply Service ("BGSS") Charge:

See Rider "A" of this Tariff.

BGSS rate * GGE Factor 1.25 = GGE

GGE indicates Gasoline Gallon Equivalent. The gasoline gallon equivalent shall be determined in accordance with local standards. The point of sale price to the Customer shall be displayed in gasoline gallon equivalents at public access dispensers at Company operated fueling stations, and shall be calculated as C-1 + Distribution Charge + Compression Charge + New Jersey Motor Vehicle Fuel Tax + Federal Excise Tax + BGSS.

Commodity charges do not include State of New Jersey Motor vehicle fuel tax and Federal Excise Tax. As of January 1, 2020 these taxes were \$0.105 and \$0.1830 per gallon, respectively and shall be charged at the prevailing rate when applicable. The Company is under no obligation to determine if a customer is exempt from taxation.

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by South Jersey Gas Company,
B. Schomber, President

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 14 - GAS

**Fourth Revised Sheet No. 61
Superseding Fifth Revised Sheet No. 61**

**NATURAL GAS VEHICLE (NGV)
(Continued)**

NATURAL GAS VEHICLE SERVICE AT CUSTOMER OPERATED FUELING STATIONS

This part of the service is available for the sale of separately metered uncompressed gas for the use of the customer solely as a vehicle fuel as follows:

The customer agrees to obtain and maintain, at its expense, all necessary certificates, licenses and regulatory approvals and pay all taxes levied on the gas compressed for refueling the customer's vehicles;

If the customer provides natural gas for resale as a motor fuel, the customer will be responsible for collecting and paying all applicable taxes on the gas compressed for resale and on the sale thereof and for the metering of such sale in accordance with local standards and regulations; and

The customer must execute a Standard Gas Service Agreement (NGV) for not less than 12 months and must produce evidence of Land Rights.

Rate for Monthly Consumption

Monthly Customer Charge

The monthly customer charge shall be determined in accordance with the maximum delivery capability requested by the customer.

0-999 Cf/hour	\$39.984400
1,000-4,999 Cf/hour	\$79.968800
5,000-24,999 Cf/hour	\$258.000500
25,000 and greater Cf/hour	\$986.281250

Volumetric Charges

C-1: \$0.~~134377~~ 146817 per therm (\$0.~~167971~~ 183521 GGE)

Distribution Charge: \$0.257866 per therm (\$0.322333 GGE)

Basic Gas Supply Service ("BGSS") Charge:

All consumption for customers who elect Firm Sales Service See Rider "A" of this Tariff.

Facilities Charge

All consumption for Customers that elect to have the Company construct Compressed Natural Gas ("CNG") fueling facilities located on Customer's property:

C-2: \$0.294445 (\$0.368056 GGE)

The customer shall pay all related motor vehicle taxes directly to the taxing entity. Such taxes shall be incremental to charges paid to the Company for the cost of receiving service under this rate schedule.

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B. Schomber, President

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 14 – GAS

**Fourth Revised Sheet No. 62
Superseding Third Revised Sheet No. 62**

**NATURAL GAS VEHICLE (NGV)
(Continued)**

DELIVERY SERVICE FOR NATURAL GAS VEHICLES

This part of service is available for delivery of customer owned natural gas for use in compression and dispensing equipment at the Customer's premises, as follows:

The customer must purchase under a contract with an initial term of not less than one year an adequate supply of natural gas of a quality acceptable to the Company, and must make arrangements by which such volumes of natural gas can be delivered into the Company's distribution system at the Customer's expense.

By taking service under this part, the Customer warrants that it has good and legal title to all gas supplied to the Company, and agrees to indemnify, defend and hold the Company harmless from any loss, claims or damages in regard to such title.

Rate for Delivery Service

Monthly Customer Charge

The monthly customer charge shall be determined in accordance with the maximum delivery capability requested by the customer.

0-999 Cf/hour	\$39.984400
1,000-4,999 Cf/hour	\$79.968800
5,000-24,999 Cf/hour	\$258.000500
25,000 and greater Cf/hour	\$986.281250

Volumetric Charge

C-1: \$0.~~134377~~146817 per therm (\$0.~~467971~~183521 GGE)

Distribution Charge: \$0.257866 per therm (\$0.322333 GGE)

Facilities Charge

All consumption for Customers that elect to have the Company construct CNG fueling facilities located on Customer's property:

C-2: \$0.294445 per therm (\$0.368056 GGE)

Sales taxes are not included in the above basic charges. The Company is under no obligation to determine if a customer is exempt from taxation. Customers seeking tax exemption must file verification with the Company.

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B. Schomber, President

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 14 - GAS

**Second Revised Sheet No. 105
Superseding First Revised Sheet No. 105**

**RIDER "N"
ENERGY EFFICIENCY TRACKER ("EET")**

APPLICABLE TO:

Rate Schedule RSG	-	Residential
Rate Schedule GSG	-	General Service
Rate Schedule GSG-LV	-	General Service- Large Volume
Rate Schedule CTS	-	Comprehensive Transportation Service
Rate Schedule LVS	-	Large Volume Service
Rate Schedule FES	-	Firm Electric Service
Rate Schedule EGS	-	Electric Generation Service
Rate Schedule EGS-LV	-	Electric Generation Service- Large Volume
Rate Schedule IGS	-	Interruptible Gas Service
Rate Schedule ITS	-	Interruptible Transportation Service
Rate Schedule NGV	-	Natural Gas Vehicle

This Rider "N" shall be known as the Energy Efficiency Tracker ("EET"). For financial accounting purposes the Company shall record a return on and a return of investments in energy efficiency programs, as approved by the Board at Docket No. GO09010059, in an Order dated July 24, 2009, Docket No. GO12050363, in an Order dated June 21, 2003, Docket No. GR15010090, in an Order dated August 19, 2015, Docket No. GO18030350, in an Order dated October 29, 2018 and Docket No. GR20060436 dated January 27, 2021 and recover all incremental operating and maintenance expenses of the programs, subject to the EET. Docket No. GO20090618 was filed in accordance with the Clean Energy Act of 2018 ("CEA") and the Board's Order dated June 10, 2020 in Docket Nos. QO19010040, QO19060748 and QO171091004. The calculation will use the weighted average cost of capital as identified in the respective Orders referenced above.

The EET rate will be calculated annually using projected data and subject to a true-up at the end of the EET year with simple interest on net over/under recoveries. Interest associated with over recoveries will be credited against the EET, while interest associated with under recoveries will be charged to the EET. The interest on monthly EET under and over recoveries shall be the interest rate based on the Company's weighted interest rate for the corresponding month obtained on its commercial paper and bank credit lines but shall not exceed the Company's weighted average cost of capital utilized to set rates in its most recent base rate case.

This EET will be effectuated through a volumetric rate applied to customers' bills. The Company shall make an annual EET rate filing in July of each year with a proposed implementation of the revised EET rate in October. Included in the filing will be a list of efficiency programs offered and eligible for recovery under the EET.

The Company shall have the discretion to implement a bill credit or a refund at any time during the EET Year with five (5) days notice to the BPU Staff and the Division of Rate Counsel. The Company shall have the discretion to file a self-implementing EET rate reduction at any time with two (2) weeks notice to the BPU Staff and the Division of Rate Counsel.

