

# SENATE, No. 466

## STATE OF NEW JERSEY 214th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2010 SESSION

**Sponsored by:**

**Senator BOB SMITH**

**District 17 (Middlesex and Somerset)**

**Senator JOSEPH M. KYRILLOS, JR.**

**District 13 (Middlesex and Monmouth)**

**SYNOPSIS**

Requires BPU to offer similar incentives to residents purchasing certain oil heating equipment as are offered to residents purchasing certain natural gas heating equipment.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel



1 AN ACT concerning incentives for certain energy efficient  
2 residential improvements and amending P.L.1999, c.23.

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4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

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7 1. Section 12 of P.L.1999, c.23 (C.48:3-60) is amended to read  
8 as follows:

9 12. a. Simultaneously with the starting date for the  
10 implementation of retail choice as determined by the board pursuant  
11 to subsection a. of section 5 of **[this act]** P.L.1999, c.23 (C.48:3-  
12 53), the board shall permit each electric public utility and gas public  
13 utility to recover some or all of the following costs through a  
14 societal benefits charge that shall be collected as a non-bypassable  
15 charge imposed on all electric public utility customers and gas  
16 public utility customers, as appropriate:

17 (1) The costs for the social programs for which rate recovery  
18 was approved by the board prior to April 30, 1997. For the purpose  
19 of establishing initial unbundled rates pursuant to section 4 of **[this**  
20 **act]** P.L.1999, c.23 (C.48:3-52), the societal benefits charge shall  
21 be set to recover the same level of social program costs as is being  
22 collected in the bundled rates of the electric public utility on the  
23 effective date of **[this act]** P.L.1999, c.23 (C.48:3-49 et al.). The  
24 board may subsequently order, pursuant to its rules and regulations,  
25 an increase or decrease in the societal benefits charge to reflect  
26 changes in the costs to the utility of administering existing social  
27 programs. Nothing in **[this act]** P.L.1999, c.23 shall be construed  
28 to abolish or change any social program required by statute or board  
29 order or rule or regulation to be provided by an electric public  
30 utility. Any such social program shall continue to be provided by  
31 the utility until otherwise provided by law, unless the board  
32 determines that it is no longer appropriate for the electric public  
33 utility to provide the program, or the board chooses to modify the  
34 program;

35 (2) Nuclear plant decommissioning costs;

36 (3) The costs of demand side management programs that were  
37 approved by the board pursuant to its demand side management  
38 regulations prior to April 30, 1997. For the purpose of establishing  
39 initial unbundled rates pursuant to section 4 of **[this act]** P.L.1999,  
40 c.23 (C.48:3-52), the societal benefits charge shall be set to recover  
41 the same level of demand side management program costs as is  
42 being collected in the bundled rates of the electric public utility on  
43 the effective date of **[this act]** P.L.1999, c.23 (C.48:3-49 et al.).  
44 Within four months of the effective date of **[this act]** P.L.1999,

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 c.23, and every four years thereafter, the board shall initiate a  
2 proceeding and cause to be undertaken a comprehensive resource  
3 analysis of energy programs, and within eight months of initiating  
4 such proceeding and after notice, provision of the opportunity for  
5 public comment, and public hearing, the board, in consultation with  
6 the Department of Environmental Protection, shall determine the  
7 appropriate level of funding for energy efficiency and Class I  
8 renewable energy programs that provide environmental benefits  
9 above and beyond those provided by standard offer or similar  
10 programs in effect as of the effective date of **[this act]** P.L.1999,  
11 c.23; provided that the funding for such programs be no less than  
12 50% of the total Statewide amount being collected in public electric  
13 and gas utility rates for demand side management programs on the  
14 effective date of **[this act]** P.L.1999, c.23 for an initial period of  
15 four years from the issuance of the first comprehensive resource  
16 analysis following the effective date of **[this act]** P.L.1999, c.23,  
17 and provided that 25% of this amount shall be used to provide  
18 funding for Class I renewable energy projects in the State. In each  
19 of the following fifth through eighth years, the Statewide funding  
20 for such programs shall be no less than 50 percent of the total  
21 Statewide amount being collected in public electric and gas utility  
22 rates for demand side management programs on the effective date  
23 of **[this act]** P.L.1999, c.23, except that as additional funds are  
24 made available as a result of the expiration of past standard offer or  
25 similar commitments, the minimum amount of funding for such  
26 programs shall increase by an additional amount equal to 50 percent  
27 of the additional funds made available, until the minimum amount  
28 of funding dedicated to such programs reaches \$140,000,000 total.  
29 After the eighth year the board shall make a determination as to the  
30 appropriate level of funding for these programs. Such programs  
31 shall include a program to provide financial incentives for the  
32 installation of Class I renewable energy projects in the State, and  
33 the board, in consultation with the Department of Environmental  
34 Protection, shall determine the level and total amount of such  
35 incentives as well as the renewable technologies eligible for such  
36 incentives which shall include, at a minimum, photovoltaic, wind,  
37 and fuel cells. The board shall simultaneously determine, as a  
38 result of the comprehensive resource analysis, the programs to be  
39 funded by the societal benefits charge, the level of cost recovery  
40 and performance incentives for old and new programs and whether  
41 the recovery of demand side management programs' costs currently  
42 approved by the board may be reduced or extended over a longer  
43 period of time. The board shall make these determinations taking  
44 into consideration existing market barriers and environmental  
45 benefits, with the objective of transforming markets, capturing lost  
46 opportunities, making energy services more affordable for low  
47 income customers and eliminating subsidies for programs that can

