



Agenda Date: 8/24/16
Agenda Item: 8C

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 CLEAN ENERGY PROGRAM)
AUTHORIZATION OF COMMERCIAL AND INDUSTRIAL) ORDER
PROGRAM ENERGY EFFICIENCY INCENTIVES)
EXCEEDING \$500,000.00 – MERCK & CO., INC.) DOCKET NO. QO16070712

Party of Record:

Christopher Broome, Associate Director of Engineering, Merck & Co., Inc.

BY THE BOARD:¹

The New Jersey Board of Public Utilities (Board) and its New Jersey Clean Energy Program (NJCEP) include nine individual Commercial & Industrial (C&I) Energy Efficiency (EE) Programs targeting the commercial and industrial market segments, consisting of New Construction, Retrofit, Pay for Performance – New Construction, Pay for Performance – Existing Buildings, Local Government Energy Audit, Direct Install, Combined Heat and Power and Fuel Cells, Large Energy Users Program (LEUP), and the Societal Benefits Charge Credit Program. These programs collectively offer financial incentives to encourage the installation of energy efficient products and technologies. Eligible applicants may receive incentives for a portion of the cost of installing energy efficient technologies such as lighting, heating, ventilation and air conditioning, water heating, and other measures. All proposed C&I EE financial incentives and rebates exceeding \$500,000.00 require explicit Board approval. See I/M/O the Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for the 2009 through 2012 Clean Energy Program – Revised 2012-2013 Programs & Budgets – Revised Rebate Approval Process, BPU Docket No. EO07030203 (May 3, 2013).

¹ Commissioner Joseph L. Fiordaliso recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

The purpose of the LEUP is to foster self-investment in energy efficiency and combined heat and power projects while providing necessary financial support to large commercial and industrial utility customers in the State of New Jersey. Incentives will be awarded to customers that satisfy the program's eligibility and program requirements to invest in self-directed energy projects that are customized to meet the requirements of the customers' existing facilities, while advancing the State's energy efficiency, conservation, and greenhouse gas reduction goals. To qualify, eligible entities must have contributed a minimum of \$300,000.00 into New Jersey's Clean Energy Program fund in the fiscal year prior to the application date (aggregate of all buildings/sites).

By this Order, the Board considers the application of Merck & Co., Inc. (Merck), located at 126 E. Lincoln Avenue in Rahway, Union County. Merck applied for an incentive of \$1,114,401.06 under the 2016 LEUP program pursuant to the TRC FY 2016 Program & Budget Filing (June 15, 2015). This project incentive is within the entity cap, based upon the application approval date. The scope of the project includes re-piping certain portions of the existing chilled water plant distribution network and reprogramming/configuring the control system while balancing the various, complex energy systems serving the Merck Rahway campus. Installing these measures will increase the annual electric usage by an estimated 1,327,041 kWh, but will result in a reduction of the annual natural gas usage by an estimated 734,114 therms. The proposed project will have an estimated annual energy cost savings of \$438,822.00 and a total project cost of \$2,400,000.00. The payback period without incentives is 5.5 years; and when factoring in the incentives, the payback period is reduced to 2.9 years.

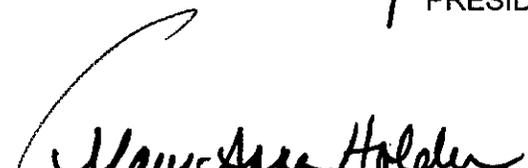
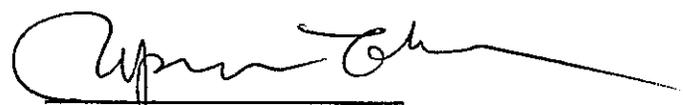
TRC, the Program Manager engaged by the Board to manage the NJCEP LEUP program, submitted its certification that the incentive was calculated in accordance with the program policies and procedures, and that the listed amount is the true and accurate estimated incentive for which the applicant is eligible. Further, Applied Energy Group, in its role as the NJCEP Program Administrator, also reviewed the application and submitted its certification that the incentive was calculated in accordance with the program policies and procedures, and that the listed amount is the true and accurate estimated incentive for which the applicant is eligible. Based on these certifications and the information provided by the Program Manager and Program Administrator, Board Staff recommends that the Board approve the above-referenced application.

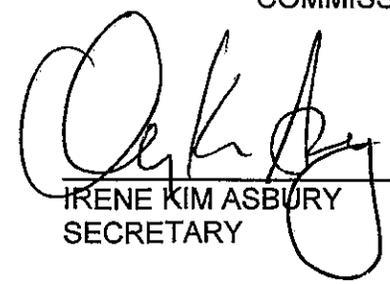
The Board **HEREBY ORDERS** the approval of the aforementioned application for the total estimated incentive amount of \$1,114,401.06 for Merck & Co., Inc., and **HEREBY AUTHORIZES** issuance of a standard commitment letter to the applicant identified above, setting forth the terms and conditions of this commitment.

The effective date of this Order is September 3, 2016.

DATED: 8/24/16

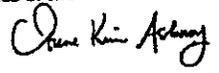
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BY:


RICHARD S. MROZ
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COMMISSIONER
DIANNE SOLOMON
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COMMISSIONER

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 CLEAN ENERGY PROGRAM AUTHORIZATION OF
COMMERCIAL AND INDUSTRIAL (C&I) PROGRAM ENERGY EFFICIENCY INCENTIVES
EXCEEDING \$500,000 – MERCK & CO., INC. - DOCKET NO. QO16070712**

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