Rate Schedules subject to this Rider will be charged the following volumetric rate:

	<u>EEP</u>	<u>EEP Extension</u>	<u>Total</u>	
	<u>Legacy Rate</u>	<u>Per Therm</u>	<u>Rate</u>	<u>Tariff Rate</u>
<u>EEPs 2010-2018</u>	<u>\$0.012249</u>	<u>011488</u>	<u>\$0.014193</u>	<u>\$0.025681</u>
<u>Applicable NJ Sales Tax Triennium 1 EEPs</u>	<u>\$0.015133</u>	<u>000761</u>	<u>\$0.000940</u>	<u>\$0.001701</u>
<u>EET Rate per therm with NJ Sales Tax Triennium 2 EEPs</u>	<u>\$0.012440</u>	<u>249</u>	<u>\$0.015133</u>	<u>\$0.027382</u>
<u>Total EET Rate per Therm with NJ Sales & Use Tax</u>	<u>\$0.039822</u>			

Issued _____
by South Jersey Gas Company,
B. Schomber, President

Effective with service rendered
on and after _____

Filed pursuant to Order in Docket No. _____ of the Board of
Public Utilities, State of New Jersey, dated _____

SOUTH JERSEY GAS COMPANY
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RESIDENTIAL GAS SERVICE (RSG) - NONHEAT CUSTOMER					
	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>CUSTOMER CHARGE</u>		9.850000		0.652563	10.502563
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		0.897170		0.059438	0.956608
IIP	B	0.010798	0.000000	0.000715	0.011513
TIC	C	0.000229	0.000000	0.000015	0.000244
SBC:					
RAC	E, G	0.050674	0.000000	0.003357	0.054031
CLEP	E, K	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
Total SBC		0.096610	0.000000	0.006401	0.103011
CIP	M	0.034622	0.000000	0.002294	0.036916
EET	N	0.037348	0.000000	0.002474	0.039822
Balancing Service Charge BS-1	J	0.076761	0.000000	0.005085	0.081846
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
TOTAL DELIVERY CHARGE		1.153538	0.000000	0.076423	1.229961
<u>BGSS: (Applicable To Sales Customers Only)</u>	A	0.389249	0.000000	0.025788	0.415037

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RESIDENTIAL GAS SERVICE (RSG) - HEAT CUSTOMER

	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>CUSTOMER CHARGE</u>		9.850000		0.652563	10.502563
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		0.897170		0.059438	0.956608
IIP	B	0.010798	0.000000	0.000715	0.011513
TIC	C	0.000229	0.000000	0.000015	0.000244
SBC:					
RAC	E, G	0.050674	0.000000	0.003357	0.054031
CLEP	E, K	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
Total SBC		0.096610	0.000000	0.006401	0.103011
CIP	M	0.104798	0.000000	0.006943	0.111741
EET	N	0.037348	0.000000	0.002474	0.039822
Balancing Service Charge BS-1	J	0.076761	0.000000	0.005085	0.081846
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
Total Delivery Charge		1.223714	0.000000	0.081072	1.304786
<u>BGSS: (Applicable To Sales Customers Only)</u>	A	0.389249	0.000000	0.025788	0.415037

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GENERAL SERVICE (GSG)					
	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
CUSTOMER CHARGE		37.980000		2.516175	40.496175
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		0.723187		0.047911	0.771098
IIP	B	0.008606	0.000000	0.000570	0.009176
TIC	C	0.000229	0.000000	0.000015	0.000244
SBC:					
RAC	E, G	0.050674	0.000000	0.003357	0.054031
CLEP	E, K	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
Total SBC		0.096610	0.000000	0.006401	0.103011
CIP	M	0.082795	0.000000	0.005485	0.088280
EET	N	0.037348	0.000000	0.002474	0.039822
Balancing Service Charge BS-1	J	0.076761	0.000000	0.005085	0.081846
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
Total Delivery Charge		1.025536	0.000000	0.067942	1.093477
<u>BGSS: (Applicable To Sales Customers Only using less than 5,000 therms annually)</u>	A	0.389249	0.000000	0.025788	0.415037
<u>BGSS: (Applicable To Sales Customers Only using 5,000 therms annually or greater)</u>	A				RATE SET MONTHLY

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GENERAL SERVICE-LV (GSG-LV)

	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>CUSTOMER CHARGE</u>		247.600000		16.403500	264.003500
<u>D-1 Demand Charge (Mcf)</u>		13.317700		0.882298	14.199998
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		0.359109		0.023791	0.382900
IIP	B	0.004851	0.000000	0.000321	0.005172
TIC	C	0.000229	0.000000	0.000015	0.000244
SBC:					
RAC	E, G	0.050674	0.000000	0.003357	0.054031
CLEP	E, K	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
Total SBC		0.096610	0.000000	0.006401	0.103011
CIP	M	0.046449	0.000000	0.003077	0.049526
EET	N	0.037348	0.000000	0.002474	0.039822
Balancing Service Charge BS-1	J	0.076761	0.000000	0.005085	0.081846
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
Total Delivery Charge		0.621357	0.000000	0.041165	0.662522
<u>BGSS: (Applicable Sales Customers Only)</u>	A				RATE SET MONTHLY

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COMPREHENSIVE TRANSPORTATION SERVICE (CTS)

	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>FIRM</u>					
<u>CUSTOMER CHARGE</u>		820.630000		54.366738	874.996738
<u>D-1 Demand Charge (Mcf)</u>		34.701100		2.298948	37.000048
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		0.091136		0.006038	0.097174
IIP	B	0.003001	0.000000	0.000199	0.003200
SBC:					
RAC	E, G	0.050674	0.000000	0.003357	0.054031
CLEP	E, K	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
Total SBC		0.096610	0.000000	0.006401	0.103011
EET	N	0.037348	0.000000	0.002474	0.039822
Total Delivery Charge		0.228095	0.000000	0.015112	0.243207
Balancing Service Charge BS-1	I	0.076761	0.000000	0.005085	0.081846
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.001972	0.000000	0.000131	0.002103
BUY-OUT PRICE					RATE SET MONTHLY
<u>LIMITED FIRM</u>					
<u>CUSTOMER CHARGE</u>		500.000000		33.125000	533.125000
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		0.058400		0.003900	0.062300
SBC:					
RAC	E, G	0.050674	0.000000	0.003357	0.054031
CLEP	E, K	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
Total SBC		0.096610	0.000000	0.006401	0.103011
EET	N	0.037348	0.000000	0.002474	0.039822
Total Delivery Charge		0.192358	0.000000	0.012775	0.205133
Balancing Service Charge BS-1	I	0.076761	0.000000	0.005085	0.081846
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.001972	0.000000	0.000131	0.002103
BUY-OUT PRICE					RATE SET MONTHLY

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<u>LARGE VOLUME SERVICE (LVS)</u>					
	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>FIRM</u>					
<u>CUSTOMER CHARGE</u>		1,148.890000		76.113963	1,225.003963
<u>D-1 Demand Charge (Mcf)</u>		20.633100		1.366943	22.000043
<u>D-2 DEMAND BGSS(Applicable to Sales Customers Only)</u>	A	15.476711	0.000000	1.025332	16.502043
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		0.061199		0.004054	0.065253
IIP	B	0.001564	0.000000	0.000104	0.001668
SBC:					
RAC	E, G	0.050674	0.000000	0.003357	0.054031
CLEP	E, K	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
Total SBC		0.096610	0.000000	0.006401	0.103011
EET	N	0.037348	0.000000	0.002474	0.039822
Total Delivery Charge		0.196721	0.000000	0.013033	0.209754
Balancing Service Charge BS-1	I	0.076761	0.000000	0.005085	0.081846
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable to Transportation Customers Only)	I	0.001972	0.000000	0.000131	0.002103
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable Transportaton Customers Only)	I				RATE SET MONTHLY
<u>BGSS: (Applicable Sales Customers Only)</u>	A				RATE SET MONTHLY
<u>LIMITED FIRM</u>					
<u>CUSTOMER CHARGE</u>		500.000000		33.125000	533.125000
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		0.148587		0.009844	0.158431
IIP	B	0.001564	0.000000	0.000104	0.001668
SBC:					
RAC	E, G	0.050674	0.000000	0.003357	0.054031
CLEP	E, K	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
Total SBC		0.096610	0.000000	0.006401	0.103011
EET	N	0.037348	0.000000	0.002474	0.039822
Total Delivery Charge		0.284109	0.000000	0.018823	0.302932
Balancing Service Charge BS-1	I	0.076761	0.000000	0.005085	0.081846
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable to Transportation Customers Only)	I	0.001972	0.000000	0.000131	0.002103
BUY-OUT PRICE	I				RATE SET MONTHLY

