

# New Jersey Incentives for Corporate and Commercial Energy Efficiency Projects

2/15/11

- \$77 million budget for 2011 using funds from the Societal Benefits Charge (SBC) on utility bills.
- Incentives limited to customers paying into the SBC.
- Administration of incentive programs outsourced to TRC Energy Services.
- Oversight provided by the New Jersey Board of Public Utilities.
- Incentives payments subject to Tax Clearance from the Division of Taxation.

**Contact:** Roger Kliemisch, Commercial & Industrial Market Manager  
c/o TRC Energy Services  
900 Route 9 North, Suite 404  
Woodbridge, NJ 07095  
(732) 855-2897 or 1-866-NJSMART

**Website:** [www.njcleanenergy.com](http://www.njcleanenergy.com)

## *General Program Process*

- All programs require pre-approval prior to equipment installation. Some exemptions exist for prescriptive HVAC and premium motors applications with incentives below \$5,000.
- Pre and post inspections requirements are determined by a number of factors including incentive value, technology and program. Estimated incentives \$25,000 and greater will likely be pre and post inspected.
- Incentives  $\geq$ \$300,000 require Board of Public Utilities (BPU) approval. BPU Board meetings are held roughly once per month. BPU's Board meeting schedule can be found on the BPU's web site <http://www.state.nj.us/bpu/index.shtml>
- Application documents must be prepared by TRC 3-4 weeks in advance of the BPU Board meeting.
- Customers must install new equipment within one-year of benefit approval.

## *Programs*

### **SmartStart**

#### a) Prescriptive Measures

- \$14 million available and allows customers to choose equipment from a pre-qualified list of energy-efficiency measures and receive a fixed incentive.
- Commercial and industrial customers of any size are eligible.
- Incentive capped at \$500,000 per year per electric and natural gas utility account.
- Designed for customers who have projects beyond the design phase. These projects may include new construction, renovation, remodeling, and equipment replacement.

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- Prescriptive measures are those technologies where energy savings can be predicted with reasonable accuracy. These technologies include:

|                            |                           |
|----------------------------|---------------------------|
| Electric Chillers          | Gas Cooling               |
| Electric Unitary HVAC      | Ground Source Heat Pumps  |
| Gas Heating                | Variable Frequency Drives |
| Gas Water Heating          | Premium Motors            |
| Prescriptive Lighting      | Lighting Controls         |
| Performance Lighting       | Refrigeration Controls    |
| Refrigeration Doors/Covers |                           |

## b) Custom Measures

- Incentive available for new and/or innovative energy efficiency technologies not offered a prescriptive incentive.
- For projects more complex than prescriptive measures, but involving less than a whole building design.
- Incentive capped at \$500,000 per year per electric and natural gas utility account.
- Customers are required to provide a detailed analysis of technology.
- Incentives are assessed on a case-by-case basis.
- To be eligible, a proposed electric project must offer a reduction of 75,000 kWh annual energy savings.
- Gas projects are required to reduce gas usage by 1,500 therms annually.

## **Pay For Performance**

- \$27 million available for new construction and existing building projects. Holistic building approach for higher levels of energy performance geared to new construction and existing building projects.
- \$1 million per electric meter; \$1 million for natural gas meter; another \$1 million for Combined Heat and Power. Annual entity cap of \$4 million.
- A large network of approved Program Partners provide technical services to the customer to walk them through the program.
- Customer's selected Partner develops an Energy Reduction Plan for each project that includes technical components, a financial plan for funding the energy efficient measures, and a construction schedule for installation.

## a) Existing Buildings

- For buildings over 100 kW peak demand.
- A minimum 15 percent total energy savings is required to participate in the program. Industrial customers must meet a minimum energy savings of 100,000 kWh, 350 MMBTU or 4 percent of total facility consumption, whichever is greater.

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- Incentives split with some paid upfront, some upon completion, and the remainder after measured savings.

## **b) New Construction/Major Gut Rehabilitation**

- Project site must be 50,000 square feet or larger and must be in a Smart Growth area as defined by the New Jersey State Development and Redevelopment Plan.
- A minimum of 15 percent energy savings must be achieved over existing building code. (Currently ASHRAE 90.1-2007 is recognized.)
- Incentives are awarded as program milestones are completed with the final incentive paid following a comprehensive measurement and verification report that proves the savings targets have been met or exceeded.

## **Direct Install**

- \$18.3 million available.
- Provides direct installation of prescribed measures that save electric and/or natural gas for customers with 100 kW or less peak load.
- Local approved contractors install measures based on building needs and 60 percent of the material and labor costs are incentivized and paid to the installing contractor. Business pays for the remaining 40 percent.
- Incentives are limited to \$50,000 per project; \$250,000 per entity.
- Recommended measures must achieve savings criteria through program resource cost test.

## **Free Energy Benchmarking**

- This free service provides energy managers and building owners with a performance assessment and valuable information on how to get your project started.
- Benchmarking is available for hospitals and healthcare, municipalities, industries, hospitality, multifamily, higher education, retail and other commercial accounts.
- For 2011, K-12 public schools are eligible for free energy benchmarking.

## **Local Government Energy Audit Program**

- Energy audit incentives offered up to 100 percent for local governments, New Jersey State Colleges and Universities, and 501 (c) (3) non-profit agencies.
- Eligible to all size entities, however those 100kW and below will be directed to Direct Install\*.
- Entity can select from five pre-approved auditing firms to perform the audit after development and submission of a competitive RFP.

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- Incentives capped at \$100,000 per entity per calendar year.
- Entities are encouraged to enter into other programs at the conclusion of the audit process.

*\*Applicants demonstrating sufficient need for thermal shell measure improvements may go through the LG&E Program with the Market Manager's approval*