

Agenda Date: 12/16/09 Agenda Item: 8B

STATE OF NEW JERSEY

Board of Public Utilities Two Gateway Center Newark, NJ 07102 www.nj.gov/bpu/

## **CLEAN ENERGY**

IN THE MATTER OF COMPREHENSIVE ENERGY	)	ORDER
EFFICIENCY AND RENEWABLE ENERGY RESOURCE	)	
ANALYSIS FOR 2009 -2012: PROPOSED REVISIONS	)	
TO TRC'S COMPLIANCE FILING RELATED TO	)	DOCKET NOS. E007030203 &
ENERGY EFFICIENCY AND CONSERVATION	)	EO09050365
BLOCK GRANTS	)	

Cynthia Holland, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities

#### BY THE BOARD:

This Order memorializes action by the Board of Public Utilities (Board) at its December 16, 2009 meeting. At that meeting, the Board considered modifications to TRC's 2009 program compliance filing and modifications to the application submitted to the United States Department of Energy (USDOE) pursuant to the American Recovery and Reinvestment Act of 2009, <u>Pub. L.</u> No. 111-5, 123 Stat. 115 (Recovery Act).

#### Background of the 2009 Programs

On February 9, 1999, the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. (EDECA) was signed into law. EDECA established requirements to advance energy efficiency and renewable energy in New Jersey through the Societal Benefits Charge (SBC). N.J.S.A. 48:3-60(a)(3). EDECA further empowered the Board to initiate a proceeding and cause to be undertaken a comprehensive resource analysis of energy programs, currently referred to as the comprehensive energy efficiency (EE) and renewable energy (RE) resource analysis. After notice, opportunity for public comment, public hearing, and consultation with the New Jersey Department of Environmental Protection, within eight months of initiating the proceeding and every four years thereafter, the Board determines the appropriate level of funding for EE and Class I RE programs (now collectively called New Jersey's Clean Energy Program) that provide environmental benefits above and beyond those provided by standard offer or similar programs in effect as of February 9, 1999.

By Order dated April 27, 2007, Docket No. EO07030203, the Board directed the Office of Clean Energy (OCE) to initiate the third comprehensive EE and RE resource analysis proceeding and to schedule public hearings on program funding and funding allocations for the years 2009 – 2012. The Board concluded its proceeding by Order dated September 30, 2008, Docket No. EO07030203, (CRA III Order). The CRA III Order set funding levels of \$245 million for 2009,

\$269 million for 2010, \$319 million for 2011 and \$379 million for 2012. The Board also allocated 2009 funding levels of \$176.5 million for EE and \$68.5 million for RE and also allocated funding to major program sectors such as residential, commercial and industrial, and renewable energy.

By Order dated January 8, 2009, Docket No. EO07030203, (2009 Budget Order) the Board approved the 2009 programs and budgets for New Jersey's Clean Energy Program (NJCEP). The 2009 Budget Order approved the compliance filings of Honeywell, the residential and renewable energy program Market Manager; TRC, the C&I program Market Manager; the Utilities, which deliver the Comfort Partners low income program; and the Office of Clean Energy (OCE), which performs certain administrative functions, including program evaluation. The compliance filings included the detailed budgets, which break down program budgets by the various reporting categories such as administration, marketing and rebates, of the programs managed by Honeywell, TRC, the Utilities and the OCE. Throughout the year, the Board took action to update and otherwise modify the 2009 Budget Order. Some of the Board's revisions to the 2009 Budget Order were memorialized in an Order dated August 7, 2009, in Docket No. EO07030203.

In the August 7th Order, the Board authorized the expansion of the existing NJCEP Market Manager contracts to include support of the Recovery Act and other programs. Specifically, the Board authorized "Honeywell, TRC and Applied Energy Group (AEG) to utilize existing contract lines, or modified contracts as required, and to charge administrative expenses related to supporting non-NJCEP programs to the NJCEP program." The Board further stated that "Honeywell, TRC, and AEG shall make these modifications to expand the scope of their contracts with no change to the prices charged for their services." The New Jersey Department of the Treasury approved an Award Recommendation dated July 13, 2009, which included modifications to the Honeywell, TRC and AEG contracts that expanded the scope of services to include federal stimulus and other non-NJCEP programs.

## Background of the EECBG Rebate Program

The Recovery Act is intended to stimulate the economy and to create and retain jobs. To that end, the Recovery Act appropriates funding for the USDOE to award formula-based grants to states, U.S. territories, units of local government, and Indian tribes under the Energy Efficiency and Conservation Block Grant (EECBG) Program, authorized by Title V, Subtitle E of the Energy Independence and Security Act of 2007, 42 <u>U.S.C.</u> § 17151 <u>et seq.</u>

Funds appropriated for the EECBG Program were allocated by the federal government based on a population and energy use formula developed by the USDOE. Under the formula, New Jersey will receive \$75,468,200, of which \$61,067,500 will go directly to seventy-five eligible units of local government. Each eligible unit of local government is required to apply directly to the USDOE for its allocated share of EECBG program funds. The remaining \$14,400,700 will go to the State Energy Office administered by the Board's Office of Clean Energy. See N.J.S.A. 52:27F-11m. The EECBG Program also requires, pursuant to 42 U.S.C. § 17155(c)(1)(A), that the States share not less than sixty percent of the funds allocated to States with non-eligible entities of local government. Accordingly, the Board must use not less than sixty percent of its \$14,400,700 to provide sub-grants to 512 local governments that are not eligible for direct formula grants.