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FIRM ELECTRIC SALES (FES)					
	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>WINTER</u>					
<u>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</u>		2.897200		0.191900	3.089100
<u>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</u>	A	7.738356	0.000000	0.512666	8.251022
<u>DELIVERY CHARGE (per therm):</u>					
SBC:					
RAC	E, G	0.050674	0.000000	0.003357	0.054031
CLEP	E, K	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
Total SBC		0.096610	0.000000	0.006401	0.103011
EET	N	0.037348	0.000000	0.002474	0.039822
Total Delivery Charge		0.133958	0.000000	0.008875	0.142833
<u>C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)</u>		0.162900		0.010800	0.173700
<u>C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)</u>					RATE SET MONTHLY
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only)	I				RATE SET MONTHLY
<u>BGSS: (Applicable To Sales Customers Only)</u>	A				RATE SET MONTHLY
<u>SUMMER</u>					
<u>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</u>		2.897200		0.191900	3.089100
<u>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</u>	A	7.738356	0.000000	0.512666	8.251022
SBC:					
RAC	E, G	0.050674	0.000000	0.003357	0.054031
CLEP	E, K	0.029336	0.000000	0.001944	0.031280
USF	E	0.016600	0.000000	0.001100	0.017700
EET	N	0.037348	0.000000	0.002474	0.039822
Total Delivery Charge		0.133958	0.000000	0.008875	0.142833
<u>C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)</u>		0.162900		0.010800	0.173700
<u>C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)</u>					RATE SET MONTHLY
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only)	I				RATE SET MONTHLY
<u>BGSS: (Applicable To Sales Customers Only)</u>	A				RATE SET MONTHLY

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ELECTRIC GENERATION SERVICE (EGS) - RESIDENTIAL

	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>CUSTOMER CHARGE</u>		9.850000		0.652563	10.502563
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate		0.180446		0.011955	0.192401
IIP	B	0.002099	0.000000	0.000139	0.002238
SBC:					
RAC	E, G	0.050674	0.000000	0.003357	0.054031
CLEP	E, K	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
Total SBC		0.096610	0.000000	0.006401	0.103011
EET	N	0.037348	0.000000	0.002474	0.039822
Balancing Service Charge BS-1	J	0.076761	0.000000	0.005085	0.081846
Total Delivery Charge		0.393264	0.000000	0.026055	0.419319
<u>BGSS: (Applicable To Sales Customers Only)</u>	A	0.389249	0.000000	0.025788	0.415037

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ELECTRIC GENERATION SERVICE (EGS) - COMMERCIAL/INDUSTRIAL

	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>CUSTOMER CHARGE</u>		86.280000		5.716050	91.996050
<u>D-1 DEMAND (MCF)</u>		9.144200		0.605803	9.750003
<u>DELIVERY CHARGE (per therm):</u>					
Base Rate - Winter Season (Nov - Mar)		0.168130		0.011139	0.179269
Base Rate - Summer Season (Apr - Oct)		0.138130		0.009151	0.147281
IIP	B	0.002099	0.000000	0.000139	0.002238
SBC:					
RAC	E, G	0.050674	0.000000	0.003357	0.054031
CLEP	E, K	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
Total SBC		0.096610	0.000000	0.006401	0.103011
EET	N	0.037348	0.000000	0.002474	0.039822
Balancing Service Charge BS-1	J	0.076761	0.000000	0.005085	0.081846
Total Delivery Charge - Winter Season		0.380948	0.000000	0.025239	0.406187
Total Delivery Charge - Summer Season		0.350948	0.000000	0.023251	0.374199
<u>BGSS: (Applicable To Sales Customers Only)</u>	A				RATE SET MONTHLY

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<u>ELECTRIC GENERATION SERVICE-LV (EGS-LV)</u>					
	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>FIRM</u>					
<u>CUSTOMER CHARGE</u>		820.630000		54.366738	874.996738
<u>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</u>		27.611897		1.829288	29.441185
<u>D-2 DEMAND BGSS (MCF) (Applicable to Sales Customers Only)</u>	A	15.556592	0.000000	1.030624	16.587216
<u>DELIVERY CHARGE (per therm):</u>					
IIP	B	0.000267	0.000000	0.000018	0.000285
SBC:					
RAC	E, G	0.050674	0.000000	0.003357	0.054031
CLEP	E, K	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
		0.096610	0.000000	0.006401	0.103011
EET	N	0.037348	0.000000	0.002474	0.039822
Total Delivery Charge		0.134225	0.000000	0.008893	0.143118
Balancing Service Charge BS-1	I	0.076761	0.000000	0.005085	0.081846
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.001972	0.000000	0.000131	0.002103
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only)	I				RATE SET MONTHLY
<u>BGSS: (Applicable To Sales Customers Only)</u>	A				RATE SET MONTHLY
<u>LIMITED FIRM</u>					
<u>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</u>	A	7.738356	0.000000	0.512666	8.251022
<u>DELIVERY CHARGE (per therm):</u>					
SBC:					
RAC	E, K	0.050674	0.000000	0.003357	0.054031
CLEP	E, G	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
		0.096610	0.000000	0.006401	0.103011
EET	N	0.037348	0.000000	0.002474	0.039822
Total Delivery Charge		0.133958	0.000000	0.008875	0.142833
<u>C-3 (Rate is negotiated. Shown here is the benchmark rate.)</u>		0.162900		0.010800	0.173700
Balancing Service Charge BS-1	I	0.076761	0.000000	0.005085	0.081846
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.001972	0.000000	0.000131	0.002103
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only)	I				RATE SET MONTHLY
<u>BGSS: (Applicable To Sales Customers Only)</u>	A				RATE SET MONTHLY

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YARD LIGHTING SERVICE (YLS)

	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
MONTHLY CHARGE / INSTALL		15.798780		1.046669	16.845449

STREET LIGHTING SERVICE (SLS)

MONTHLY CHARGE / INSTALL		18.987976		1.257953	20.245929
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INTERRUPTIBLE GAS SALES (IGS)

Commodity					Rate Set Monthly
SBC:					
RAC	E, K	0.050674	0.000000	0.003357	0.054031
USF	E	0.016600	0.000000	0.001100	0.017700
Total SBC:		0.067274	0.000000	0.004457	0.071731
EET	N	0.037348	0.000000	0.002474	0.039822

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<u>INTERRUPTIBLE TRANSPORTATION (ITS)</u>					
	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>CUSTOMER CHARGE</u>		500.000000		33.125000	533.125000
<u>TRANSPORTATION CHARGE A</u>		0.078400		0.005200	0.083600
SBC:					
RAC	E, K	0.050674	0.000000	0.003357	0.054031
CLEP	E, G	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
Total SBC:		0.096610	0.000000	0.006401	0.103011
EET	N	0.037348	0.000000	0.002474	0.039822
<u>TRANSPORTATION CHARGE B</u>		0.143200		0.009500	0.152700
SBC:					
RAC	E, K	0.050674	0.000000	0.003357	0.054031
CLEP	E, G	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
Total SBC:		0.096610	0.000000	0.006401	0.103011
EET	N	0.037348	0.000000	0.002474	0.039822
<u>TRANSPORTATION CHARGE C</u>		0.203200		0.013500	0.216700
SBC:					
RAC	E, K	0.050674	0.000000	0.003357	0.054031
CLEP	E, G	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
Total SBC:		0.096610	0.000000	0.006401	0.103011
EET	N	0.037348	0.000000	0.002474	0.039822

SOUTH JERSEY GAS COMPANY
Schedule of Rate Components
Appendix A - Effective _____

