



Agenda Date: 3/24/17

Agenda Item: 8B

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

CLEAN ENERGY

IN THE MATTER OF THE CLEAN ENERGY PROGRAM	)	ORDER
AUTHORIZATION OF COMMERCIAL AND INDUSTRIAL	)	
PROGRAM ENERGY EFFICIENCY INCENTIVES	)	
EXCEEDING \$500,000:	)	DOCKET NOS.
	)	
KRE HAMILTON URBAN RENEWAL LLC	)	QG17030181
	)	
RG-KCI, LLC	)	QG17030182

**Parties of Record:**

**Michael Leondi**, Senior Project Manager, RG-KCI, LLC  
**Jeremy Kaplan**, COO, KRE Hamilton Urban Renewal LLC  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

**BY THE BOARD:**

The New Jersey Board of Public Utilities (Board) through its New Jersey Clean Energy Program (NJCEP) includes several individual Commercial & Industrial (C&I) Energy Efficiency (EE) Programs targeting the commercial and industrial market segments. Eligible applicants may receive rebates for a portion of the cost for installing energy efficient technologies, such as heating, ventilation, and air conditioning ("HVAC"), lighting, and water heating at their locations. All proposed C&I EE financial incentives and rebates exceeding \$500,000 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 Dkt. No. EO07030203 (May 3, 2013).

The Pay for Performance (P4P) – New Construction Program promotes high performance buildings that achieve 15% or more energy cost savings than buildings built to the current energy code. This program links incentives directly to energy savings and includes a commissioning component to ensure that the estimated savings levels are achieved. Incentives are released upon satisfactory completion of three milestones.

KRE Hamilton Urban Renewal LLC in Bridgewater, NJ, has submitted an application for a total financial incentive of \$622,696.70 under the FY16 Pay for Performance – New Construction Program, for a project located at Marin Residences, 485 Marin Boulevard, Jersey City, NJ. This application was accepted by the Program Manager TRC under the FY16 Program & Budget guidelines dated October 6, 2015. Marin Residences is a 557,000 square foot multi-family building in downtown Jersey City, bridging the densely developed Newport Mall area and the brownstones of Hamilton Park. It will have 17 stories. The ground through the fourth floor will contain a mix of parking, mechanical rooms, lobby, office space, leasing office, building support areas, and retail spaces. Floors five through 17 contain residential units and some building support areas, such as amenity rooms, pool, and courtyard. The proposed energy efficiency measures include: high efficiency variable refrigerant flow heat pumps and electric duct heaters for non-residential spaces; high efficiency packaged terminal heat pumps for heating and cooling residential units; high efficiency make-up air units for conditioning corridors; central high efficiency condensing water heaters; improved roof insulation; improved exterior wall insulation; high efficiency windows (air-filled, low-E, double glazed); optimized lighting design (mixture of LED and T8 lighting, as well as time-clock occupancy sensors for corridors and garage); Energy Star appliances (clothes washer, dishwasher, refrigerator); low-flow fixtures (kitchen and bathroom faucets, showerheads); and parking garage carbon monoxide sensors to reduce exhaust fan power during low use periods.

The estimated first incentive, for the proposed ERP, is \$42,944.60. The estimated second incentive, for the As-Built Energy Reduction Plan based on the final installed work scope, is \$429,446.00. The estimated third incentive, for the commissioning report confirming ERP performance target achievement, is \$150,306.10. These incentive amounts are within entity cap guidelines. The project has an estimated 15.2% total energy savings as compared to the energy code used in New Jersey at the date of application,<sup>1</sup> and will save the customer an estimated 992,169 kWh of electricity annually and reduce electric demand by 802 kW annually. Through this project, the customer is also anticipated to save 22,454 therms of natural gas. The incremental project cost is \$1,116,957.00. Overall, this project has an estimated annual energy cost savings of \$148,392.96, with a 29.5% internal rate of return and a 3 year simple payback period with incentive. Absent these incentives, the project would have a 10.7% internal rate of return and an 8 year simple payback.