At its June 8, 2009 public meeting, the Board approved an EECBG application package for the USDOE. That application is attached to the Order memorializing the Board's action. Order, I/M/O State Energy Program (SEP) Energy Efficiency and Conservation Block Grants – Funding

from the American Recovery and Reinvestment Act of 2009, Docket No. E009050365 (September 23, 2009). In the application, the Board proposed an Energy Efficiency and Conservation Strategy (EECS) that allocates seventy-one percent, or \$10,240,000, of its \$14,400,700 EECBG Program funds to local government entities that are not eligible for direct formula grants. Id. at 2. The Board proposed to spend the remaining twenty-nine percent, or \$4,160,700, to promote energy efficiency and conservation in State government buildings and facilities. Ibid. Under the local government entities allocation, the Board proposed a program to sub-grant funding in the form of rebates whereby local governments in New Jersey that do not qualify for direct grants from the USDOE can be eligible for a second-tier grant in the form of a rebate of up to \$20,000 through the State if they have obtained an energy audit of at least one public building through the Local Government Energy Audit Program (LGEA Program). Ibid. Once local government entities have fulfilled the eligibility requirement of the LGEA Program, the Board intended to use its LGEA Program administrative structure to process applications for and provide EECBG sub-grants in the form of rebates of up to of \$20,000 to pay for the energy efficiency improvements recommended in the audit reports. Ibid.

The Board's application related the EECBG rebates to the LGEA Program. Specifically, the application stated that "[a]s way of creating an incentive for local governments to take advantage of the energy savings recommended in the energy audit report performed under the LGEA program, the NJBPU will sub-grant EECBG funds in the form of rebates to cover the cost of the work, up to a maximum of \$20,000 per qualified local government entity." Then, "[t]o qualify for the EECBG rebate, sub-grantees will be required to use the existing LGEA program." The application submitted to and approved by the USDOE thus linked the EECBG rebate program exclusively to the LGEA program.

On September 28, 2009, the USDOE awarded the State of New Jersey EECBG funding in the amount of \$14,400,700.

# Proposed Modifications to the EECBG Program

The Board's Direct Install and Pay-for-Performance programs require their own energy audits. As part of the Direct Install program, which targets smaller commercial customers, the market manager performs a high level energy audit and recommends specific energy efficiency measures. Under the Direct Install program, the NJCEP will pay 80% of the cost of the measures installed by the customer. For local governments not eligible for direct formula grants, the EECBG rebate could cover the remaining 20% of the cost of the measures not covered by the Direct Install program. The OCE believes it would be faster, more efficient, and less costly to allow local government entities not eligible for direct formula grants to apply directly to the Direct Install program without requiring them to first go through the LGEA program. Likewise, a customer participating in the Pay-for-Performance program is required to perform an energy audit as part of the required energy reduction plan. When a local government not eligible for direct formula grant participates in the Pay-for-Performance program, the OCE sees no added benefit to requiring that entity to participate in the LGEA program first and then perform a second energy audit under the Pay-for-Performance program. Therefore, the OCE believes that the EECBG rebate program should be modified to allow qualified entities to apply directly to either the Direct Install or Pay-for-Performance programs without requiring them to participate in the LGEA program first.

On the other hand, the OCE believes that customers that participate in the C&I Construction program (SmartStart prescriptive rebates) or that install measures not covered by an existing NJCEP should still be required to participate in the LGEA program first to be eligible for an

#### EECBG Rebate

TRC Energy Services (TRC) operates as the Board's NJCEP Commercial and Industrial (C&I) program market manager. Among the market manager's responsibilities is the development and revision of programs and program budgets in a coordinated process with the OCE. Having identified potential modifications to the EECBG rebate program, the OCE engaged TRC in discussions that lead to the development of a revised compliance filing. In a letter dated November 24, 2009, TRC submitted its compliance filing to the Board for approval. Upon further review and with input from the OCE TRC revised its compliance filing by letter dated December 10, 2009.

The major proposals in TRC's compliance filing, attached to this order, are as follows:

TRC proposes that EECBG rebates will be awarded in an amount of up to \$20,000 per municipality or county. The rebates must be used toward the cost of installing energy efficiency measures in one of two approaches. The municipality/county not eligible for direct formula grants may:

- Enroll in one of New Jersey's Clean Energy Program (NJCEP) C&I Programs: Direct Install, Pay for Performance, or Smart Start C&I Construction Program (Schools, Retrofit, and New Construction); or in a utility EE incentive program which offers rebates and incentives to local government customers as an alternative to the NJCEP in certain sections of the State; or
- Arrange to install building shell measures recommended in the Local Government Energy Audit program or an equivalent audit as defined in TRC's compliance filing

TRC's filing states that local governments not eligible for direct formula grants may use the EECBG rebate to cover the costs of energy efficiency improvements that are not already covered by existing NJCEP incentives. The total amount of the combined NJCEP rebate and EECBG rebate may not exceed the installed cost of the energy efficiency upgrades. For local governments which also receive incentives from a utility, the maximum amount of the incentive will be governed by the terms of the Board's approval of the utility program. For projects that request incentives from more than one source, TRC proposes that the incentives will be provided in the following order: NJCEP incentives; EECBG rebates; and Utility incentives. This provision regarding the order of incentives is subject to confirmation and approval from the USDOE.

TRC's proposal limits the EECBG rebate to the 512 municipalities and counties not eligible for direct formula grants. These local governments are identified in TRC's filing. TRC's filing also includes a list of eligible measures. Previously installed energy efficiency measures are not eligible for an EECBG rebate. In addition, workers hired for any project(s) receiving EECBG rebates must be hired based on (at a minimum) the federal prevailing wage rates as set forth by the Davis-Bacon Act, 40 <u>U.S.C.</u> 3141 <u>et seq.</u> TRC's filing states that this federal prevailing wage requirement does not relieve the local governments from compliance with any required State prevailing wage requirement.

TRC proposes that the Board make these funds available to local governments not eligible for direct formula grants for a period of 12 months from the date the State receives its first staged disbursement of funds. After that period, unused or unclaimed funds will be redistributed on a first-come, first-served basis and will be available regardless of whether a local government took

advantage of the EECBG rebate during the initial one-year period. Thus, local governments not eligible for direct formula grants may apply for the program again.

### The OCE Recommendations

The OCE has reviewed TRC's compliance filing for the EECBG rebate program and believes that it is a reasonable proposal that is consistent with the intent of the federal EECBG program.

The revised TRC proposal submitted on December 10, 2009 states that the combined NJCEP and EECBG incentives available to local governments not eligible for direct formula grants must not exceed 100% of a project's cost. For local governments which also receive incentives from a utility, the maximum amount of the incentive will be governed by the terms of the Board's approval of the Board's approval of the utility program. The OCE concurs with this proposal.