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NATURAL GAS VEHICLE (NGV)					
		<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>COMPANY OPERATED FUELING STATIONS</u>					
<u>DELIVERY CHARGE (per therm):</u>					
IIP	B	0.003736	0.000000	0.000248	0.003984
SBC					
RAC	E, K	0.050674	0.000000	0.003357	0.054031
CLEP	E, G	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
Total SBC:		0.096610	0.000000	0.006401	0.103011
EET	N	0.037348	0.000000	0.002474	0.039822
Total Delivery Charge		0.137694	0.000000	0.009123	0.146817
<u>DISTRIBUTION CHARGE</u>		0.241844	0.000000	0.0160220	0.257866
<u>COMPRESSION CHARGE</u>		0.656506	0.000000	0.043494	0.700000
Balancing Service Charge BS-1	I	0.076761	0.000000	0.005085	0.081846
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable for Transportation Customers Only)	I	0.001972	0.000000	0.000131	0.002103
Balancing Service Charge BS-1	J	0.076761	0.000000	0.005085	0.081846
<u>BGSS: (Applicable To Sales Customers Only)</u>	A				RATE SET MONTHLY
<u>CUSTOMER OPERATED FUELING STATIONS</u>					
<u>CUSTOMER CHARGE</u>					
0 - 999 CF/hour		37.500000		2.484400	39.984400
1,000 - 4,999 CF/hour		75.000000		4.968800	79.968800
5,000 - 24,999 CF/hour		241.970000		16.030500	258.000500
25,000 or Greater CF/hour		925.000000		61.281250	986.281250
<u>DELIVERY CHARGE (per therm):</u>					
IIP	B	0.003736	0.000000	0.000248	0.003984
SBC					
RAC	E, K	0.050674	0.000000	0.003357	0.054031
CLEP	E, G	0.029336	0.000000	0.001944	0.031280
USF	E	<u>0.016600</u>	<u>0.000000</u>	<u>0.001100</u>	<u>0.017700</u>
Total SBC:		0.096610	0.000000	0.006401	0.103011
EET	N	0.037348	0.000000	0.002474	0.039822
Total Delivery Charge		0.137694	0.000000	0.009123	0.146817
<u>DISTRIBUTION CHARGE</u>		0.241844	0.000000	0.016022	0.257866
Balancing Service Charge BS-1	I	0.076761	0.000000	0.005085	0.081846
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable for Transportation Customers Only)	I	0.001972	0.000000	0.000131	0.002103
Balancing Service Charge BS-1	J	0.076761	0.000000	0.005085	0.081846
<u>BGSS: (Applicable To Sales Customers Only)</u>	A				RATE SET MONTHLY
<u>Facilities Charge (Applicable only to Customers that elect the Company construct Compressed Natural Gas ("CNG") fueling Facilities located on Customer's property)</u>		0.276150		0.018295	0.294445

SOUTH JERSEY GAS COMPANY
Appendix A - Effective

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Heat Residential Rate Schedule:

	<i>RSG FSS</i>	<i>RSG-FTS</i>	<i>Difference</i>
BGSS	0.415037	0.000000	0.415037
Base Rate	0.956608	0.956608	0.000000
IIP	0.011513	0.011513	0.000000
CLEP	0.031280	0.031280	0.000000
RAC	0.054031	0.054031	0.000000
CIP	0.111741	0.111741	0.000000
USF	0.017700	0.017700	0.000000
TIC	0.000244	0.000244	0.000000
EET	0.039822	0.039822	0.000000
BSC "J" BS-1	0.081846	0.081846	0.000000
Price to Compare	1.719822	1.304786	0.415037

NonHeat Residential Rate Schedule:

	<i>RSG FSS</i>	<i>RSG-FTS</i>	<i>Difference</i>
BGSS	0.415037	0.000000	0.415037
CIP	0.036916	0.036916	0.000000
Base Rate	0.956608	0.956608	0.000000
IIP	0.011513	0.011513	0.000000
CLEP	0.031280	0.031280	0.000000
RAC	0.054031	0.054031	0.000000
USF	0.017700	0.017700	0.000000
TIC	0.000244	0.000244	0.000000
EET	0.039822	0.039822	0.000000
BSC "J" BS-1	0.081846	0.081846	0.000000
Price to Compare	1.644997	1.229961	0.415037

GSG

(Under 5,000 therms annually)

	<i>GSG FSS</i>	<i>GSG-FTS</i>	<i>Difference</i>
BGSS	0.415037	0.000000	0.415037
CIP	0.088280	0.088280	0.000000
Base Rates	0.771098	0.771098	0.000000
IIP	0.009176	0.009176	0.000000
CLEP	0.031280	0.031280	0.000000
RAC	0.054031	0.054031	0.000000
USF	0.017700	0.017700	0.000000
TIC	0.000244	0.000244	0.000000
EET	0.039822	0.039822	0.000000
BSC "J" BS-1	0.081846	0.081846	0.000000
Price to Compare	1.508514	1.093477	0.415037

GSG

(5,000 therms annually or greater)

	<i>GSG FSS</i>	<i>GSG-FTS</i>	<i>Difference</i>
BGSS	0.434221	0.000000	0.434221
CIP	0.088280	0.088280	0.000000
Base Rates	0.771098	0.771098	0.000000
IIP	0.009176	0.009176	0.000000
CLEP	0.031280	0.031280	0.000000
RAC	0.054031	0.054031	0.000000
USF	0.017700	0.017700	0.000000
TIC	0.000244	0.000244	0.000000
EET	0.039822	0.039822	0.000000
BSC "J" BS-1	0.081846	0.081846	0.000000
Price to Compare	1.527698	1.093477	0.434221

GSG-LV*Prior to 7/15/97*

	<i>GSG-LV FSS</i>	<i>GSG-LV-FTS</i>	<i>Difference</i>
BGSS	0.434221	0.000000	0.434221
CIP	0.049526	0.049526	0.000000
Base Rates	0.382900	0.382900	0.000000
CLEP	0.031280	0.031280	0.000000
RAC	0.054031	0.054031	0.000000
USF	0.017700	0.017700	0.000000
TIC	0.000244	0.000244	0.000000
EET	0.039822	0.039822	0.000000
BSC "J" BS-1	0.081846	0.081846	0.000000
Price to Compare	1.091571	0.657350	0.434221

**BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES**

DIRECT TESTIMONY

OF

ISAAC GABEL-FRANK

**Senior Vice President
Gabel Associates**

**On Behalf of
South Jersey Gas Company**

December 1, 2023

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Isaac Gabel-Frank and my business address is 417 Denison Street, Highland
4 Park, New Jersey 08904. I am presently employed as a Senior Vice President at Gabel
5 Associates, Inc., an energy, environmental, and public utility consulting firm.

6
7 **Q. Please summarize your professional experience and educational background.**

8 A. As a Senior Vice President at Gabel Associates, Inc., I perform specialized economic,
9 financial, tariff, regulatory, and marketplace analysis for various public and private clients
10 in the energy industry. My experience spans energy efficiency (“EE”), renewable energy,
11 cogeneration, traditional generation sources, gas transactions, and infrastructure analysis.
12 I have undertaken comprehensive development, evaluation, and ratemaking analyses
13 related to energy efficiency programs, including expert analysis for all of New Jersey’s
14 natural gas utilities and three of New Jersey’s electric utilities. This includes detailed
15 program design, cost-benefit, and lost revenue analysis.

16 I also provide insights and analysis with respect to electricity, natural gas, and
17 renewable markets. Since beginning work at Gabel Associates, Inc. in 2009, I have
18 evaluated and assisted in the analysis, development, and implementation of all types of
19 technologies and contractual arrangements. This includes the development of proprietary
20 models that evaluate the viability and customer rate impacts of projects and scenarios.

21 I use my knowledge of wholesale electricity and natural gas markets, paired with
22 my experience working with retail tariffs, to deliver in-depth market and rate forecasts
23 which are used to assess and guide project investment decisions and support regulatory

1 filings. I also have assisted in the development and approval of contract rates for large
2 natural gas purchasers, including the development of rates based upon historic and
3 projected usage and associated revenue loss and ratepayer impacts analysis. I have also
4 conducted analysis and filed expert testimony supporting natural gas infrastructure
5 investment programs.

6 I received a BA in Economics, Political Science, and English Writing from the
7 University of Pittsburgh. Further work experience is detailed in my resume provided in the
8 attached Schedule IGF-1.

9
10 **Q. Have you previously submitted testimony before the New Jersey Board of Public**
11 **Utilities (“Board” or “BPU”)?**

12 A. Yes. I have previously prepared or submitted testimony in Docket Nos. EO17030196,
13 GO18030355, GO18030350, GO18070682, GO18101112 & EO18101113, GR19020278,
14 GO20090618, GO20090619.

15
16 **II. PURPOSE OF TESTIMONY**

17 **Q. What is the purpose of your direct testimony in this case?**

18 A. The purpose of my testimony is to present the benefit-cost analysis conducted on the South
19 Jersey Gas Company (“South Jersey” or “Company”) proposed program portfolio for the
20 2.5 years ending June 30, 2027, *i.e.*, “Triennium 2”. The Company’s portfolio was
21 developed to establish and implement energy efficiency, building decarbonization start-up
22 (“BD”), and demand response (“DR”) programs pursuant to the Clean Energy Act¹ and the

¹ P.L. 2018, c. 17, (codified at N.J.S.A. 48:3-87.8 et al.). https://pub.njleg.gov/bills/2018/PL18/17_.PDF

Board's Orders dated May 24, 2023, July 26, 2023, September 27, 2023, and October 25, 2023 (the "May 2023 Order," "July 2023 Order," "September 2023 Order", and "October 2023 Order," respectively, and collectively, the "Triennium 2 Orders") in BPU Docket Nos. QO1901040, QO23030150, and QO17091004.

