

**NJNG CIP Program- Phase I offerings**

<b>Program Name</b>	Comprehensive Direct Mail Campaign-Residential		
<b>Target Launch Date</b>	Packages to be mailed within 60 days of BPU approval to target September 2006 mailing	<b>Target Segment</b>	All residential customers
<b>Program Description</b>			
<p>NJNG will mail each residential customer of record a package designed to encourage customers to use energy wisely and how to actively seek out further information. Current plans call for the package to include the following:</p> <ul style="list-style-type: none"> <li>• A personalized introductory letter that will capitalize upon the momentum of BPU’s planned campaign regarding the Top 5 conservation tips by presenting the actual dollar savings possible for that customer based upon their usage profile and current prices for a few of those tips. The Company believes that by focusing on the potential dollar value, we will motivate more customers to follow the advice and take concrete actions to implement conservation measures. In addition to this individual account customization, the introductory letter will also provide an overview of the current NJ Clean Energy programs and a user-friendly description of the new federal tax incentives for energy efficiency investments, including both equipment upgrades and building envelope improvements. The letter will provide the appropriate website references and encourage customers to visit the sites for more information on opportunities to save.</li> <li>• The Company also intends to contact both manufacturers and retailers regarding the possibility of including coupons or other money savings offers as a further incentive/inspiration for customers to take action.</li> </ul>			
<b>Link to other programs</b>	<ul style="list-style-type: none"> <li>• Information about NJCEP programs</li> <li>• Information about Federal tax incentives</li> <li>• Encourage participation in E-mail distribution channel</li> </ul>		
<b>Measures to be reported – within 90 days of mailing</b>	<ul style="list-style-type: none"> <li>• Results of survey of 20,000 customers to assess customer’s perspective on information package (e.g. was the information helpful? Have you followed any of the tips? Are you considering any efficiency upgrades as a result of reviewing the information?)</li> <li>• # of customer inquiries generate by the package</li> <li>• actual costs incurred for production and mailing</li> </ul>		
<b>Estimated Program Budget</b>	\$320,000	<b>Proposed Expenses</b>	Development and printing expenses, mailing costs, production of the letter, survey costs, etc

### NJNG CIP Program- Phase I offerings

<b>Program Name</b>	Comprehensive Direct Mail Campaign-Small Commercial		
<b>Target Launch Date</b>	Packages to be mailed within 60 days of BPU approval	<b>Target Segment</b>	Small commercial customers (use 5,000 therms or less annually)
<b>Program Description</b>			
<p>NJNG will mail each small commercial customer of record a personalized package designed to encourage the wise use of energy and provide information on how to obtain further information. Current plans call for the package to include the following:</p> <ul style="list-style-type: none"> <li>• An introductory letter that will also provide an overview of the current NJ Clean Energy programs and a user-friendly description of the new federal tax incentives for energy efficiency investments, including both equipment upgrades and building envelope improvements. The letter will provide the appropriate website references and encourage customers to visit the sites for more information on additional opportunities to save.</li> <li>• The Company also intends to contact both manufacturers and retailers regarding the possibility of including coupons or other money savings offers as a further incentive/inspiration for customers to take action.</li> </ul>			
<b>Link to other programs</b>	<ul style="list-style-type: none"> <li>• Information about NJCEP programs</li> <li>• Information about Federal tax incentives</li> <li>• Encourage participation in E-mail distribution channel</li> </ul>		
<b>Measures/ Information to be reported within 90 days of mailing</b>	<ul style="list-style-type: none"> <li>• Results of survey of 1,500 commercial customers to assess customer's perspective on information package (e.g. was the information helpful? Have you followed any of the tips? Are you considering any efficiency upgrades as a result of reviewing the information?)</li> <li>• # of customer inquiries generated by package</li> <li>• Actual costs incurred for production and mailing</li> </ul>		
<b>Estimated Program Budget</b>	\$25,000	<b>Proposed Expenses</b>	Printing expenses, mailing costs, production of the letter, survey costs, etc.