Based on the above, the OCE recommends that the Board approve TRC's compliance filing and authorize the OCE to submit to the USDOE a revised EECBG application that reflects the changes discussed above. TRC's proposal offers an efficient means of processing EECBG rebate applications and utilizes the existing NJCEP administrative structure and program procedures. The TRC proposal also allows eligible entities to maximize available funds by having the EECBG rebates supplement existing NJCEP rebates.

Ultimately, implementation of the EECBG rebate program as described above will require DOE approval of a modified EECBG application. Specifically, the application will need to be modified to allow EECBG eligible entities to apply directly to the Direct Install, Pay-for-Performance, or a utility program without having to also apply for the LGEA program. The revised application would also expand the list of eligible measures to include the measures covered by these programs as well as the building shell measures that may be recommended in the LGEA Program audit, which are not currently covered by the other programs. Therefore, the OCE requests authorization to submit a revised EECBG application to the USDOE that reflects the program changes proposed by TRC and clarified by the OCE.

# Discussion and Findings

The Recovery Act provides states with funds intended to stimulate the economy by creating jobs and investing in energy efficiency measures. The purpose of the federal EECBG Program is to assist eligible entities in creating and implementing strategies to: (1) reduce fossil fuel emissions in a manner that is environmentally sustainable and, to the full extent practicable, maximizes benefits for local and regional communities; (2) reduce the total energy use of the eligible entities; and (3) improve energy efficiency in the building sector, the transportation sector, and other appropriate sectors. 42 <u>U.S.C.</u> § 17152. The proposed changes to the EECBG rebate program discussed above will further these objectives.

In addition, the proposed changes will streamline the application process and reduce administrative delay. The proposal utilizes existing NJCEP program structures, existing contracts, and existing administrative structures for processing EECBG rebate applications. The OCE recommendations remove obstacles and duplicate program requirements, so local governments not eligible for direct formula grants may effectively take advantage of State, federal, and utility incentives. TRC will also be able to promptly commence implementation of the EECBG rebate program upon receipt of Board and USDOE approval. Finally, the proposal will allow local governments not eligible for direct formula grants to maximize the number of measures installed by leveraging and supplementing existing NJCEP rebates. These revisions

reflect a significant improvement in program design, which will benefit program participants and the State of New Jersey.

Based on the foregoing, the Board HEREBY FINDS that the EECBG rebate program as set out in TRC's compliance filing is reasonable and consistent with the objectives of the federal EECBG program. The Board HEREBY APPROVES TRC's compliance filing, updated on December 10, 2009, as clarified by the OCE.

As previously described, some local governments not eligible for direct formula grants also receive incentives from a utility pursuant to a Board-approved energy efficiency program. Under the terms of certain stipulations approved by the Board for those programs, direct funding (not including financing), cannot cover the total cost of the energy efficiency improvements. Therefore, the total incentives from those utilities whose stipulations contain this limitation. combined with the incentives from the NJCEP and the EECBG rebates must be less than the total installed cost of the energy efficiency upgrades. Total incentives received from the NJCEP, the EECBG, and a utility which is not subject to that restriction must be less than or equal to the total installed cost.

Having approved the proposed program revisions, the Board HEREBY AUTHORIZES the OCE to submit an amended EECBG application to the USDOE for approval.

DATED: 12/22/09

BOARD OF PUBLIC UTILITIES

By:

JEANNE M. FOX PRESIDENT

REDERICK F. BUTLER

COMMISSIONER

COMMISSIONER

JOSEPH L. FIORDALISO

COMMISSIONER

ELIZABEÜH RANDALL COMMISSIONER

ATTEST:

KRISTI IZZO SECRETARY

Kuid dezo

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public

Utilities

Docket Nos. EO07030203 and EO09050365



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December 10, 2009

Hon. Kristi Izzo Secretary New Jersey Board of Public Utilities Two Gateway Center Newark, NJ 07102

Re: Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for 2009-2012 Clean Energy Program: Revised 2009 C&I Programs and Budgets BPU Docket No. E007030203

Dear Secretary Izzo:

Enclosed for filing on behalf of TRC, please find a proposed revision to the Program and Budget Filing from the Commercial & Industrial Market Manager for New Jersey's Clean Energy Programs for the calendar year 2009. This document is related to the State of New Jersey Energy Efficiency and Conservation block Grant (EECBG) Rebate Program and replaces the revision to the 2009 Filing submitted on November 24, 2009. In addition, it also replaces pages 64 through 68 of the 2010 Filing dated December 9, 2009, delivered to the Board on December 9, 2009. Finally, in regard to the 2010 Filing, a correction has been made to the incentive table on page 14 to correct the last item under Gas Fired Water Heating. This Technology Classification should be > 4000 MGH not > 400. Page 14 is revised and attached for your reference.

This document has been forwarded electronically to the Office of Clean Energy and AEG staff.

Very truly yours,

TRC

Francis X. Reilly, Jr. Senior Vice President

Enclosures

<b>Technology Classification</b>	2009 Current Incentive		Proposed 2010 Incentive
Gas Furnaces			
≥ 90% AFUE ≥ 92% AFUE, with ECM	Up to \$300 per furnace		Increase standard from ≥ 90%  AFUE to ≥ 92%  No change
Variable Frequency Drives (H	\$400 per furnace		140 change
Variable Air Volume (add on to existing VAV HVAC systems only)	\$65 - \$155 per hp		No Change
Chilled Water Pumps	Up to \$60 per hp		No Change
Air Compressors with VFD's	Incentives will be paid as a Prescriptive Measure based on specific eligibility requirements. Available incentives are to be paid in accordance with the information below: Installed HP Incentive 25 to 29 Up to \$5,250 30 to 39 Up to \$6,000 40 to 49 Up to \$7,200 50 to 59 Up to \$8,000 40 to 199 Up to \$9,000 200 to 249 Up to \$10,000 > 250 Up to \$12,500 Refer to Application and/or website for standards that apply to these		No Change
Gas Fired Water Heating:	measures		
≤ 50 gallons ≥ 0.62 energy factor	Up to \$50 per water heater		No Change
≥ 82% energy factor	No incentive		\$300 per tankless water heater
> 50 gallons; < 300 MBH ≥ 85% AFUE	Up to \$2.00 per MBH, but not less than \$50/unit		No Change
300 MBH - 1500 MBH ≥ 85% AFUE	Up to \$1.75 per MBH		No Change
>1500 MBH - 4000 MBH ≥ 84% AFUE	Up to \$1.00 per MBH		No Change
> 4000 MBH	Treated under Custom Measure Path		No Change