Q. Are you sponsoring any schedules in connection with your direct testimony?

A. Yes. I am presenting the following schedules, which have been prepared by me or under my direction and supervision and are accurate and complete to the best of my knowledge and belief. These schedules contain information responsive to the Minimum Filing Requirements ("MFRs") as referenced in the MFR Index attached to the Petition as Exhibit B and as approved by the Board in its May 2023 Order and July 2023 Order. The schedules attached to my testimony include:

- Schedule IGF-1 Resume of Isaac Gabel Frank
- Schedule IGF-2 Benefit-Cost Analysis Results
- Schedule IGF-3 Benefit-Cost Analysis Workpapers (Confidential)
- Schedule IGF-4 Emissions Avoided Results
- Schedule IGF-5 Sales Baseline Development
- Schedule IGF-6 Energy Use Reduction Targets

Q. Does the filing meet the Board's stated goals?

A. Yes. The filing presents a cost-effective plan to meet the goals outlined in the Triennium 2 Orders. The programs will provide energy savings opportunities to all South Jersey

customers, stimulate economic development in New Jersey, and reduce environmental pollution, including carbon dioxide and other greenhouse gas emissions.

III. BENEFIT-COST ANALYSIS OF THE COMPANY PORTFOLIO

Q. Did you conduct a benefit-cost analysis of the program portfolio in the Company's Plan?

A. Yes. The benefit-cost analysis ("BCA"), which calculates and details the results of the six tests prescribed in the MFRs as required by the Board, was prepared by me. This entailed developing a model which analyzed measure-specific details and computed the estimated costs and savings of each program for use in the New Jersey Cost Test ("NJCT"), the Total Resource Cost ("TRC") Test, the Participant Cost Test ("PCT"), the Program Administrator Cost ("PAC") Test, the Ratepayer Impact Measure ("RIM") Test, and the Societal Cost Test ("SCT"). This testimony presents the methodology and results of the six BCA tests required by the Board's MFRs for the Company's proposed portfolio of programs for the plan period of January 1, 2025 through June 30, 2027 (coinciding with Program Year 4 ("PY4"), Program Year 5 ("PY5"), and Program Year 6 ("PY6"), also known as Triennium 2). These results allow the BPU to evaluate the projected performance of the program offerings proposed for this time period.

Q. Please describe the BCA tests required by the Board's MFRs.

A. In the July 2023 Order, the Board updated MFRs for program filings by utilities. Section V.a. in the updated MFRs states:

The utility shall conduct a benefit-cost analysis of the programs and portfolio using the most recent New Jersey Cost Test, including its most recent avoided cost methodologies, as a primary test. In addition, the utility shall conduct benefit-cost analysis using the Participant Cost Test, Program Administrator Cost Test, Ratepayer Impact Measure Test, Total Resource Cost Test, and Societal Cost Test that assesses all program costs and benefits from a societal perspective i.e., that includes the combined financial costs and benefits realized by the utility and the customer as defined in the then-current version of the California Standard Practice Manual. The utility may also provide any additional benefit-cost analysis that it believes appropriate with supporting rationales and documentation.²

Each test listed above is designed to provide a different perspective on the cost-effectiveness of the proposed programs. The six benefit-cost tests prescribed by the Board provide the following perspectives for decision makers:

- New Jersey Cost Test – The New Jersey Cost Test is the primary cost-effectiveness test for energy efficiency programs in New Jersey. The test measures net costs of the program as a resource option based on total costs, similar to the total resource cost test, but also includes additional benefits to address specific state policy considerations in New Jersey, like the social cost of avoiding carbon dioxide emissions. However, this test also omits critical benefits, including the avoided cost of natural gas distribution.
- Societal Cost Test – The Societal Cost Test measures the net costs of a program as a resource option based on the total costs of the program, including both the participants' and the utility's costs. The Societal Cost Test differs from the Total Resource Cost Test in that it includes the effects of societal impacts such as environmental impacts to the economy, excludes tax credit benefits, and uses a different (societal) discount rate.
- Total Resource Cost Test – The Total Resource Cost Test measures the net costs of a program as a resource option based on the total costs, including both the participant and the utility costs of the program.

² July 2023 Order, Attachment A at 46; see also July 2023 Order, Attachment B at 21 (relating to BD Programs) and Attachment C at 14 (relating to DR Programs).

- 1 • Participant Cost Test – The Participant Cost Test is the measure of the quantifiable
2 benefits and costs from the perspective of program participants. Since many
3 customers do not base their decision to participate in a program entirely on
4 quantifiable variables, this test is not a complete measure of the benefits and costs
5 of a program to a customer.
- 6 • Program Administrator Cost Test – The Program Administrator Cost Test measures
7 the net costs of a program as a resource option based on the costs incurred by the
8 program administrator or utility (including incentive costs) and excluding any net
9 costs incurred by the participant. The benefits are similar to the TRC benefits.
10 Costs include the total program costs. This test measures the net economic impact
11 of investing in energy efficiency programs from the perspective of the utility.
- 12 • Ratepayer Impact Measure Test – The Ratepayer Impact Measure test measures
13 what happens to customer rates due to changes in utility revenues and operating
14 costs caused by the program.

15 In aggregate, these tests provide the Board with multiple viewpoints of the benefits
16 and costs associated with the programs.

17
18 **Q. Please describe your approach to assessing cost-effectiveness using the six tests**
19 **described above.**

20 A. I completed all six tests as required by the Triennium 2 Orders, which require utilities to
21 include the combined costs and benefits realized by the utility and the customer as defined
22 in the California Standard Practice Manual.³ The Triennium 2 Orders further require
23 utilities to calculate the level of capacity and energy savings for the BCA using the current
24 version of the New Jersey Technical Reference Manual (“TRM”), and to report the net
25 impact of such savings by applying the applicable net-to-gross (“NTG”) ratios from the
26 TRM. I applied the Board’s guidance on the development of specific benefits and costs.

³ California Public Utilities Commission. 2001. *California Standard Practice Manual: Economic Analysis of Demand-Side Programs and Projects*. https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc_public_website/content/utilities_and_industries/energy_-_electricity_and_natural_gas/cpuc-standard-practice-manual.pdf

1 **Q. Did you evaluate the Company’s portfolio of programs being proposed using the six**
2 **BCA tests required in the MFRs?**

3 A. Yes, I evaluated program cost-effectiveness for all six tests. The results of this analysis
4 are presented in Schedule IGF-2. The supporting workpapers for the BCA are attached as
5 Schedule IGF-3. Schedule IGF-3 is confidential and will be provided to the parties
6 following the execution of a non-disclosure agreement.

7
8 **Q. Please summarize your conclusions.**

9 A. The BCA results show the Company’s portfolio is cost-effective under the New Jersey
10 Cost Test. Under the New Jersey Cost Test, the 2.5-year portfolio results in net-benefits
11 and also produces significant environmental benefits. I estimate that the energy savings
12 produced by the Company’s Plan will reduce carbon dioxide (“CO₂”) emissions by more
13 than 500,000 tons, sulfur dioxide (“SO₂”) emissions by 16 tons, and nitrogen oxide
14 (“NO_x”) emissions by 434 tons.⁴ The displacement of these emissions will avoid human
15 health and environmental harms, providing additional benefits to customers. The portfolio
16 also will provide significant economic development benefits.

17
18 **Q. Did you assess the Quantitative Performance Indicators (“QPI”) for the portfolio?**

19 A. Yes. An overview of all metrics requested by the Board for QPI review is provided in
20 Appendix F to the Company’s Program Plan.

⁴ The results of the emissions avoided analysis are shown in Schedule IGF-4.

