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November 20, 2023

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

Re: In the Matter of the Petition of Elizabethtown Gas Company for Approval of New Energy Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to the Clean Energy Act and the Establishment of a Conservation Incentive Program

BPU Docket Nos. QO19010040 and GO20090619

Dear Secretary Golden:

Please accept this letter petition (“Letter Petition”) in lieu of a formal petition on behalf of Elizabethtown Gas Company (“ETG” or “Company”), for approval to: (a) continue the Company’s current energy efficiency program offerings (“Triennium 1 Programs” or “Programs”) for a period of six months; and (b) recover costs associated with this request, pursuant to the New Jersey Clean Energy Act of 2018 (“Clean Energy Act” or “CEA”), through the Company’s existing Energy Efficiency Program rider, Rider “E” to the ETG Tariff.

By its October 2023 Order¹, the Board of Public Utilities (“BPU” or “Board”) directed the utilities to file a letter petition to extend the Triennium 1 Programs for a period of six (6) months, from July 1, 2024 through December 31, 2024 (“Extension Period”). Additionally, the Board directed each utility to request a budget that is not to exceed 50% of the utility’s Program Year 3

¹ In the Matter of 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 dated October 25, 2023 (“October 2023 Order”).

(“PY3”) budget. ETG is requesting a budget of \$32.028 million, designed to meet customer demand for the Company’s current Triennium 1 Programs.

In setting its goal for the six (6) month Extension Period at 50% of the PY3 goal, ETG’s calculations were based on the original goals established for PY3 from the June 2020 Order.² This is consistent with the direction provided by BPU Staff through the Utility Working Group. The Company’s energy savings goal for the Extension Period will be .255%, which is 50% of the PY3 goal, as outlined in the October 2023 Order. For ETG, the goal for annual energy use reductions will be 1,257,606 therms of natural gas.

BACKGROUND

1. By its June 2020 Order, the Board approved a transition framework for energy efficiency programs implemented pursuant to the Clean Energy Act. In the June 2020 Order, the Board directed New Jersey’s electric and gas companies to file three-year energy efficiency and peak demand reduction program petitions by September 25, 2020 for approval by the Board by May 2021 and implementation beginning July 1, 2021 and concluding on June 30, 2024.³

2. On September 25, 2020, ETG filed a petition with the Board requesting approval of new energy efficiency programs and associated cost recovery pursuant to the Clean Energy Act and the establishment of a CIP, which the Company subsequently updated on October 20, 2020, in accordance with an Administrative Determination Letter.⁴

² In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket Nos. QO19010040, QO19060748, and QO17091004, Order dated June 10, 2020 (“June 2020 Order”).

³ Atlantic City Electric, Elizabethtown Gas Company, Jersey Central Power and Light, New Jersey Natural Gas, South Jersey Gas Company and Rockland Electric Company. Butler Power and Light was not required to file an energy efficiency and peak demand reduction program petition at the same time as the other public utilities.

⁴ I/M/O the Petition of Elizabethtown Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act and the Establishment of a Conservation Incentive Program, BPU Docket No. GO20090619.

3. On April 7, 2021, the Board issued an order adopting the Stipulation of Settlement executed by the parties (“Stipulation”), for the period commencing July 1, 2021 and ending June 30, 2024.⁵ The BPU approved a program budget not to exceed \$83.415 million. The parties further agreed in the Stipulation, and the BPU approved, Operations & Maintenance (“O&M”) expenses including Administration and Program Development, Marketing, Quality Control, and Evaluation, in an amount not to exceed \$7.394 million.

EXTENSION PERIOD

4. Consistent with the October 2023 Order, all Triennium 1 Program rules, provisions, and practices, except as described below, shall apply to the Extension Period. ETG will continue to operate and offer its existing Programs, which were previously approved as part of the Stipulation, during the Extension Period.

5. The Company agrees that during the Extension Period, it will abide by all the terms and conditions of the Stipulation, including, but not limited to, the cost recovery mechanism, calculation of carrying costs, program budget adjustments, committed funds not yet expended by the end of the term, and annual filing components.

6. As directed in the October 2023 Order, ETG will submit PY3 annual progress reports no later than 150 days following the end of PY3.

7. ETG requests, for purposes of evaluation and reporting, that the entire extended PY3 from July 1, 2023 through December 31, 2024 (“Extended PY3”), which is an 18-month period, be used.

8. Also consistent with the October 2023 Order, ETG will have the ability to shift program budgets within or among the residential, commercial and industrial, multifamily, and other sectors.

⁵ I/M/O the Implementation of L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, I/M/O the Petition of Elizabethtown Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act and the Establishment of a Conservation Incentive Program, BPU Docket Nos. QO19010040 and GO20090619, Order dated April 7, 2021.