1 be delivered in the marketplace without electric public utility and  
2 gas public utility customer funding, provided that, if the board  
3 provides any financial incentives to a State resident who purchases  
4 and installs new, high-efficiency natural gas heating equipment, the  
5 board shall also provide similar financial incentives to a State  
6 resident who purchases and installs new, high-efficiency oil heating  
7 equipment, having an annual fuel utilization efficiency (AFUE)  
8 rating of 85 percent or greater, as a replacement to any existing oil  
9 heating equipment;

10 (4) Manufactured gas plant remediation costs, which shall be  
11 determined initially in a manner consistent with mechanisms in the  
12 remediation adjustment clauses for the electric public utility and gas  
13 public utility adopted by the board; and

14 (5) The cost, of consumer education, as determined by the  
15 board, which shall be in an amount that, together with the consumer  
16 education surcharge imposed on electric power supplier license fees  
17 pursuant to subsection h. of section 29 of **[this act]** P.L.1999, c.23  
18 (C.48:3-78) and the consumer education surcharge imposed on gas  
19 supplier license fees pursuant to subsection g. of section 30 of **[this**  
20 **act]** P.L.1999, c.23 (C.48:3-79), shall be sufficient to fund the  
21 consumer education program established pursuant to section 36 of  
22 **[this act]** P.L.1999, c.23 (C.48:3-85).

23 b. There is established in the **[Board of Public Utilities]** board a  
24 nonlapsing fund to be known as the "Universal Service Fund." The  
25 board shall determine: the level of funding and the appropriate  
26 administration of the fund; the purposes and programs to be funded  
27 with monies from the fund; which social programs shall be provided  
28 by an electric public utility as part of the provision of its regulated  
29 services which provide a public benefit; whether the funds  
30 appropriated to fund the "Lifeline Credit Program" established  
31 pursuant to P.L.1979, c.197 (C.48:2-29.15 et seq.), the "Tenants'  
32 Lifeline Assistance Program" established pursuant to P.L.1981,  
33 c.210 (C.48:2-29.31 et seq.), the funds received pursuant to the Low  
34 Income Home Energy Assistance Program established pursuant to  
35 42 U.S.C. s.8621 et seq., and funds collected by electric and natural  
36 gas utilities, as authorized by the board, to offset uncollectible  
37 electricity and natural gas bills should be deposited in the fund; and  
38 whether new charges should be imposed to fund new or expanded  
39 social programs.

40 (cf: P.L.1999, c.23, s.12)

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42 2. This act shall take effect on the 60th day after the date of  
43 enactment, but the board may take such anticipatory administrative  
44 action in advance thereof as shall be necessary for the  
45 implementation of this act.

STATEMENT

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This bill would provide that any incentives made available by the Board of Public Utilities ("BPU") to State residents who purchase and install new, high-efficiency natural gas heating equipment shall also be made available to State residents who purchase and install new, high-efficiency oil heating equipment, having an annual fuel utilization efficiency (AFUE) rating of 85 percent or greater, as a replacement to any existing oil heating equipment. Currently, under the BPU's Clean Energy Program, incentives are only offered to State residents who purchase and install or have installed new, high-efficiency natural gas heating equipment.