Q. Does the Company's portfolio meet the savings targets set forth in the July 2023 Order?

A. Yes. The July 2023 Order set forth energy savings targets for natural gas utilities for Program Years 4, 5, and 6, which were subsequently updated in the October 2023 Order. Table 1 below summarizes the applicable energy savings targets in the second triennium 2.5-year program cycle:

Table 1: Energy Savings Target

	Overall Target	State-Administered Target	Additional State Initiatives	Utility Target
PY4	0.68%	0.06%	0.13%	0.49% ⁵
PY5	0.75%	0.07%	0.13%	0.55%
PY6	0.75%	0.07%	0.13%	0.55%

The Company's proposed portfolio meets or exceeds the Energy Savings Targets set forth in the Triennium 2 Orders. A comparison of projected energy savings and the energy use reduction targets is shown in Schedule IGF-6.

Q. Did you conduct a BCA of the Company's BD and DR start-up programs?

A. Yes, I conducted BCAs for the Company's BD and DR Programs as required by the Board's July 2023 Order, which requires utilities to use the same six BCA tests for BD and DR start-up programs as are required for EE programs. The results of this analysis are presented in Schedule IGF-2.

⁵ Although the Board updated the annual energy savings targets for all of PY4 in the October 2023 Order, the Board also acknowledged that, under the revised term of Triennium 2, PY4 now consisted of only 6 months. As such, the Board directed utilities to provide six (6)-month projections for PY4 in the Triennium 2 filings, rather than annual projections.

1 **IV. BENEFIT-COST ANALYSIS ASSUMPTIONS**

2 **Q. What methodology did you use to complete the cost benefit analysis?**

3 A. I relied on methodology prescribed in the Board's Triennium 2 Orders.

5 **Q. Please describe the Program Benefits utilized in the benefit-cost analysis.**

6 A. The following describes the benefits used the analyses.

8 1. Avoided Wholesale Electric Energy Costs

9 The avoided wholesale electric energy costs benefit represents the wholesale
10 electric market purchases that would be avoided as a result of reductions in energy
11 usage associated with the programs.

13 2. Avoided Electric Ancillary Services Costs

14 The avoided electric ancillary services costs benefit represents the wholesale
15 electric ancillary service market purchases that would be avoided as a result of
16 reductions in energy usage associated with the programs.

18 3. Avoided Wholesale Electric Capacity Costs

19 The avoided wholesale electric capacity costs category captures the wholesale
20 reduction in PJM capacity as a result of the reductions in electric demand associated
21 with the programs.

23 4. Avoided Wholesale Natural Gas Costs

24 The avoided wholesale natural gas costs category captures wholesale natural gas
25 market purchases that would be avoided as a result of reduction in energy usage
26 associated with the programs.

28 5. Demand Reduction Induced Price Effect Benefits

29 The demand reduction induced price effects ("DRIPE") price suppression (also
30 known as merit order benefits) is a benefit that captures the reduction in wholesale
31 electric and natural gas market prices to all customers, not just participants, as a
32 result of reductions in load. Wholesale electric and natural gas markets are
33 fundamentally supply and demand based – therefore, downward movement in the
34 electric or natural gas demand curve as a result of reduced consumption should
35 result in less expensive generation resources being dispatched for electricity, and
36 less expensive natural gas delivered. If either market "clears" at a lower price, the
37 associated reductions in market prices flow through to all customers.

6. Avoided Electric T&D Costs

The value of avoided electric transmission and distribution costs captures value of reduced investment in transmission and distribution infrastructure as a result of energy and demand savings.

7. Avoided Emissions Damages

The avoided emissions damages category captures the economic value (also known as the avoided social cost) of reductions in CO₂, NO_x, and SO₂. Programs that decrease load displace power plant emissions, which reduce human health and environmental harms, also known as damages.

8. Non-Energy Benefits/Impacts

Non-energy benefits/impacts capture the value of program effects that are not energy related. Pursuant to the May 2023 Order, the value of non-energy benefits is equal to 15% of avoided wholesale energy costs. In addition, low- and moderate-income customers are expected to enjoy additional benefits, and pursuant to the May 2023 Order, that is valued at an additional 15% of wholesale energy costs (these programs have a total non-energy benefit adder of 30%).

9. Avoided Retail Electric and Natural Gas Costs

The avoided retail electric and natural gas cost categories captures the actual bill savings to participants of the programs. A key benefit of energy efficiency is reduced consumption by participants which results in reduced utility costs.

10. Customer Rebates and Incentives

The customer rebate and incentive cost category captures the direct rebate incentives provided to participants of the programs. Depending on perspective, customer rebates and incentive costs can either be a benefit to a program (to participants) or a cost to programs (to the utility and ultimately, customers). This benefit is only realized in the participant cost test, as that test singles out the experience of a participant in the programs. The time-value of money associated with the provision of loans is also a benefit to participants (and costs to the utility and ultimately, customers), and is captured as a benefit in the PCT, and as a cost in the PAC and RIM tests.

Q. Did you exclude any benefits for the purposes of cost benefit analysis?

A. Yes. As prescribed by the BPU's August 24, 2020 Order adopting the NJCT in BPU Docket Nos. QO19010040 and QO20060389, I did not include any quantified benefit for avoided natural gas distribution costs. This is a significant benefit of energy efficiency programs. If this benefit was forecasted using the same methodology as approved by the

Board for Triennium 1, it would have added an additional \$77.1 million in benefits for the Triennium 2 Programs.⁶

Q. Please describe the Program Costs listed in Table 2 above.

A. The program costs include:

1. Incremental Costs

The incremental cost category captures the incremental cost of participating in the programs. This cost is calculated based upon the difference between the efficient and base measure cost assumed that a participant would otherwise pay without access to the proposed programs.

2. Participant Costs

The participant cost category captures the incremental cost of participating in the programs paid by participants. This category includes both incremental costs paid by participants for the non-subsidized portion of costs, as well as loan repayments for programs offering financing.

3. Program Administration Costs

The program administration cost category captures the cost of administering the programs. These include costs for marketing, outside services, utility administration, inspections and quality control, and evaluation.

4. Customer Rebate and Incentives Cost

The customer rebate and incentive cost category capture the direct rebate incentives provided to participants of the programs. These costs were developing through a coordinated approach with other New Jersey utilities, but also based on existing programs in New Jersey and other jurisdictions for similar measures.

5. Utility Lost Revenues

An associated cost is the reallocated distribution costs category which captures the value of any distribution costs being avoided by participants that must be collected from the balance of customers. These are not direct program costs and represent the transfer between existing customer subsectors. This cost is also known as lost utility costs or lost revenues.

⁶ Discounted at the societal discount rate.

1 **Q. Did you exclude any costs for the purposes of cost-effectiveness testing?**

2 A. Yes. I excluded several costs from benefit-cost analysis. I did not include any costs
3 associated with health and safety measures, workforce development, and community
4 outreach in program specific or portfolio level cost-effectiveness testing. The analysis
5 assumed no embedded costs as all costs are presumed to be incremental. I also excluded
6 the program level results from the Next Generation Savings and Demand Response
7 Programs from the portfolio level results consistent with the requested exemption for these
8 programs. The Company's requests for exemptions related to these programs are discussed
9 in the testimony of Company witness Druckenmiller.

10 Notwithstanding the exemption from the portfolio level results, I did evaluate the
11 cost-effectiveness of each of these start-up programs individually, and those results are
12 available in Schedule IGF-2 to my testimony.

13
14 **Q. What assumptions did you use for measure-level energy savings?**

15 A. My primary source to estimate measure level savings is the New Jersey 2023 Triennial
16 Technical Reference Manual for 2024 Filings ("2023 NJ TRM"), which was accepted by
17 the Board in the May 2023 Order and updated pursuant to the July 2023 Order.

18
19 **Q. What assumption did you make on electric savings and costs within the BCA?**

20 A. For BCA purposes, I analyzed all program costs and benefits associated with projects
21 where the Company is expected to be the lead utility. Under this approach, I included all
22 gas savings and costs and all electric savings and costs estimated for these projects. While

costs and savings may ultimately be allocated to a partner utility, the BCA should be predicated on the full set of circumstances for a project, not a portion.

Q. Were the costs and benefits evaluated on a nominal or present value basis?

A. For the purposes of each of the BCA tests, all costs and benefits were evaluated on a present value basis. The NJCT and SCT both relied on a 3% real societal discount rate as prescribed by the Board in the May 2023 Order. The TRC, PCT, PAC, and RIM tests relied on the Company's weighted average cost of capital of 6.4% to discount costs and benefits.

Q. What net-to-gross, realization rate, and in-service rate assumptions did you make in conducting the benefit-cost analysis?

