



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE 2009 STATE ENERGY) ORDER
PROGRAM (SEP) AMERICAN RECOVERY AND)
REINVESTMENT ACT (ARRA) FUNDS – REQUEST TO)
WAIVE THE DIRECT INSTALL PROGRAM)
REQUIREMENTS FOR THE DEPARTMENT OF)
MILITARY AND VETERANS AFFAIRS – CHALLENGED)
YOUTH BUILDING) DOCKET NO. EO09060470

Parties of Record;

Ed Sain, Colonel, Department of Military and Veterans Affairs
Stefanie A. Brand, Director, Division of Rate Counsel

BY THE BOARD:

This Order memorializes actions taken by the Board of Public Utilities (“Board”) at its December 14, 2011 public meeting, where the Board considered a proposed waiver of certain requirements for New Jersey’s Clean Energy Program (“NJCEP”).

BACKGROUND AND PROCEDURAL HISTORY

By Order dated December 22, 2010, Docket Nos. EO07030203 and EO10110865 (“2011 Budget Order”), the Board approved the NJCEP 2011 programs and budgets. The 2011 Budget Order approved the compliance filings that included program descriptions and detailed budgets, which break down the larger budgets of the energy efficiency (“EE”) and renewable energy (“RE”) programs. As it had done in prior years, the Board took action throughout the year to update and otherwise modify the programs and budgets described in the 2011 Budget Order. The 2011 programs approved by the Board include the Direct Install program, which offers incentives for small commercial customers to install EE measures.

Some of the NJCEP programs are managed by various entities other than Board Staff, including TRC, which manages the Commercial and Industrial (“C&I”) EE programs. The Direct Install Program is one of the C&I EE programs managed by TRC.

TRC has engaged a number of subcontractors to perform installation pursuant to the Direct Install program. The subcontractors perform energy audits and install qualified EE measures.

The program provides an incentive equal to 60% of the cost of the measures and the customer pays the remaining 40%.

The American Recovery and Reinvestment Act of 2009 ("ARRA"), Pub. L. 111-5, 123 Stat. 115, is intended to stimulate the economy and to create as well as retain jobs by, among other things, investing in certain energy initiatives. To that end, section 410 of ARRA appropriates funding to the United States Department of Energy ("USDOE") for the approval of additional formula-based grants through the State Energy Program ("SEP"), above and beyond the grants traditionally provided to the States through the SEP.

The SEP is a joint state-federal initiative intended to promote the conservation of energy, reduce the rate of growth of energy demand, and reduce dependence on imported oil. 42 U.S.C. § 321. These goals are attained through the development and implementation of comprehensive state programs that are financially supported by the USDOE. Federal laws and regulations establish set criteria for participation and define, in general terms, how funds may and may not be used. 42 U.S.C. § 6321 et seq. ~ 10 CFR.

In a separate matter scheduled for the Board's December 14, 2011 public meeting, the Board is considering changes to the SEP/ARRA program budgets previously approved by the Board. The Board is considering allocating \$1,333,000 to the New Jersey Department of Military and Veterans Affairs ("DMVA") to install EE measures in its Challenged Youth Building. The energy conservation measures include replacing the existing windows with Low-E, insulated glass windows; replacing the existing window AC units with central, ductless split systems with thermostatically controlled wall-mounted units in each room; and replacing existing light fixtures with energy efficient lighting throughout the building.

The new windows are expected to reduce energy usage by 20% which is estimated to reduce energy costs by approximately \$44,000 per year. The lighting retrofit will result in a 33% energy reduction and reduce energy costs by \$18,000 per year and the new AC systems are estimated to save \$76,000 per year.

During the process of determining whether to recommend the DMVA ARRA allocation, Board Staff held several discussions with representatives of DMVA to explore options for procuring the installation of the proposed EE measures. Since many of the measures to be installed as part of the DMVA project are similar to measures regularly installed under the Direct Install program, Board Staff expanded the discussions to include TRC to determine if Direct Install contractors could be utilized to install the measures at the DMVA facility.