9. ETG requests a budget of \$32.028 million to continue to operate and enroll new customers for the Triennium 1 Programs during the Extension Period, including \$2.839 million in O&M. The proposed expenditures by Program for the Extension Period are contained in Attachment A to this Letter Petition.

10. ETG is also requesting one minor change related to measure category financing limits for the Energy Efficient Products Program. Currently, ETG imposes financing limits for individual measure categories. Feedback from contractors indicates they would strongly prefer to see a project level cap. These contractors have voiced that measure category caps can also limit energy efficiency since they have not been updated to reflect the inflationary pressures on equipment costs since those limits were filed in 2020. Therefore, in the interest of consistency with other utilities and to support contractor and customer needs, ETG is requesting the elimination of measure category financing caps for the duration of the Extension Period, effective with the date of approval of this extension. ETG would maintain the same overall financing cap of \$15,000 for the Extension Period.

COMMUNICATIONS

Communications and correspondence related to the Letter Petition should be sent as follows:

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CONCLUSION AND REQUESTS FOR APPROVAL

For all the foregoing reasons, ETG respectfully requests that the Board issue an order approving this Letter Petition and specifically finding that:

1. ETG is authorized to extend its approved Triennium 1 Programs for the Extension Period, beginning on July 1, 2024, and is fully authorized to implement and administer these Programs on a regulated basis during that period, under the terms and conditions set forth in the June 2020 Order.

2. ETG may recover \$32.028 million budget for the Extension Period.

3. ETG may eliminate the measure category financing caps within its Triennium 1 Programs but will retain the original project level cap of \$15,000.

4. The budget for the Triennium 1 Programs during the Extension Period is approved as outlined in Attachment A.

5. ETG is authorized to utilize deferred accounting and recover all reasonably incurred costs associated with the Programs herein through Rider "E" to the ETG tariff.

6. Projects committed to and/or started prior to December 31, 2024 may continue for close-out and completion activities.

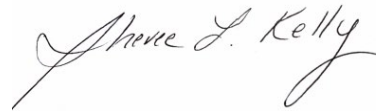
7. For purposes of evaluation and reporting, the Extended PY3, which is an 18-month period from July 1, 2023 through December 31, 2024, will be used.

8. The goal for the six (6) month Extension Period shall be 50% of the original goals established for PY3 from the June 2020 Order, or .255% as outlined in the October 2023 Order. For ETG, the goal for annual energy use reductions will be 1,257,606 therms of natural gas; and

9. The requested additional investment in the Triennium 1 Programs is just and reasonable, and ETG is authorized to implement the incremental Program investments proposed herein on or before July 1, 2024.

Respectfully submitted,

ELIZABETHTOWN GAS COMPANY



Sheree L. Kelly
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DATED: November 20, 2023
Union, New Jersey

**NOTICE AND SERVICE OF
FILING**

ETG has electronically served notice and a copy of this filing, together with a copy of the annexed exhibits and supporting schedules being filed herewith, upon the New Jersey Division of Rate Counsel and the Department of Law and Public Safety. Copies of this Letter Petition and related Attachment A will also be sent electronically to the persons identified on the service list provided with this filing.

In accordance with the BPU's Orders issued in Docket No. EO20030254, hard copies are not being submitted at this time, but can be provided at a later time, if needed.

**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY FOR
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RECOVERY PURSUANT TO THE CLEAN ENERGY ACT AND THE ESTABLISHMENT
OF A CONSERVATION INCENTIVE PROGRAM
BPU DOCKET NO. QO19010040 AND GO20090619**

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Maximum Budget Calculation:

	Tri 1 Program Budget	PY1 Program Budget (Actual Spend, per filed report)	PY2 Program Budget (Actual Spend, per filed report)	Commitments (as of 6/30/2023)	Remaining Budget	50% / Half Year Value
Elizabethtown Gas	\$83,415,832	\$6,043,158	\$12,010,006	\$1,307,707	\$64,054,961	\$32,027,481

Budget:

Program	Current Approved Triennium 1 Budget (\$M)*	Proposed Extension Budget (\$M)	Total Extended Triennium 1 Budget (\$M)
Behavioral	\$3.145	\$0.715	\$3.860
Energy Efficiency Products	\$27.197	\$3.039	\$30.236
Existing Homes	\$18.243	\$2.677	\$20.920
Multifamily	\$7.441	\$7.618	\$15.059
Direct Install	\$9.340	\$5.949	\$15.289
Energy Solutions for Business	\$5.645	\$9.780	\$15.425
Portfolio	\$3.035	\$0.250	\$3.285
Net Transfers	\$9.369	\$2.000	\$11.369
Total Budget	\$83.415	\$32.028	\$115.443

O&M (embedded in the table above)	\$7.394	\$2.839	\$10.233
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* Budget reflects current approved Triennium 1 budget, including budget transfers that occurred within the Triennium on 6/30/23 and 10/31/23.