A. Consistent with Board guidance, I used the NTG, realization rate, and in-service rate factors provided in the 2023 NJ TRM.

V. CONCLUSIONS

Q. Please summarize your testimony and recommendations to the Board.

A. The Company's Triennium 2 Program Plan contains a cost-effective portfolio that achieve the state policy goals of the Board. The programs provide energy savings opportunities to all customers in the South Jersey service territory and ensure low-to-moderate income customers have equal opportunity to realize program benefits.

The BCA shows that the Company's program portfolio is cost-effective under the New Jersey Cost Test with a benefit-cost ratio of 1.1. These results indicate that the programs will provide benefits to all South Jersey customers, while improving

1 environmental quality and stimulating economic development. Furthermore, I believe
2 these NJCT results are conservative as they do not include several categories of benefits,
3 such as avoided natural gas transmission costs, avoided natural gas distribution costs,
4 avoided PM_{2.5} emissions damages, avoided RPS costs, avoided volatility costs, and
5 economic benefits.

6 As such, I recommend the Board approve the program portfolio as proposed.
7

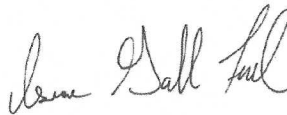
8 **Q. Does this conclude your testimony?**

9 A. Yes. However, I reserve the right to update this testimony to account for additional
10 information I may receive. Thank you.

VERIFICATION

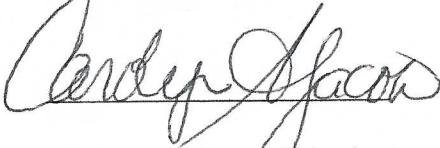
I, Isaac Gabel-Frank, of full age, being duly sworn according to law, upon my oath, depose and say:

1. I am Senior Vice President of Gabel Associates, and I am authorized to make this verification on behalf of South Jersey Gas Company.
2. I have reviewed the within petition and the information contained therein is true according to the best of my knowledge, information and belief.



Isaac Gabel-Frank
Senior Vice President, Gabel Associates

Sworn to and subscribed
before me this 14 day
of December 2023





Carolyn A. Jacobs
NOTARY PUBLIC
State of New Jersey
My Commission Expires
October 28, 2028



ISAAC GABEL-FRANK

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✉ isaac@gabelassociates.com

✉ 417 Denison Street Highland Park, NJ 08904

PROFESSIONAL EXPERIENCE

Gabel Associates, Inc.

Senior Vice President

Highland Park, NJ

2010 - Present

SELECTED EXPERT WITNESS REGULATORY CASES

South Jersey Gas Company; New Jersey Board of Public Utilities; September 2020 (*Docket No. GO20090618*). Client: South Jersey Gas Company. Issue: cost-benefit analysis and program design support for its energy efficiency plan.

Elizabethtown Gas; New Jersey Board of Public Utilities; September 2020 (*Docket No. GO20090619*). Client: Elizabethtown Gas. Issues: development of decoupling mechanism and cost-benefit analysis and program design support for its energy efficiency plan.

New Jersey Natural Gas Company; New Jersey Board of Public Utilities; March 2020 (*Docket No. GR19020278*). Client: New Jersey Natural Gas Company. Issue: Infrastructure Investment Program filing.

Public Service Electric & Gas; New Jersey Board of Public Utilities; April 2019 (*Docket No. GO18101112*). Client: Public Service Electric & Gas. Issue: cost-benefit analysis and program design support for its energy efficiency plan.

South Jersey Gas Company; New Jersey Board of Public Utilities; March 2018 (*Docket No. GO18030350*). Client: South Jersey Gas Company. Issue: cost-benefit analysis and program design support for its energy efficiency plan.

Elizabethtown Gas; New Jersey Board of Public Utilities; June 2018 (*Docket No. GO18070682*). Client: Elizabethtown Gas. Issues: cost-benefit analysis for energy efficiency.

New Jersey Natural Gas Company; New Jersey Board of Public Utilities; April 2018 (*Docket No. GO18030355*). Client: New Jersey Natural Gas Company. Issue: energy efficiency

Public Service Electric & Gas; New Jersey Board of Public Utilities; June 2017 (*Docket No. EO17030196*). Client: Public Service Electric & Gas. Issue: cost-benefit analysis and program design support for its energy efficiency plan.

EDUCATION

Bachelor of Arts, 2009
University of Pittsburgh

Economics, Political Science, and English Writing

SELECTED NOTABLE PROJECTS/ANALYSIS

Key Contributor - Development of the Analytical Likelihood of Availability and Non- Performance Risk (ALAN) model, a proprietary stochastic modeling tool used to compute risk exposure of capacity resources within PJM and ISO-NE.

Key Contributor - Council on the Green Economy: Green Jobs for a Sustainable Future Report (September 2022).

Active Participant - New Jersey's stakeholder process for the development of an energy efficiency transition process. Undertook debate and submitted comments on topics pertaining to program design, avoided costs, cost recovery, decoupling, and measurement of savings.

Panelist - NJ Spotlight Roundtable: Improving Energy Efficiency in New Jersey (June 2019).