New Jersey's Clean Energy Program 2009 Program Descriptions and Budget

Commercial & Industrial Energy Efficiency Programs Managed by TRC as C&I Market Manager



Revision to 2009 Program & Budget Filing December 10, 2009

# 2009 C&I Compliance Filing, proposed addition:

State of NJ Energy Efficiency and Conservation Block Grants (EECBG) Rebate Program

Description: This initiative will provide rebates from the federal Energy Efficiency and Conservation Block Grants (EECBG or block grants) received by the NJ Board of Public Utilities to 512 non-formula-eligible municipalities and counties (those that did not receive a direct Block Grant) defined in this filing as local governments. A listing of eligible entities is attached. The EECBG rebates will be paid based on the completion of the EECBG application, any supporting documentation and the installation of the energy efficiency (EE) upgrades. This program will not fund new construction but will support the installation of EE equipment as noted below. The program will be implemented by the commercial and industrial market manager, TRC. Block Grant rebates will be awarded in the amount of up to \$20,000 per municipality or county. The rebates must be used toward the cost of installing energy efficiency measures in one of two approaches. The municipality/county may:

- Enroll in one of New Jersey's Clean Energy Program (NJCEP) C&I Programs: Direct Install, Pay for Performance or SmartStart C&I Construction Program (Schools, Retrofit, and New Construction); or
- Arrange to install building shell measures recommended in the Local Government Energy Audit program or equivalent audit as it is defined below in this compliance filing

In each case the non-formula eligible local governments may use the rebate to cover the costs of energy efficiency improvements that are not already covered by existing NJBPU incentives. In all cases the energy efficiency measures must be allowed under the categorical exclusions from NEPA review as authorized by the U.S. Department of Energy, which administers the EECBG program.

The total amount of the combined NJCEP rebate and Block Grant dollars may not exceed the installed cost of the energy efficiency upgrades. For entities that also receive incentives from a utility, the maximum amount of the utility incentive will be governed by the terms of the Board's approval of the utility program.

Eligible project costs will follow existing Program guidelines.

**Process:** Outlined below is a description of how the Block Grant rebate funds may be combined with New Jersey's Commercial & Industrial Clean Energy Programs and/or utility energy efficiency programs. Where applicable, detailed descriptions of the Block Grant rebate process inspection protocols will be developed by TRC and submitted to BPU staff for approval.

1) SmartStart C&I Construction Program – To receive a Block Grant rebate for measures installed under the SmartStart C&I Construction Program, non-formula eligible municipalities and counties must first engage a participating Local Government Energy Audit Program (LGEAP) contractor to conduct an energy audit or they may conduct the audit independent of the LGEA program provided that the audit is equivalent to those conducted through LGEA. (The definition of equivalent energy audit is provided below.) Once the

audit is completed and accepted by the Market Manager, the local government would submit the appropriate SmartStart technology application(s) and an EECBG rebate application form to the Market Manager, who would also be available to help the entity determine which facility or measures should be targeted for this opportunity. Block Grant rebates cannot be used to cover the 25% balance of the LGEAP audit fee; however, pursuant to the existing design of the LGEA program, the remaining 25% of that cost would be refunded provided measures of an equivalent dollar amount are installed.

- Direct Install Program Non-formula eligible local governments eligible for the Block Grant rebate, whose facilities peak demand did not exceed 200 kW in any of the preceding twelve months, may participate in the Direct Install program. Under this program, an approved participating program contractor would conduct an inventory of energy using equipment (lighting, HVAC, etc.) and make recommendations for energy efficiency upgrades. Upon approval by the customer, the contractor would install the energy efficiency measures and the program would provide incentives to cover up to 80% of the installed cost. The entity would submit simultaneously an EECBG rebate application to the Market Manager, who would verify the participation in the Direct Install program, confirm the eligibility of the municipality or county for the Block Grant rebate, and confirm the value of the Block Grant rebate due which would be used to cover up to the remaining 20% of the project cost. The combined NJCEP incentives and Block Grant rebate could provide the measures at no cost to the local government entity for projects with a cost of up to \$100,000.
- 3) Pay for Performance Non-formula eligible local governments eligible for the Block Grant rebate may participate in the Pay for Performance Program. Under this program, the eligible municipality or county would secure the services of a pre-approved program partner. The partner would develop an Energy Reduction Plan and facilitate the installation of the recommended package of energy efficiency improvements. The eligible local government would then submit the EECBG rebate application to the Market Manager, who would verify the applicant's participation in the Pay for Performance program, confirm the eligibility of the municipality or county for the Block Grant rebate, and confirm the value of the Block Grant rebate that would be due and which would increase the program incentives by up to \$20,000. (Block Grant rebates can only be applied toward the cost of measures installed and therefore cannot be used to offset the cost of developing the Energy Reduction Plan.)
- 4) Shell Measures under the Local Government Energy Audit Program Non-formula eligible local governments eligible for the Block Grant rebate that have had audits completed through the Local Government Energy Audit Program, or who have equivalent audits conducted independently may be eligible to receive Block Grant rebates of up to \$20,000 for costs related to the installation of building shell measures recommended in the audit. The value of the Block Grant rebates may not exceed the installed cost of the measure(s). The eligible municipality or county would submit to the Market Manager an EECBG rebate application, proof of project costs, and calculations demonstrating the energy savings of the building shell measure(s) installed. The Market Manager would review project cost documentation provided but would not be responsible for verifying savings calculations. The Market Manager will report savings and costs as provided by the applicant to the BPU.