RG-KCI, LLC in Mount Olive, NJ, has submitted an application for a total financial incentive of \$581,495.25 under the FY16 Pay for Performance – New Construction Program, for a project located at AVE Florham Park, 90 Park Avenue, Florham Park, NJ. This application was accepted by the Program Manager TRC under the FY16 Program & Budget guidelines dated June 15, 2015. The proposed project is a multipurpose, multi-family property spanning about 433,646 square feet. The project is a flexible-stay community featuring 256 corporate suites ideal for corporate housing and relocations. The building will include 40,000 square feet of outdoor amenities, and 24,000 square feet of indoor amenities, including media theater, café, conference suites, business center, and fitness center/spa. The facility is part of the larger development of The Green at Florham Park, a 268 acre mixed-use corporate campus. The proposed energy efficiency measures include: high efficiency air-side HVAC equipment, including rooftop units, variable refrigerant flow heat pumps, and packaged terminal air

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<sup>1</sup> American Society of Heating and Air-Conditioning Engineers (ASHRAE) 90.1-2007 applies to this application.

conditions; 256 high efficiency hot water heaters for apartment unit space heating and hot water, as well as two domestic hot water heaters to serve hot water loads outside the units; well insulated walls and roof; and double pane, argon filled, low-E windows.

The estimated first incentive, for the proposed Energy Reduction Plan (ERP), is \$33,228.30. The estimated second incentive, for the As-Built Energy Reduction Plan is \$332,283.00. The estimated third incentive, for the commissioning report confirming ERP performance target achievement, is \$215,983.95. These incentive amounts are within entity cap guidelines. The project has an estimated 20.5% total energy savings as compared to the energy code used in New Jersey at the date of application,<sup>2</sup> and will save the customer an estimated 437,447 kWh of electricity annually and reduce electric demand by 401 kW annually. Through this project, the customer is also anticipated to save 32,773 therms of natural gas. The incremental project cost is \$1,211,855.30. Overall, this project has an estimated annual energy cost savings of \$109,299.31, with a 16.4% internal rate of return and a six year simple payback period with incentive. Absent these incentives, the project would have a 6.7% internal rate of return and an 11 year simple payback.

TRC Environmental Corporation, the Program Manager engaged by the Board to manage the NJCEP P4P – New Construction program, submitted its certification that for each application, 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,<sup>3</sup> also reviewed the application and submitted its certification that the incentives were calculated in accordance with the Program policies and procedures, and that the listed amounts are the true and accurate estimated incentives 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 applications.

The Board **HEREBY ORDERS** the approval of the aforementioned applications for the total estimated incentive amounts of \$622,696.70 for KRE Hamilton Urban Renewal LLC, and \$581,495.25 for RG-KCI, LLC, and **AUTHORIZES** issuance of standard commitment letters to the applicants identified above, setting forth the terms and conditions of these commitments.

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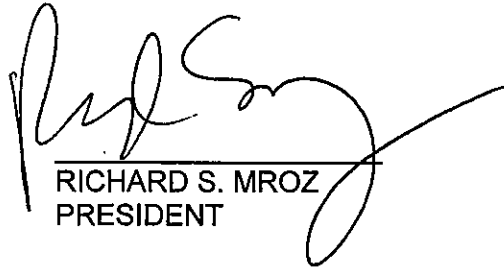
<sup>2</sup> ASHRAE 90.1-2007 applies to this application.

<sup>3</sup> On January 13, 2017, TRC Environmental Corporation acquired the NJCEP Program Administrator Contract from Applied Energy Group, Inc. (AEG) and assumed AEG's rights and duties thereunder.


The effective date of this Order is April 3, 2017.

DATED: 3/24/17

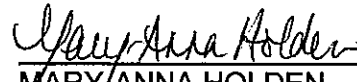
BOARD OF PUBLIC UTILITIES  
BY:



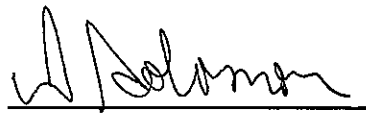
RICHARD S. MROZ  
PRESIDENT



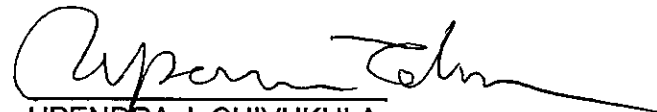
JOSEPH L. FIORDALISO  
COMMISSIONER



MARYANNA HOLDEN  
COMMISSIONER

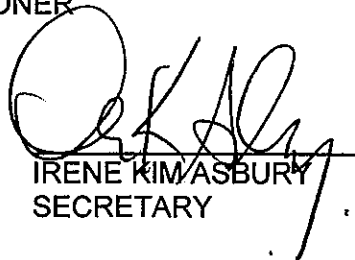


DIANNE SOLOMON  
COMMISSIONER



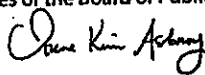
UPENDRA J. CHIVUKULA  
COMMISSIONER

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: KRE HAMILTON URBAN RENEWAL LLC AND RG-KCI, LLC  
DOCKET NOS. QG17030181 & QG17030182

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**Program Administrator Certification  
(New Incentive Commitments > \$500,000)**

I, **MAURA WATKINS**, TRC Solutions Quality Control, hereby certify that, I have reviewed the application referenced below and determined that, as required by the policies and procedures applicable to the program, (1) the equipment incentives for which the NJCEP Program Manager now seeks approval to commit NJCEP funds have been calculated in accordance with those policies and procedures, and (2) that the amount shown below is the true and accurate estimated incentive for which the applicant(s) is(are) eligible.

Additionally, for incentives based on estimated energy savings that are uniquely calculated, including the Pay for Performance Program, Large Energy Users Program, and the Combined Heat and Power Program, I also certify that I was able to locate and review documentation supporting the inputs used to calculate the rebate amount and evidencing the NJCEP Program Manager's evaluation of those inputs as required by the program's policies and procedures.

*Maura H Watkins*

By: **MAURA WATKINS**

Date: 2/28/17

Quality Control – TRC Solutions

Application No.: 36223

Applicant: KRE Hamilton Urban Renewal, LLC

Payee: KRE Hamilton Urban Renewal, LLC

Committed Amount: \$622,696.70

*The undersigned preparer attests that, to the best of their knowledge and belief, the below information is accurate and the subject project application adheres to the current terms and conditions of the Pay for Performance program.*



*Signature of Preparer*  
*Valentina Rozanova, TRC- P4P Program Manager*

02/22/2017

*Date*

1. Application Number: **36223**
2. Program Name: **Pay for Performance – New Construction**
3. Customer Contact (name, company, address, phone #):  
**Jeremy Kaplan, COO**  
**KRE Hamilton Urban Renewal LLC**  
**520 US Highway 22, PO Box 6872**  
**Bridgewater, NJ 08807**  
**908-725-8100**
4. Project Name and Address:  
**Marin Residences**  
**485 Marin Boulevard**  
**Jersey City, NJ 07302**
5. Rebate amount:  
**Incentive #1: \$42,944.60**  
**Incentive #2: \$429,446.00**  
**Incentive #3: \$150,306.10**  
**Total: \$622,696.70**
6. Brief description of facility/site: **Marin Residences is a 557,000 square foot multi-family building in downtown Jersey City, bridging the densely developed Newport Mall area and the brownstones of Hamilton Park. It will have seventeen stories. The ground through fourth floor will contain a mix of parking, mechanical rooms, lobby, office space, leasing office, building support areas, and retail spaces. Floors five through seventeen contain residential units and some building support areas, such as amenity rooms, pool, and courtyard.**
7. Brief description of measures:
  - 1) **High efficiency VRF (variable refrigerant flow) heat pumps and electric duct heaters for non-residential spaces.**
  - 2) **High efficiency PTHPs (packaged terminal heat pumps) for heating and cooling residential units.**



- 3) High efficiency Make-up Air Units for conditioning corridors.
- 4) Central high efficiency condensing water heaters.
- 5) Improved Roof Insulation
- 6) Improved Exterior Wall Insulation
- 7) High efficiency windows; air-filled, low-e, double glazed.
- 8) Optimized Lighting Design; mixture of LED and T8 lighting, as well as time-clock occupancy sensors for corridors and garage.
- 9) Energy Star Appliances; clothes washer, dishwasher, refrigerator.
- 10) Low-flow fixtures; kitchen and bathroom faucets, showerheads.
- 11) Parking Garage CO (carbon monoxide) sensors to reduce exhaust fan power during low use periods

8. Annual Estimated Energy Savings (beyond ASHRAE 90.1-2007):

- 1) 992,169 kWh
- 2) 802 kW
- 3) 22,454 therms

9. Annual Estimate Energy Cost Savings (including simple payback with and without incentive, and IRR):

- 1) \$148,392.96
- 2) Payback: 8 years without incentive, 3 years with.
- 3) IRR: 10.7% without incentive, 29.5% with.