Based on those discussions Staff concluded that utilizing Direct Install program contractors to install the EE measures at the DMVA facility offers an opportunity to have the measures installed quickly, which is important since the SEP/ARRA funds must be spent by April 2012, and to utilize existing program guidelines to ensure the measures are cost effective and competitively priced. However, as discuss further below, a waiver from certain Board approved program guidelines is required to enable TRC to utilize Direct Install contractors to install the EE measures at the DMVA.

Specifically, the Direct Install program includes a cap of \$50,000 per project. However, since 100% of the cost of the DMVA project will be paid utilizing SEP/ARRA funds, Staff recommends that the Board waive the \$50,000 cap per project.

Further, the Direct Install program requires that an Energy Assessment be performed at the facility by TRC's subcontractor. The Energy Assessment tool is set up to include a pre-

determined set of measures which were competitively bid. The DMVA has performed an energy audit which identified the measures recommended for installation. Some of the measures are different than the measures included in the Direct Install program and some of the measures are mandated by federal specifications which the DMVA is required to utilize. Therefore, Staff recommends that the requirement to utilize the existing Direct Install program Energy Assessment tool be waived. Moreover, since some of the measures required by the federal specifications are not currently included in the Direct Install program, that TRC be required to solicit bids from Direct Install contractors to competitively determine the pricing for the DMVA project.

FINDINGS AND CONCLUSIONS

The Board has reviewed Staff's recommendations and believes they will allow a beneficial energy conservation project to move forward consistent with the SEP/ARRA funding requirements. The Board **FINDS** that there are sufficient funds in the ARRA – EE thru State Energy Office Market title to fund all current commitments and obligations. Therefore, the Board **HEREBY APPROVES** utilizing a Direct Install contractor to install the EE measures and funding 100% of the cost of the DMVA Challenged Youth Building EE project utilizing the EE through State Energy Office Market title funds.

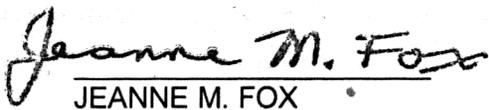
Further, the Board **HEREBY APPROVES** the recommendations of Board Staff to waive certain requirements of the Board approved Direct Install program for this project as set out above. The Board **DIRECTS** Staff to coordinate with TRC and the DMVA to prepare a Scope of Work for the EE measures to be installed at the DMVA facility and **AUTHORIZES** TRC to solicit bids from the Direct Install contractors for the EE measures.

DATED: 12/15/11

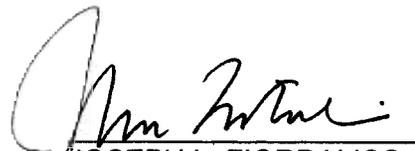
BOARD OF PUBLIC UTILITIES
BY:



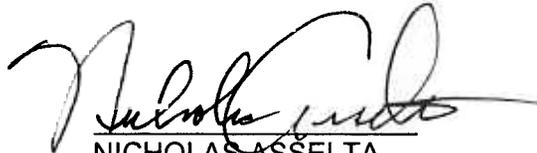
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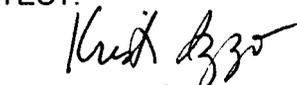


JOSEPH L. FIORDALISO
COMMISSIONER



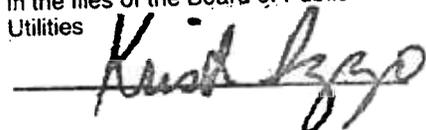
NICHOLAS ASSELTA
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

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



IN THE MATTER OF THE 2009 STATE ENERGY PROGRAM (SEP)
AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDS – REQUEST TO WAIVE
THE DIRECT INSTALL PROGRAM REQUIREMENTS FOR THE DEPARTMENT OF MILITARY
AND VETERANS AFFAIRS – CHALLENGED YOUTH BUILDING

Docket No. EO09060470

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