



Agenda Date: 5/25/16
Agenda Item: 8E

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE 2009 STATE ENERGY)
PROGRAM (SEP) / AMERICAN RECOVERY AND)
REINVESTMENT ACT (ARRA) FUNDING PLAN –)
REQUEST FOR REALLOCATION – LED LIGHTING)
UPGRADE PROGRAM – ATLANTIC CITY STREET)
LIGHTING PROJECT)
) DOCKET NOs. QG16050440 and
) EO09030210

Parties of Record:

Mike Ambrosio, Senior Vice President, Applied Energy Group
Jim Rutala, Atlantic City
Sandy Zeglarski, New Jersey Economic Development Authority

BY THE BOARD:

By this Order, the Board of Public Utilities ("Board") considers the allocation of American Recovery and Reinvestment Act Revolving Loan Fund ("ARRA RLF" or "RLF") funds to the "LED Lighting Upgrade Program" (the "Program").¹ Specifically, the Board considers and renders its decision regarding allocating \$2,000,000 in LED Lighting Upgrade Program funds to the Atlantic City Street Lighting Project. This project will allow Atlantic City to convert approximately 2,500 street lights to a newer LED technology.

BACKGROUND

The US Department of Energy ("USDOE" or "DOE") awarded New Jersey with an American Recovery and Reinvestment Act of 2009/State Energy Plan ("ARRA/SEP" or "ARRA") award (Grant #DEP-EE0000258) in the amount of \$73,643,000 to support clean energy efforts within the State. ARRA funds dedicated to the SEP are intended to stimulate the economy and create and retain jobs by, among other things, investing in clean energy initiatives that promote the conservation of energy, reduce the rate of growth of energy demand, and reduce dependence

¹ The LED Lighting Upgrade Program was created through Board Order effective June 4, 2016, in docket numbers QG16040309 / EO09030210.

on foreign oil. The deadline established by USDOE for recipients to spend the ARRA/SEP grant funds was April 30, 2012.

To spend the ARRA funds, the Board approved allocations to several funding categories, also referred to as Market Titles: Administration; Low-Interest Loan for Residential Energy Efficiency; Financing for Residential Solar; EE through Combined Heat and Power ("CHP"); Multi-Family Energy Efficiency Improvement Pilot; Financing for Residential Solar; Energy Efficiency through the State Energy Office; Energy Efficiency Equipment Purchases; and Multi-Family Energy Efficiency Improvement Pilot. Two weeks prior to the spending deadline, and with encouragement from DOE, on April 12, 2012, the Board approved the creation of the ARRA RLF to capture all unspent ARRA/SEP funds. I/M/O the 2009 SEP/ARRA Funding Plan – Request for Reallocation, Docket No. EO09030210 (Apr. 12, 2012). The RLF is administered cooperatively through the Board's Office of Clean Energy ("OCE") and the Economic Development Authority ("EDA"), and funds energy efficiency and renewable energy projects in state-owned facilities as well as Demand Response projects throughout the state.

At the time of the Board's approval in April 2012, Staff anticipated using the RLF to fund projects at state-facilities that could participate as demand response in wholesale electric markets. See Order No. 745, Demand Response Compensation in Organized Wholesale Energy Markets, 134 FERC ¶ 61,187 (Mar. 15, 2011) (setting out several requirements for wholesale-market operators regarding the compensation and use of demand-response commitments in wholesale-electricity markets, including the methodology used by wholesale-market operators to compensate demand response). However, on May 23, 2014, the United States Court of Appeals for the District of Columbia issued a decision invalidating Order 745. See Elec. Power Supply Assoc. v. FERC, 753 F.3d 216 (D.C. Cir. 2014) rev'd, 136 S. Ct. 760 (2016) ("EPSA").

Because of the uncertainty the above decision created, Staff chose to change the RLF program to a grant program that would not rely on participation in demand response markets. OCE Staff proposed this programmatic change, and in July 2015, DOE approved the transfer of \$1,800,000 from the RLF to be placed into a State Energy Office – LED Lighting Replacement & Refrigerated Equipment Energy Savings Grant Program. This program is administered by the BPU State Energy Office ("SEO"). On November 16, 2015, the Board approved the reallocation of \$1,800,000 from the ARRA RLF to fund the grant program focused on LED Surface Lighting Upgrades at State-owned facilities. I/M/O the 2009 SEP/ARRA Funding Plan – Request for Reallocation, Docket No. EO09030210 (Nov. 16, 2015). As a result, approximately \$2,383,420.61 remained in the RLF.

On February 29, 2016, OCE Staff proposed to reallocate the balance of \$2,383,420.61 in unspent ARRA RLF funds into a direct grant program titled, "LED Lighting Upgrade Program". The Program will focus on two specific projects that will allow for indoor, outdoor and street lighting upgrades. Through a letter dated March 28, 2016, the DOE approved OCE's request to reallocate the unspent ARRA RLF funds and to create the LED Lighting Upgrade Program.