Inspection protocols will be developed by the Market Manager and submitted to BPU staff for approval.

- 5) Utility Incentive Programs If non-formula eligible local government entities eligible for the Block Grant rebate participate in a utility EE incentive program which offers rebates and incentives to local government customers as an alternative to the NJCEP in certain sections of the State, the local government customer is eligible for the same Block Grant rebates as described in Item 1 above. If a qualified local government entity is eligible for utility rebates that supplement NJCEP rebates, these rebates and Block Grants rebates will be paid pursuant to Item 6 below. If a qualified local government entity participates in any utility energy efficiency program, that entity must include a copy of the utility program rebate application along with the EECBG rebate application submitted to the Market Manager.
- 6) For projects that request incentives from more than one source, incentives/rebates will be provided in the following order:
  - a. NJCEP rebates
  - b. Block Grant rebates
  - c. Utility incentives
  - d.

The combination of NJCEP incentives and the Block Grant rebate shall not exceed 100% of the cost of the measures. For certain utility programs, the combination of ARRA funding, NJCEP incentives and utility incentives may not fund 100% of a project's costs.

Example 1: If a project costs \$25,000 and is eligible for a \$7,000 NJCEP rebate, the project would receive a rebate of \$7,000 from the NJCEP and Block Grant rebate of \$18,000. The project would not be eligible for any utility incentives because 100% of the cost of the project would be paid from other sources.

Example 2: If a project costs \$40,000 and is eligible for a \$7,000 NJCEP rebate, the project would receive a rebate of \$7,000 from the NJCEP, a Block Grant rebate of \$20,000, and up to \$13,000 in utility rebates depending on the terms of available utility incentives.

The EECBG rebate is **ONLY** available to the 512 non-formula eligible municipalities and counties. Only duly authorized public official(s) should execute the application and/or make the determination regarding ultimate distribution of the rebate. The EECBG application package submitted should include a statement of the signatory party's authority to execute the application and evidence that the determination regarding distribution of the rebate is consistent with the entity's particular form of government, EECBG rebate program criteria, and New Jersey law.

Previously installed energy efficiency measures are not eligible for a Block Grant rebate. Workers hired for any project(s) receiving Block Grant rebates must be hired based on at a minimum the federal prevailing wage rates as set forth by the Davis Bacon Act. This requirement does not relive the municipality from compliance with any required State prevailing wage requirement. The eligible municipality or county would be required to work with the Market Manager to obtain documentation proving this.

**Timeframe:** The Board will make these funds available to all eligible municipalities and county governments for a period of 12 months from the date the State receives its first staged disbursement of funds. After that period ends, any remaining unused or unclaimed funds would be redistributed on a first-come first-served basis and would continue to be available to nonformula eligible municipalities and counties whether or not they took advantage of the Block Grant rebate program during the initial one-year eligibility period. In other words, after the first-year program period, non-formula eligible municipalities and counties that received the Block Grant rebate during the first year may apply for the program again.

Eligible Measures: The following list of eligible energy conservation measures was included in the initial ARRA submission to DOE. The same measures would be eligible for EECBGs:

- The Pay for Performance Program provides incentives for an Energy Reduction Plan and energy conservation measures. Eligible measures funded under ARRA would be limited to efficient lighting, HVAC measures, occupancy sensors, variable speed drives, programmable thermostats, refrigeration measures, domestic hot water reduction measures, pipe insulation, energy star boilers and furnaces, barometric dampers, high efficiency cooling systems, high efficiency water heating equipment, energy efficient appliances, geothermal heat pumps (10 tons of capacity or smaller), windows, doors, insulation and other building shell improvements, clean and tune (furnaces), solar thermal hot water (appropriately sized for the existing building), low flow aerators/showerheads/toilets, combined heat and power systems (sized to boilers appropriate to the buildings in which they are located), chillers, motors and pumps, controls, building management systems, exhaust air heat recovery, and exhaust fans/air handlers/ventilation fans.
- The Direct Install Program identifies cost-effective energy efficiency opportunities, provides incentives and direct instalfation of efficiency measures on existing small commercial and industrial buildings. The upgrades for consideration will be limited to: lighting, occupancy sensors; variable speed drives; programmable thermostats; Refrigeration measures, high efficiency appliances including those related to food services, domestic hot water reduction measures; pipe insulation; HVAC measures; energy star boilers and furnaces; high efficiency cooling systems and high efficiency water heating equipment.

TRC proposes to add the following list of EECBG eligible measures to the list previously submitted to DOE:

- The SmartStart C&I Construction Program provides incentives for energy conservation measures. Eligible measures funded under EECBGs would be limited to retrofit measures only (i.e., new construction is not eligible) and to efficient lighting, high efficiency HVAC measures, lighting controls, variable speed drives, high efficiency boilers and furnaces, high efficiency cooling systems, high efficiency water heating equipment, geothermal heat pumps, high efficiency chillers, motors and pumps.
- The Local Government Energy Audit program is an incentive program which subsidizes a portion of the cost for completing an energy audit of eligible facilities. The following

building shell measures will be eligible for EECBGs if they are recommended in the audit: energy efficient windows and doors, insulation, and other energy efficient building shell measures.

# Proposed Definition of Equivalent Audit

TRC proposes the following definition for a Local Government Energy Audit (LGEA) equivalent audit:

The audit must have been completed within the past 12 months, must assess current energy usage and costs, and must identify, analyze and recommend energy efficiency measures, renewable energy systems, and strategies for the purchase of energy. The energy audit must include a complete inventory of meters and billing points for all sources of energy. The goal of the energy audit is to identify opportunities for reducing energy costs.