10. Estimated Project Cost:

- 1) Incremental Cost: \$1,116,957.00
- 2) Total Project Cost: \$8,503,771.00

**Program Administrator Certification**  
**(New Incentive Commitments > \$500,000)**

I, **MAURA WATKINS**, TRC Solutions Quality Control, hereby certify that, I have reviewed the application referenced below and determined that, as required by the policies and procedures applicable to the program, (1) the equipment incentives for which the NJCEP Program Manager now seeks approval to commit NJCEP funds have been calculated in accordance with those policies and procedures, and (2) that the amount shown below is the true and accurate estimated incentive for which the applicant(s) is(are) eligible.

Additionally, for incentives based on estimated energy savings that are uniquely calculated, including the Pay for Performance Program, Large Energy Users Program, and the Combined Heat and Power Program, I also certify that I was able to locate and review documentation supporting the inputs used to calculate the rebate amount and evidencing the NJCEP Program Manager's evaluation of those inputs as required by the program's policies and procedures.

*Maura H Watkins*

By: **MAURA WATKINS**

Date: 2/28/17

Quality Control – TRC Solutions

Application No.: 34806

Applicant: RG-KCI, LLC

Payee: RG-KCI, LLC

Committed Amount: \$581,495.25

*The undersigned preparer attests that, to the best of their knowledge and belief, the below information is accurate and the subject project application adheres to the current terms and conditions of the Pay for Performance program.*



*Signature of Preparer*

*Valentina Rozanova, TRC- P4P Program Manager*

02/27/2017

*Date*

1. Application Number: **34806**
2. Program Name: **Pay for Performance – New Construction**
3. Customer Contact (name, company, address, phone #):  
**Michael Leondi, Sr. Project Manager**  
**RG-KCI, LLC**  
**500 International Drive North, Suite 345**  
**Mt. Olive, NJ 07828**  
**973-448-3585**
4. Project Name and Address:  
**AVE Florham Park**  
**90 Park Avenue, Florham Park, NJ 07935**
5. Rebate amount:  
**Incentive #1: \$33,228.30**  
**Incentive #2: \$332,283.00**  
**Incentive #3: \$215,983.95**  
**Total: \$581,495.25**
6. Brief description of facility/site: **Multipurpose/multi-family property with about 433,646 sqft. The project is a flexible-stay community featuring 256 corporate suites ideal for corporate housing and relocations. The building will include 40,000 sqft of outdoor amenities, and 24,000 indoor amenities including media theater, café, conference suites, business enter, and fitness center/spa. This facility is part of the larger development of The Green at Florham Park, a 268 acre mixed-use corporate campus.**
7. Brief description of measures:
  - 1) **HVAC System– high efficiency air-side HVAC equipment, including rooftop units, VRF (variable refrigerant flow) heat pumps, and packaged terminal air conditioners.**

- 2) Boilers and Domestic Hot Water Heaters – includes 256 high efficiency hot water heaters for apartment unit space heating and hot water, as well as 2 domestic hot water heaters to serve hot water loads outside the units.
- 3) Insulation – well insulated walls and roof
- 4) Windows – double pane, argon filled, low-E windows

**\*Note that LED lighting was proposed throughout the building, but the selected equipment was neither ENERGY STAR nor DLC qualified, as required by Program Guidelines, and therefore excluded from the P4P scope of work.**

8. Annual Estimated Energy Savings:

- 1) 437,447 kWh
- 2) 401 kW
- 3) 32,773 therms

9. Annual Estimate Energy Cost Savings:

- 1) \$109,299.31
- 2) Simple payback 11 years without incentive, 6 years with
- 3) IRR 6.7% without incentive, 16.4% with

10. Estimated Project Cost:

- 1) Incremental Cost: \$1,211,855.30
- 2) Project Cost: \$6,729,928.80