### NJNG CIP Program- Phase I offerings

<b>Program Name</b>	<b>One Price to Upgrade Campaigns</b>		
<b>Target Launch Date</b>	RFP to be issued within 30 days of BPU approval	<b>Target Segment</b>	Existing Residential customers in approx. 20-year old neighborhoods
<b>Program Description</b>			
<p>NJNG has had success within the conversion market with a “One Price to Convert Offering” that features a competitively bid standard price from a contractor for any home within specific neighborhoods. This approach provides greater certainty about the cost of the project and streamlines the process for customers. Building off this existing model, NJNG will initiate a “One Price to Upgrade” Campaign. For this pilot, NJNG will select a target geographic area that is likely to have older, inefficient furnaces approaching the end of their useful life. NJNG will also consider whether there is an owner organization (which provides an opportunity to collectively address the homeowners and seek an endorsement); the number and types of homes within the area; and the type of equipment in use. Once the area has been selected, NJNG will issue a Request for Proposal to select a Home Heating Contractor. The RFP will specify the use of high efficiency equipment. NJNG will solicit 7-10 contractors. The winning bid will be determined after consideration of both the price and the equipment offered.</p> <p>NJNG will then identify the homeowners of record in that area based upon existing utility accounts and send a letter describing the “One Price to Upgrade Offer”. Similar to the general direct mail piece, NJNG can develop this as a personalized letter that includes the customer’s usage and expected annual savings. Customers benefit from both the administrative ease of the offer and the likely lower price as a result of the competitive bid process. If the program proves successful in the initial offering, NJNG will continue to identify other areas for the program.</p>			
<b>Link to other programs</b>	Promotion of NJCEP Warm Advantage Program Promotion of E-mail distribution channel		
<b>Measures/ Information to be reported- quarterly</b>	<ul style="list-style-type: none"> <li>• the geographic area where the offers were made</li> <li>• # of responses to the RFP</li> <li>• name and price for winning contractor</li> <li>• Actual costs incurred</li> <li>• # of letters sent</li> <li>• # of inquiries regarding the letter/offer</li> <li>• # of offers accepted</li> <li>• % of offers accepted</li> <li>• Expected aggregate energy savings from upgrade (therms)</li> </ul>		
<b>Estimated Program Budget</b>	\$12,000	<b>Proposed Expenses</b>	Mailing expenses, misc. incremental expenses (e.g. meetings)

### NJNG CIP Program- Phase I offerings

<b>Program Name</b>	<b>Community Outreach/Grass Roots Approach</b>		
<b>Target Launch Date</b>	Promote CIP program messages in existing venues within 2 weeks of approval. Begin hosting the dedicated customer conservation forums within one month of BPU approval.	<b>Target Segment</b>	Residential and Small Commercial Customers
<b>Program Description</b>			
<p>NJNG will refocus a significant portion of its ongoing customer outreach efforts that have included participation in Expos (7,600 attendees last year); Customer Forums (125 community organization attendees last year representing thousands of customers); Speakers Bureau presentations (75 presentation with more than 9,200 participants); and quarterly letters to community leaders. NJNG believes that these activities present effective vehicles to spread the messages supporting the new program. However, it will be even more effective to broaden the participation to additional community oriented venues and to host some customer conservation-focused forums throughout our service territory. NJNG will also enhance its existing efforts to promote the national Energy Hog campaign to help teach conservation to elementary school children in order to reach and involve families in the effort to reduce energy usage.</p>			
<b>Link to other programs</b>	<ul style="list-style-type: none"> <li>• Promotion of NJCEP programs</li> <li>• Promotion of Federal Tax incentives</li> <li>• Encourage participation in E-mail distribution channel</li> </ul>		
<b>Measures/ Information to be reported quarterly</b>	<ul style="list-style-type: none"> <li>• Feedback questionnaires to be distributed at all events and Speakers' Bureau presentations. Results to be compiled and included in the Quarterly Report</li> <li>• Listing of all events and Speakers Bureau presentations that Company participated in supporting Conservation and Efficiency efforts, including the date, location, event, targeted audience and estimated # of participants</li> <li>• Copies of any letters to community leaders during the quarter.</li> <li>• Copies of any promotional materials developed.</li> <li>• Summary of expenses</li> </ul>		
<b>Estimated Program Budget</b>	\$57,500	<b>Proposed Expenses</b>	Incremental costs for the production of customer materials and any incremental costs in hosting and promoting the new customer conservation forums.