The energy audit should be comparable to an ASHRAE Level II audit (investment grade for lighting) and must incorporate the following elements:

- Outline the location's historic energy consumption, include all fuels and uses (including process):
  - Compile energy usage and costs for each facility for the twelve months prior the audit including kW, kWh, BTU's, therms, etc.
  - Identify the utility rate schedule under which services are provided to each meter
- Describe the facility by characterizing building usage and occupancy profiles, facility size, construction features including an assessment of the building envelope (windows, doors, insulation, etc.) and equipment description and operations.
  - Provide an equipment list that contains pertinent information for all energy consuming equipment including estimate of equipment efficiency and remaining useful life. For example, for lighting, for each area of each building, provide existing fixture type, existing lamp type, existing lamp count and existing ballast type, current watts per. Similar detail should be provided for other equipment and should include but not be limited to, building envelope, water heating, HVAC, plug load, etc.
- Identify and Recommend Energy Conservation Measures: Provide a narrative summary for
  each energy conservation measure recommended. For example, for lighting
  recommendations, for each area of each building, provide proposed fixture type, proposed
  lamp type, proposed lamp count, proposed ballast type, total watts per proposed fixture,
  projected energy savings per room, projected energy cost savings per room and before and
  after lighting levels. Similar detail should be provided for other measures.
  - Clearly document the key assumptions made in analyzing each measure and describe the method of analysis, as well as any estimates made. Provide the following for each recommended energy conservation measure:
    - · Description of energy conservation measure
    - · Estimated installation cost and source of cost estimate
    - Estimated energy savings (kW, kWh, therms, etc.) including detailed calculations and methodology supporting savings

- Estimated annual energy cost savings (including any assumptions regarding future energy costs, life of measure, etc.)
- Estimate of any rebates/financial incentives available through New Jersey's Clean Energy Program or from other sources
- · Estimated annual operating cost savings
- · Estimated lifetime energy cost savings
- Simple payback
- · Estimated return on investment
- · Options for funding the installation of recommended measures
- Provide a high-level assessment of renewable and distributed energy measures which:
  - Provides recommendations on the potential/viability of various renewable/distributed energy technologies
  - o Identifies available grants and incentives and sources of funding
  - Analyzes costs and savings comparing current and future costs of electric and thermal energy with and without each technology assessed
- Identify Energy Purchasing and Procurement Strategies for each facility by:
  - Developing a load profile for each electric and natural gas account
  - Providing an analysis of the utility tariff under which the facility is currently served
  - Assessing potential savings from purchasing from third party suppliers
- Identify the Method of Analysis: Provide a description of and documentation for and tools
  used to perform energy use and energy savings estimates.

Whole facility Investment Grade Audits are also acceptable.

# Eligible Local Government Entities:

#### Counties:

Atlantic County
Cape May County
Cumberland County
Hudson County
Hunterdon County
Middlesex County
Mercer County
Passaic County
Salem County
Sussex County
Warren County

#### Municipalities

Aberdeen township, Monmouth County Absecon city, Atlantic County Alexandria township, Hunterdon County Allamuchy township, Warren County Allendale borough, Bergen County Allenhurst borough, Monmouth County Allentown borough, Monmouth County Alloway township, Salem County Alpha borough, Warren County Alpine borough, Bergen County Andover borough, Sussex County Andover township, Sussex County Asbury Park city, Monmouth County Atlantic Highlands borough, Monmouth County Audubon borough, Camden County Audubon Park borough, Camden County Avalon borough, Cape May County Avon-by-the-Sea borough, Monmouth County Barnegat Light borough, Ocean County Barnegat township, Ocean County Barrington borough, Camden County Bass River township, Burlington County Bay Head borough, Ocean County Beach Haven borough, Ocean County Beachwood borough, Ocean County Bedminster township, Somerset County Belleville township, Essex County Bellmawr borough, Carnden County Belmar borough, Monmouth County Belvidere town, Warren County Bergenfield borough, Bergen County Berkeley Heights township, Union County Berlin borough, Camden County Berlin township, Camden County Bernards township, Somerset County

Bernardsville borough, Somerset County Bethlehem township, Hunterdon County Beverly city, Burlington County Blairstown township, Warren County Bloomingdale borough, Passaic County Bloomsbury borough, Hunterdon County Bogota borough, Bergen County Boonton town, Morris County Boonton township, Morris County Bordentown city, Burlington County Bordentown township, Burlington County Bound Brook borough, Somerset County Bradley Beach borough, Monmouth County Branchburg township, Somerset County Branchville borough, Sussex County Bridgeton city, Cumberland County Brielle borough, Monmouth County Brigantine city, Atlantic County Brooklawn borough, Camden County Buena borough, Atlantic County Buena Vista township, Atlantic County Burlington city, Burlington County Burlington township, Burlington County Butler borough, Momis County Byram township, Sussex County Caldwell borough, Essex County Califon borough, Hunterdon County Cape May city, Cape May County Cape May Point borough, Cape May County Carlstadt borough, Bergen County Carneys Point township, Salem County Carteret borough, Middlesex County Cedar Grove township, Essex County Chatham borough, Morris County Chatham township, Morris County

Chesilhurst borough, Camden County Chester borough, Morris County Chester township, Morris County Chesterfield township, Burlington County Cinnaminson township, Burlington County City of Orange township, Essex County Clark township, Union County Clayton borough, Gloucester County Clementon borough, Camden County Cliffside Park borough, Bergen County Clinton town, Hunterdon County Clinton township, Hunterdon County Closter borough, Bergen County Collingswood borough, Camden County Colts Neck township, Monmouth County Commercial township, Cumberland County Corbin City city, Atlantic County Cranbury township, Middlesex County Cranford township, Union County Cresskill borough, Bergen County Deal borough, Monmouth County Deerfield township, Cumberland County Delanco township, Burlington County Delaware township, Hunterdon County Delran township, Burlington County Demarest borough, Bergen County Dennis township, Cape May County Denville township, Morris County Deptford township, Gloucester County Dover town, Morris County Downe township, Cumberland County Dumont borough, Bergen County Dunellen borough, Middlesex County Eagleswood township, Ocean County East Arnwell township, Hunterdon County East Greenwich township, Gloucester County East Hanover township, Morris County East Newark borough, Hudson County East Rutherford borough, Bergen County East Windsor township, Mercer County Eastampton township, Burlington County Eatontown borough, Monmouth County Edgewater borough, Bergen County Edgewater Park township, Burlington County Egg Harbor City city, Atlantic County Elk township, Gloucester County Elmer borough, Salem County Elmwood Park borough, Bergen County Elsinboro township, Salem County Emerson borough, Bergen County Englewood city, Bergen County Englewood Cliffs borough, Bergen County Englishtown borough, Monmouth County