Total Resource Cost Test (TRC)						Res	C&I	MF	LMI	Total Portfolio	Behavioral	EE products	Whole Home	Income Qualified	Comfort Partners	Multi-Family	Prescriptive / Custom	Direct Install	Energy Solutions	Next Gen Savings	DR	BD	Statewide Coordinator	Workforce Development	Community Outreach																						
BENEFITS																																															
1	Lifetime Avoided Wholesale Electric Energy and Ancillary Costs	\$	1,927,910	\$	3,059,459	\$	780,610	\$	507,867	\$	5,744,485	\$	-	\$	1,369,803	\$	558,107	\$	290,829	\$	217,038	\$	780,610	\$	50,426	\$	1,459,084	\$	1,549,949	\$	-	\$	-	\$	(531,360)	\$	-	\$	-	\$	-						
2	Lifetime Avoided Wholesale Electric Capacity Costs	\$	390,094	\$	225,757	\$	99,596	\$	50,442	\$	765,888	\$	-	\$	325,377	\$	64,717	\$	30,060	\$	20,381	\$	99,596	\$	4,427	\$	150,810	\$	70,520	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-						
3	Lifetime Avoided Wholesale Natural Gas Costs	\$	19,594,368	\$	3,805,934	\$	1,584,861	\$	896,156	\$	27,540,448	\$	1,108,534	\$	16,919,674	\$	1,566,159	\$	469,046	\$	427,109	\$	1,584,861	\$	1,514,378	\$	1,305,590	\$	985,966	\$	-	\$	82,714	\$	1,659,130	\$	-	\$	-	\$	-	\$	-				
4	Lifetime DRIPE Benefits (E&G)	\$	1,095,619	\$	354,557	\$	123,253	\$	72,723	\$	1,702,541	\$	55,427	\$	930,743	\$	109,449	\$	39,497	\$	33,226	\$	123,253	\$	78,462	\$	145,774	\$	130,322	\$	-	\$	4,136	\$	56,389	\$	-	\$	-	\$	-	\$	-				
5	Lifetime Avoided RPS REC Purchase Costs	\$	158,443	\$	231,255	\$	51,801	\$	39,654	\$	445,963	\$	-	\$	115,090	\$	43,353	\$	22,643	\$	17,011	\$	51,801	\$	5,381	\$	118,039	\$	107,835	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-						
6	Lifetime Avoided Wholesale Volatility Costs (E&G)	\$	2,191,237	\$	709,115	\$	246,507	\$	145,446	\$	3,405,082	\$	110,853	\$	1,861,485	\$	218,898	\$	78,993	\$	66,453	\$	246,507	\$	156,923	\$	291,548	\$	260,643	\$	-	\$	8,271	\$	112,777	\$	-	\$	-	\$	-						
7	Lifetime Avoided T&D Costs (E&G)	\$	1,061,519	\$	788,919	\$	349,535	\$	179,669	\$	2,379,641	\$	-	\$	828,476	\$	233,042	\$	107,119	\$	72,550	\$	349,535	\$	17,495	\$	523,110	\$	248,314	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-						
Total Benefits			1+2+3+4+5+6+7			\$	26,419,188	\$	9,174,995	\$	3,236,162	\$	1,891,957	\$	2,793,726	\$	1,038,187	\$	853,769	\$	3,236,162	\$	1,827,491	\$	3,993,956	\$	3,353,548	\$	-	\$	95,122	\$	1,261,746	\$	-	\$	-	\$	-	\$	-	\$	-				
COSTS																																															
8	Lifetime Incremental Costs	\$	32,218,819	\$	8,122,730	\$	2,588,407	\$	3,808,003	\$	47,230,643	\$	2,857,649	\$	24,721,808	\$	4,639,362	\$	1,783,086	\$	2,024,917	\$	2,588,407	\$	1,819,592	\$	2,410,291	\$	3,892,847	\$	870,492	\$	779,257	\$	492,684	\$	-	\$	-	\$	-	\$	-				
9	Lifetime Administration Costs	\$	16,308,265	\$	15,679,879	\$	5,649,984	\$	9,796,057	\$	48,608,093	\$	258,956	\$	13,153,302	\$	2,896,007	\$	4,934,418	\$	5,649,984	\$	2,359,711	\$	7,638,995	\$	5,681,173	\$	97,495	\$	381,656	\$	560,179	\$	613,729	\$	727,383	\$	272,769	\$	272,769	\$	272,769	\$	272,769		
Total Costs			8+9			\$	48,527,084	\$	23,802,608	\$	8,238,392	\$	13,604,061	\$	95,838,736	\$	3,116,605	\$	37,875,109	\$	7,535,369	\$	6,644,725	\$	6,959,335	\$	8,238,392	\$	4,179,303	\$	10,049,286	\$	9,574,020	\$	967,987	\$	1,160,914	\$	1,052,862	\$	613,729	\$	727,383	\$	272,769		
Benefit Cost Ratio							(1+2+3+4+5+6+7)/(8+9)		0.5		0.4		0.4		0.6		0.4		0.2		0.1		0.4		0.4		0.4		0.4		0.0		0.1		1.2		0.0		0.0		0.0		0.0				
Participant Cost Test (PCT)						Res	C&I	MF	LMI	Total Portfolio	Behavioral	EE products	Whole Home	Income Qualified	Comfort Partners	Multi-Family	Prescriptive / Custom	Direct Install	Energy Solutions	Next Gen Savings	DR	BD	Statewide Coordinator	Workforce Development	Community Outreach																						
BENEFITS																																															
10	Lifetime Avoided Retail Electric Costs	\$	10,036,119	\$	13,418,675	\$	4,056,946	\$	2,631,735	\$	27,754,374	\$	-	\$	7,138,712	\$	2,897,407	\$	1,507,272	\$	1,124,463	\$	4,056,946	\$	180,309	\$	6,718,561	\$	6,519,804	\$	-	\$	-	\$	(2,389,101)	\$	-	\$	-	\$	-						
11	Lifetime Avoided Retail Natural Gas Costs	\$	61,783,919	\$	9,623,270	\$	4,994,927	\$	2,875,348	\$	84,170,753	\$	3,571,853	\$	53,282,854	\$	4,929,212	\$	1,504,852	\$	1,370,496	\$	4,994,927	\$	2,822,710	\$	3,824,579	\$	2,975,981	\$	-	\$	107,375	\$	4,893,289	\$	-	\$	-	\$	-						
12	Lifetime Program Incentive Costs	\$	41,695,040	\$	24,258,293	\$	9,668,041	\$	14,540,127	\$	91,590,527	\$	2,857,649	\$	32,528,372	\$	6,309,019	\$	6,920,023	\$	7,620,103	\$	9,668,041	\$	2,129,622	\$	8,011,701	\$	14,116,970	\$	870,492	\$	779,257	\$	1,429,027	\$	-	\$	-	\$	-						
13	Lifetime Time-Value of Loan Repayments	\$	18,396,730	\$	3,888,920	\$	2,096,506	\$	-	\$	25,206,449	\$	-	\$	14,917,284	\$	3,479,447	\$	-	\$	-	\$	2,096,506	\$	1,366,394	\$	825,166	\$	1,697,360	\$	-	\$	-	\$	824,293	\$	-	\$	-	\$	-						
Total Benefits			10+11+12+13			\$	131,911,809	\$	51,189,158	\$	20,816,420	\$	20,047,210	\$	228,722,103	\$	6,429,502	\$	107,867,223	\$	17,615,085	\$	9,932,147	\$	20,816,420	\$	6,499,036	\$	19,380,007	\$	25,310,116	\$	870,492	\$	886,633	\$	4,757,507	\$	-	\$	-	\$	-				
COSTS																																															
14	Lifetime Participant Costs	\$	32,218,819	\$	8,122,730	\$	2,588,407	\$	3,808,003	\$	47,230,643	\$	2,857,649	\$	24,721,808	\$	4,639,362	\$	1,783,086	\$	2,024,917	\$	2,588,407	\$	1,819,592	\$	2,410,291	\$	3,892,847	\$	870,492	\$	779,257	\$	492,684	\$	-	\$	-	\$	-						
Total Costs			14			\$	32,218,819	\$	8,122,730	\$	2,588,407	\$	3,808,003	\$	47,230,643	\$	2,857,649	\$	24,721,808	\$	4,639,362	\$	1,783,086	\$	2,024,917	\$	2,588,407	\$	1,819,592	\$	2,410,291	\$	3,892,847	\$	870,492	\$	779,257	\$	492,684	\$	-	\$	-	\$	-		
Benefit Cost Ratio							(10+11+12+13)/14		4.1		6.3		8.0		5.3		4.8		2.2		4.4		3.8		5.6		5.0		8.0		3.6		8.0		6.5		1.0		1.1		9.7		n/a		n/a		n/a
Program Administrator Cost Test (PAC)						Res	C&I	MF	LMI	Total Portfolio	Behavioral	EE products	Whole Home	Income Qualified	Comfort Partners																																

South Jersey Gas Company
Energy Efficiency Program Filing
BCA Workpapers

Schedule IGF-3

*Confidential - will be provided upon execution of NDA

South Jersey Gas Company
Energy Efficiency Program Filing
Emissions Avoided Results Summary

Schedule IGF-4

Emissions Reductions

Subprogram	CO ₂	SO ₂	NO _x
	Emissions	Emissions	Emissions
	Reduction	Reduction	Reduction
	(tons)	(tons)	(tons)
Behavioral	14,212	-	11
EE products	320,828	4	250
Whole Home	34,783	2	27
Income Qualified	11,307	1	8
Comfort Partners	9,746	1	7
Multi-Family	39,023	2	29
Prescriptive / Custom	27,753	0	22
Direct Install	42,318	4	31
Energy Solutions	37,033	5	27
Next Gen Savings	-	-	-
DR	1,090	-	1
BD	24,388	(2)	20
Statewide Coordinator	-	-	-
Workforce Development	-	-	-
Community Outreach	-	-	-
Total	562,482	16	434

South Jersey Gas Company
Energy Efficiency Program Filing
Sales Baseline Development

Schedule IGF-5

Start Date	End Date	Sales (therm)
1/1/2022	12/31/2022	536,463,739
1/1/2023	12/31/2023	492,654,388
1/1/2024	12/31/2024	550,935,336
PY4 (1/1/25-6/30/25) Sales Baseline		526,684,488

Start Date	End Date	Sales (therm)
7/1/2022	6/30/2023	497,219,277
7/1/2023	6/30/2024	551,813,752
7/1/2024	6/30/2025	554,942,592
7/1/2025	6/30/2026	562,864,683
PY5 (7/1/25-6/30/26) Sales Baseline		534,658,540
PY6 (7/1/26-6/30/27) Sales Baseline		556,540,343

South Jersey Gas Company
Energy Efficiency Program Filing
Energy Use Reduction Targets

Schedule IGF-6

	PY 4	PY 5	PY 6
Period	Jan 25 - June 25	July 25 - June 26	July 26 - June 27
3-Yr Avg Sales Baseline (MMBtu)	52,668,449	53,465,854	55,654,034
Utility Savings Target (%)	0.49%	0.55%	0.55%
Utility Savings Target (MMBtu)*	129,038	294,062	306,097
Projected Savings (MMBtu)	130,580	299,555	316,013
Achieved Goal	Yes	Yes	Yes

*PY 4 target for 6 month period is 50% of annual goal.