In this same letter, DOE approved the LED Lighting Upgrade Program – "Atlantic City Lighting Project" with an allocated budget of \$2,000,000. This project will allow Atlantic City to convert approximately 2,500 street lights to a newer LED technology. LED lighting has evolved into a mature and highly efficient lighting technology and has catalyzed a nation-wide trend of upgrading existing, energy-intensive high-pressure sodium and mercury vapor street lights with LED lamps. New Jersey has 565 municipalities with approximately 745,500 street lights that cost taxpayers over \$110 million annually in electricity costs. According to the USDOE's

Municipal Solid State Street Lighting Consortium ("SSL"), over 600 cities in the U.S. have installed or plan to install LED street lights and realize typical energy cost savings of 67%, in addition to maintenance cost reductions of approximately 80% and greenhouse gas (GHG) reductions that exceed 30%.

The municipality of Atlantic City presents an opportunity for the Board to fund a street lighting pilot project in a city with a history of energy innovation and which, as a tourist destination, has high visibility in the State. Therefore, Staff recommends allocating \$2,000,000 from the remaining ARRA RLF funds to provide Atlantic City with the necessary seed money for a pilot program. The funds will be used to convert approximately 2,500 streetlights to LED technology, resulting in an annual savings of over \$250,000. Energy use will be reduced by over 1.728 Mw annually. CO2 emissions will be reduced by 2.56 M lbs. annually; given the fact that LED Street lighting is guaranteed for at least ten (10) years, there will be no O&M cost for the first decade. Furthermore, this pilot will continue the trend of energy innovation in the city – a fleet of public transportation vehicles that is fueled by Compressed Natural Gas, (CNG) and renewable energy produced by wind turbines, solar (photovoltaic) and a combined heat and power facility – and potentially attracts additional "green" conventions to a city that is in need of economic stimulation. Atlantic City may also benefit from a reduction in crime, as it has been documented that areas that deploy LED lighting are experiencing an estimated 12% reduction in crime rates.

As per the USDOE guidelines for the ARRA funds, the project demonstrates compliance with ARRA Section 1605 ("Davis-Bacon Act") and ARRA Section 1606 ("Buy-American") and all USDOE reporting requirements. See ARRA, Pub. L. No. 111-5, 123 Stat. 115, 303 (Feb. 17, 2009). Atlantic City will also report to NJBPU and USDOE the following metrics: energy management systems installed; units purchased by type; and reduction in electricity consumption.

RECOMMENDATION

Staff recommends that the Board approve the allocation of \$2,000,000.00 of the LED Lighting Upgrade Program to fund the Atlantic City Street Lighting Project. The Atlantic City street lighting proposal provides an educational platform to showcase these energy efficiency upgrades and will result in energy savings; energy cost savings and reduced GHG.

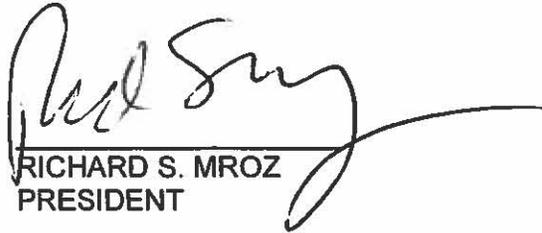
DISCUSSION AND FINDINGS

The Board **HEREBY APPROVES** the allocation of \$2,000,000.00 in LED Lighting Upgrade Program funds to fund the Atlantic City Street Lighting Program and **HEREBY ORDERS** Board Staff to allocate such funds to this program, consistent with the terms of DOE's approval dated March 28, 2016.

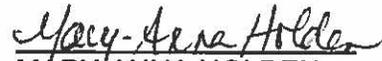
This Order shall be effective on June 4, 2016.

DATED: 6/3/16

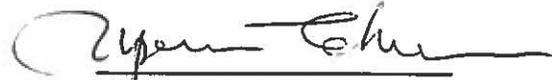
BOARD OF PUBLIC UTILITIES
BY:

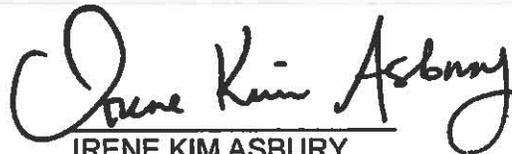

RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

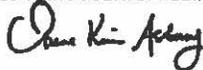

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DIANNE SOLOMON
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ATTEST: 
IRENE KIM ASBURY
SECRETARY

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) FUNDING PLAN – REQUEST FOR REALLOCATION –
LED LIGHTING UPGRADE PROGRAM – ATLANTIC CITY STREET LIGHTING PROJECT
DOCKET NO. QG16050440 and EO09030210

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