Essex Fells borough, Essex County Estell Manor city, Atlantic County Fair Haven borough, Monmouth County Fair Lawn borough, Bergen County Fairfield township, Cumberland County Fairfield township, Essex County Fairview borough, Bergen County Fanwood borough, Union County Far Hills borough, Somerset County Farmingdale borough, Monmouth County Fieldsboro borough, Burlington County Flemington borough, Hunterdon County Florence township, Burlington County Florham Park borough, Morris County Folsom borough, Atlantic County Frankford township, Sussex County Franklin borough, Sussex County Franklin Lakes borough, Bergen County Franklin township, Gloucester County Franklin township, Hunterdon County Franklin township, Warren County Fredon township, Sussex County Freehold borough, Monmouth County Freehold township, Monmouth County Frelinghuysen township, Warren County Frenchtown borough, Hunterdon County Garfield city, Bergen County Garwood borough, Union County Gibbsboro borough, Camden County Glassboro borough, Gloucester County Glen Gardner borough, Hunterdon County Glen Ridge borough, Essex County Glen Rock borough, Bergen County Gloucester City city, Camden County Green Brook township, Somerset County Green township, Sussex County Greenwich township, Cumberland County Greenwich township, Gloucester County Greenwich township, Warren County Guttenberg town, Hudson County Hackettstown town, Warren County Haddon Heights borough, Camden County Haddon township, Camden County Haddonfield borough, Camden County Hainesport township, Burlington County Haledon borough, Passaic County Hamburg borough, Sussex County Hamilton township, Atlantic County Hammonton town, Atlantic County Hampton borough, Hunterdon County Hampton township, Sussex County Hanover township, Morris County Harding township, Morris County Hardwick township, Warren County

Hardyston township, Sussex County Harmony township, Warren County Harrington Park borough, Bergen County Harrison town, Hudson County Harrison township, Gloucester County Harvey Cedars borough, Ocean County Hasbrouck Heights borough, Bergen County Haworth borough, Bergen County Hawthorne borough, Passaic County Hazlet township, Monmouth County Helmetta borough, Middlesex County High Bridge borough, Hunterdon County Highland Park borough, Middlesex County Highlands borough, Monmouth County Hightstown borough, Mercer County Hillsdale borough, Bergen County Hillside township, Union County Hi-Nella borough, Camden County Ho-Ho-Kus borough, Bergen County Holland township, Hunterdon County Holmdel township, Monmouth County Hopatcong borough, Sussex County Hope township, Warren County Hopewell borough, Mercer County Hopewell township, Cumberland County Hopewell township, Mercer County Independence township, Warren County Interlaken borough, Monmouth County Island Heights borough, Ocean County Jamesburg borough, Middlesex County Jefferson township, Morris County Keansburg borough, Monmouth County Kenilworth borough, Union County Keyport borough, Monmouth County Kingwood township, Hunterdon County Kinnelon borough, Morris County Knowlton township, Warren County Lacey township, Ocean County Lafayette township, Sussex County Lake Como borough, Monmouth County Lakehurst borough, Ocean County Lambertville city, Hunterdon County Laurel Springs borough, Camden County Lavallette borough, Ocean County Lawnside borough, Camden County Lawrence township, Cumberland County Lawrence township, Mercer County Lebanon borough, Hunterdon County Lebanon township, Hunterdon County Leonia borough, Bergen County Liberty township, Warren County Lincoln Park borough, Morris County Lindenwold borough, Camden County Linwood city, Atlantic County

Little Egg Harbor township, Ocean County Little Falls township, Passaic County Little Ferry borough, Bergen County Little Silver borough, Monmouth County Livingston township, Essex County Loch Arbour village, Monmouth County Lodi borough, Bergen County Logan township, Gloucester County Long Beach township, Ocean County Long Branch city, Monmouth County Long Hill township, Morris County Longport borough, Atlantic County Lopatcong township, Warren County Lower Alloways Creek township, Salem County Lower township, Cape May County Lumberton township, Burlington County Lyndhurst township, Bergen County Madison borough, Morris County Magnolia borough, Camden County Mahwah township, Bergen County Manasquan borough, Monmouth County Mannington township, Salem County Mansfield township, Burlington County Mansfield township, Warren County Mantoloking borough, Ocean County Mantua township, Gloucester County Manville borough, Somerset County Maple Shade township, Burlington County Maplewood township, Essex County Margate City city, Atlantic County Matawan borough, Monmouth County Maurice River township, Cumberland County Maywood borough, Bergen County Medford Lakes borough, Burlington County Medford township, Burlington County Mendham borough, Morris County Mendham township, Morris County Merchantville borough, Camden County Metuchen borough, Middlesex County Middle township, Cape May County Middlesex borough, Middlesex County Midland Park borough, Bergen County Milford borough, Hunterdon County Millburn township, Essex County Millstone borough, Somerset County Millstone township, Monmouth County Milltown borough, Middlesex County Miliville city, Cumberland County Mine Hill township, Morris County Monmouth Beach borough, Monmouth County Monroe township, Gloucester County Montague township, Sussex County Montgomery township, Somerset County