### NJNG CIP Program- Phase I offerings

<b>Program Name</b>	<b>NJNG Employees as Champions</b>		
<b>Target Launch Date</b>	Employee briefings to begin within one week of BPU approval. Materials will be distributed to employees within two weeks of approval	<b>Target Segment</b>	All employees trained to educate our customers
<b>Program Description</b>			
<p>After training all employees on the CIP Program, NJNG will then brief all employees on the specific customer-oriented programs available through the NJNG Clean Energy program, the existence of new Federal tax incentives for energy efficiency investments and building envelope improvements, as well as NJNG’s new offerings under this pilot. Employees will be instructed to act as ambassadors to encourage and teach customers how to conserve and to let them know how to obtain more information, if necessary. Each field employee will be provided with a supply of materials to distribute to customers, as appropriate (e.g. general conservation tip sheet, description of high-efficiency furnace rebate opportunities for customers with older equipment). The Company will brand the program and use employees to spread and reinforce awareness of that brand through all written materials and additional means such as employee buttons and truck messaging.</p> <p>One focus of this training will be to teach employees to strongly encourage customers to use programmable thermostats. For those customers who do not currently own a programmable thermostat, NJNG will seek a discounted offering directly from a manufacturer. For those customers who have one but do not currently use it, employees will encourage and teach customers how to use it. Most frequently, this promotion will occur from Customer Service Representatives proactively raising the topic with customers. For those customers who appear overwhelmed by the prospect of programming the thermostat, NJNG techs will assist the customer in getting started. Additionally, Company representatives will meet with Bargaining Unit Leadership within two weeks of filing to discuss the use of light duty employees to provide direct training for customers in programming their thermostats. That approach will increase employee availability and improve responsiveness for this initiative.</p>			
<b>Link to other programs</b>	<ul style="list-style-type: none"> <li>• Promotion of NJCEP programs</li> <li>• Promotion of Federal Tax incentives</li> <li>• Encourage participation in E-mail distribution channel</li> </ul>		
<b>Measures/ information to be reported quarterly</b>	<ul style="list-style-type: none"> <li>• # of programmable thermostat visits conducted</li> <li>• Hours/cost per programmable thermostat visit</li> <li>• # of calls where CIP tips/programs were discussed</li> <li>• # of field visits where CIP tips/programs were discussed</li> <li>• Description of tips/programs featured in customer calls and customer visits</li> <li>• Copies of materials distributed and vendor discount offerings, distribution count where available</li> </ul>		

**NJNG CIP Program- Phase I offerings**

<b>Estimated Program Budget</b>	\$50,000 for materials	<b>Proposed Expenses</b>	The incremental costs (printing costs for customer materials) and incremental costs for dedicated use of NJNG light duty employees (higher level of compensation and incremental travel costs)
	\$100,000 for incremental cost of light duty employees		

### NJNG CIP Program- Phase I offerings

<b>Program Name</b>	<b>HVAC Contractors as Champions</b>		
<b>Target Launch Date</b>	Informational meetings to begin within 30 days of BPU approval. Materials will be distributed at those meetings.	<b>Target Segment</b>	Residential and small commercial customers
<b>Program Description</b>			
<p>Similar to the use of NJNG employees to encourage conservation efforts by customers, the Company will hold informational meetings for local HVAC contractors to ensure that they are aware of all of the current offerings. NJNG will also offer to provide HVAC contractors with the customer educational and promotional materials, for distribution to customers by their employees. While the HVAC contractors have no obvious incentive to encourage customers to conserve, we will present it as an opportunity to help improve their customer satisfaction. Additionally, there is a clear financial interest for the contractor to provide information on high efficiency equipment since it provides a potential lead for installation work.</p> <p>NJNG will also solicit contractor participation in the Home Energy Star Performance retrofit program. This includes addressing opportunities in the initial information meetings and subsequent follow-up contacts to promote participation.</p> <p>NJNG will also seek to establish a quarterly roundtable meeting with HVAC contractors. These meetings will provide updates on upcoming NJCEP programs or recent changes, CIP programs, and any information on Federal incentives and offer NJNG an opportunity to solicit feedback and customer insight from the HVAC contractors' direct interactions with customers. That information will then be considered in the development of future CIP programs. In addition to the general exchange of information, NJNG will also seek confidential reports capturing installation date from the HVAC contractors. In order to encourage HVAC contractors to participate, NJNG will agree to feature participating contractors in our customer information channels. This could include a listing on our website, as well as relevant bill inserts and CIP materials.</p>			
<b>Link to other programs</b>	<ul style="list-style-type: none"> <li>● NJCEP Warm Advantage Program</li> <li>● NJCEP Home Performance with Energy Star</li> </ul>		
<b>Measures/ information to be reported quarterly</b>	<ul style="list-style-type: none"> <li>● # of HVAC contractors attending forums</li> <li>● # of HVAC contractors interested in receiving updates and distributing materials</li> <li>● # of units installed data from participating HVAC contractors, including breakdown of total units by efficiency ratings</li> <li>● Volume of customer materials delivered, where appropriate</li> <li>● WarmAdvantage participation rates</li> <li>● Home Performance with Energy Star participation rates (after launch)</li> </ul>		