Montvale borough, Bergen County Montville township, Morris County Moonachie borough, Bergen County Moorestown township, Burlington County Morris Plains borough, Morris County Morris township, Morris County Morristown town, Morris County Mount Arlington borough, Morris County Mount Ephraim borough, Camden County Mount Holly township, Burlington County Mount Olive township, Morris County Mountain Lakes borough, Morris County Mountainside borough, Union County Mullica township, Atlantic County National Park borough, Gloucester County Neptune City borough, Monmouth County Neptune township, Monmouth County Netcong borough, Morris County New Hanover township, Burlington County New Milford borough, Bergen County New Providence borough, Union County Newfield borough, Gloucester County Newton town, Sussex County North Arlington borough, Bergen County North Caldwell borough, Essex County North Haledon borough, Passaic County North Hanover township, Burlington County North Plainfield borough, Somerset County North Wildwood city, Cape May County Northfield city, Atlantic County Northvale borough, Bergen County Norwood borough, Bergen County Nutley township, Essex County Oakland borough, Bergen County Oaklyn borough, Camden County Ocean City city, Cape May County Ocean Gate borough, Ocean County Ocean township, Monmouth County Ocean township, Ocean County Oceanport borough, Monmouth County Ogdensburg borough, Sussex County Old Tappan borough, Bergen County Oldmans township, Salem County Oradell borough, Bergen County Oxford township, Warren County Palisades Park borough, Bergen County Palmyra borough, Burlington County Paramus borough, Bergen County Park Ridge borough, Bergen County Paulsboro borough, Gloucester County Peapack and Gladstone borough, Somerset County Pemberton borough, Burlington County Pemberton township, Burlington County

Pennington borough, Mercer County Penns Grove borough, Salem County Pennsville township, Salem County Peguannock township, Morris County Phillipsburg town, Warren County Pilesgrove township, Salem County Pine Beach borough, Ocean County Pine Hill borough, Camden County Pine Valley borough, Camden County Pitman borough, Gloucester County Pittsgrove township, Salem County Plainsboro township, Middlesex County Pleasantville city, Atlantic County Plumsted township, Ocean County Pohatcong township, Warren County Point Pleasant Beach borough, Ocean County Point Pleasant borough, Ocean County Pompton Lakes borough, Passaic County Port Republic city, Atlantic County Princeton borough, Mercer County Princeton township, Mercer County Prospect Park borough, Passaic County Quinton township, Salem County Rahway city, Union County Ramsey borough, Bergen County Randolph township, Morris County Raritan borough, Somerset County Raritan township, Hunterdon County Readington township, Hunterdon County Red Bank borough, Monmouth County Ridgefield borough, Bergen County Ridgefield Park village, Bergen County Ridgewood village, Bergen County Ringwood borough, Passaic County River Edge borough, Bergen County River Vale township, Bergen County Riverdale borough, Morris County Riverside township, Burlington County Riverton borough, Burlington County Rochelle Park township, Bergen County Rockaway borough, Morris County Rockaway township, Morris County Rockleigh borough, Bergen County Rocky Hill borough, Somerset County Roosevelt borough, Monmouth County Roseland borough, Essex County Roselle borough, Union County Roselle Park borough, Union County Roxbury township, Morris County Rumson borough, Monmouth County Runnemede borough, Camden County Rutherford borough, Bergen County Saddle Brook township, Bergen County Saddle River borough, Bergen County

Salem city, Salem County Sandyston township, Sussex County Scotch Plains township, Union County Sea Bright borough, Monmouth County Sea Girt borough, Monmouth County Sea Isle City city, Cape May County Seaside Heights borough, Ocean County Seaside Park borough, Ocean County Secaucus town, Hudson County Shamong township, Burlington County Shiloh borough, Cumberland County Ship Bottom borough, Ocean County Shrewsbury borough, Monmouth County Shrewsbury township, Monmouth County Somerdale borough, Camden County Somers Point city, Atlantic County Somerville borough, Somerset County South Amboy city, Middlesex County South Bound Brook borough, Somerset County South Hackensack township, Bergen County South Harrison township, Gloucester County South Orange Village township, Essex County South Plainfield borough, Middlesex County South River borough, Middlesex County South Toms River borough, Ocean County Southampton township, Burlington County Sparta township, Sussex County Spotswood borough, Middlesex County Spring Lake borough, Monmouth County Spring Lake Heights borough, Monmouth County Springfield township, Burlington County Springfield township, Union County Stafford township, Ocean County Stanhope borough, Sussex County Stillwater township, Sussex County Stockton borough, Hunterdon County Stone Harbor borough, Cape May County Stow Creek township, Cumberland County Stratford borough, Camden County Summit city, Union County Surf City borough, Ocean County Sussex borough, Sussex County Swedesboro borough, Gloucester County Tabernacle township, Burlington County Tavistock borough, Camden County Tenafly borough, Bergen County Teterboro borough, Bergen County Tewksbury township, Hunterdon County Tinton Falls borough, Monmouth County Totowa borough, Passaic County Tuckerton borough, Ocean County Union Beach borough, Monmouth County

Union township, Hunterdon County Upper Deerfield township, Cumberland County Upper Freehold township, Monmouth County Upper Pittsgrove township, Salem County Upper Saddle River borough, Bergen County Upper township, Cape May County Ventnor City city, Atlantic County Vemon township, Sussex County Verona township, Essex County Victory Gardens borough, Morris County Voorhees township, Camden County Waldwick borough, Bergen County Wall township, Monmouth County Wallington borough, Bergen County Walpack township, Sussex County Wanaque borough, Passaic County Wantage township, Sussex County Warren township, Somerset County Washington borough, Warren County Washington township, Bergen County Washington township, Burlington County Washington township, Mercer County Washington township, Morris County Washington township, Warren County Watchung borough, Somerset County Waterford township, Camden County Weehawken township, Hudson County Wenonah borough, Gloucester County West Amwell township, Hunterdon County West Caldwell township, Essex County West Cape May borough, Cape May County West Deptford township, Gloucester County West Long Branch borough, Monmouth County West Milford township, Passaic County West Paterson borough, Passaic County West Wildwood borough, Cape May County West Windsor township, Mercer County Westampton township, Burlington County Westfield town, Union County Westville borough, Gloucester County Westwood borough, Bergen County Weymouth township, Atlantic County Wharton borough, Morris County White township, Warren County Wildwood city, Cape May County Wildwood Crest borough, Cape May County Winfield township, Union County Woodbine borough, Cape May County Woodbury city, Gloucester County Woodbury Heights borough, Gloucester County Woodcliff Lake borough, Bergen County Woodland township, Burlington County Woodlynne borough, Camden County

Wood-Ridge borough, Bergen County Woodstown borough, Salem County Woolwich township, Gloucester County Wrightstown borough, Burlington County Wyckoff township, Bergen County