**NJNG CIP Program- Phase I offerings**

<b>Estimated Program Budget</b>	Captured with NJNG Employees as champions	<b>Proposed Expenses</b>	The incremental costs (printing costs for customer materials) and survey expenses.
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**NJNG CIP Program- Phase I offerings**

<b>Program Name</b>	<b>Customer Commitment- Development of E-mail distribution channel</b>		
<b>Target Launch Date</b>	The system modifications to accept customer subscriptions for e-mail updates will be available within two weeks of BPU approval. Customer promotion will begin immediately after the subscription feature becomes operational.	<b>Target Segment</b>	All Customers. NJNG will also have ability to send targeted messages
<b>Program Description</b>			
In order to develop an effective channel to provide customers with seasonal energy efficiency tips and information about the launch of new or modified programs, NJNG will develop a network of customers interested in receiving these messages. NJNG will modify its existing My Account Services enrollment to allow customers to subscribe to our “Conservation Champion” list to receive these messages. Customers will be encouraged to continue participation through an on-going incentive program. On a monthly basis, NJNG will hold a random drawing of all registered Conservation Champions and award five different customers with a \$200 gift card to a home improvement store <sup>1</sup> . This channel will also be available to notify customers of the NJ Clean Energy Program’s seasonal offers, as well as any program changes or industry news.			
<b>Link to other programs</b>	Can feature any NJCEP program, CIP program launch, seasonal conservation messages, Federal tax incentive updates, vendor discount offerings		
<b>Measures/ Information to be reported quarterly</b>	<ul style="list-style-type: none"> <li>• # of customers in program</li> <li>• # of messages sent</li> <li>• # of messages read</li> <li>• e-mail feedback survey</li> <li>• copies of all e-mail messages distributed with noted target audience</li> </ul>		
<b>Estimated Program Budget</b>	\$18,000	<b>Proposed Expenses</b>	The costs for customer incentives, software upgrades, and any costs for printed materials.

<sup>1</sup> NJNG would like to discuss whether the parties believe it would be beneficial to offer a larger customer incentive during the initial launch to spur greater interest in participation.

**NJNG CIP Program- Phase I offerings**

<b>Program Name</b>	<b>0% Financing for Warm Advantage Participants</b>		
<b>Target Launch Date</b>	Promotion of program to begin within 60 days of CIP approval	<b>Target Segment</b>	Residential customers with older, inefficient furnaces
<b>Program Description</b>			
<p>For a 60- day period<sup>2</sup>, NJNG will offer a three-year 0% financing opportunity up to \$5000 for an existing customer for the purchase and installation of qualified Warm Advantage program furnaces or boilers. In order to offer this program as quickly as possible, money from the CIP Expense Account will be used to buy down the cost of unsecured loans. A current banking institution with which NJNG has existing protocols for customer financing options will be used. The bank will qualify each interested customer and provide the billing for loan payments. The CIP Expense Account and NJNG are not participants in the transaction and are not responsible for customer defaults. NJNG to work with OCE to establish internal controls and documentation requirements necessary prior to authorization of payment to bank for buy-down.</p> <p>After the results of the initial offer are available, NJNG will provide the results to OCE, BPU staff and RPA as noted below. The Company anticipates that after review of the information, the parties will consider whether the program should be offered again prior to the start of the subsequent heating season.</p>			
<b>Link to other programs</b>	<ul style="list-style-type: none"> <li>• NJCEP Warm Advantage</li> <li>• HVAC Contractors as Champions</li> <li>• NJNG Employees as Champions</li> </ul>		
<b>Measures/ Information to be reported- within 45 days of end of offer period</b>	<ul style="list-style-type: none"> <li>• # of participating customers</li> <li>• % of Warm Advantage customers that participate in the offer during the eligible time period</li> <li>• Comparison of Warm Advantage participation rates to prior periods</li> <li>• Copies of all promotional materials related to the offer</li> </ul>		
<b>Estimated Program Budget</b>	Unknown due to actual participation. Estimate that total cost with 500 participants would be approximately \$350K.	<b>Proposed Expenses</b>	Promotional materials, advertising, and cost of interest buy-down.

<sup>2</sup> In the event that initial participation is low, the Company would consider extending the enrollment period and would notify the staff of the BPU and the RPA of the intention to do so.