



Agenda Date: 4/18/19  
Agenda Item: 8A

**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 – MERCK & CO., )  
INC. ) DOCKET NO. QO19030319

**Parties of Record:**

**Christopher J. Broome, Associate Director of Engineering, Merck & Co., Inc.**  
**Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel**

BY THE BOARD:<sup>1</sup>

The New Jersey Board of Public Utilities ("Board" or "BPU") 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 lighting, HVAC, and other energy conservation measures. Incentives are also available for projects involving Distributed Energy Resources ("DER"). All proposed C&I EE financial incentives and rebates exceeding \$500,000 require explicit Board approval. In the Matter of 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).

The Large Energy Users Program ("LEUP") fosters self-investment in EE and combined heat and power projects for New Jersey's largest C&I customers. Incentives are awarded to customers that satisfy the program's eligibility and program requirements for investing 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.

<sup>1</sup> President Joseph L. Fiordaliso and Commissioner Robert M. Gordon recused themselves due to a potential conflict of interest and as such took no part in the discussion of this matter.

By this Order, the Board considers the application of Merck & Co., Inc. in Rahway, New Jersey, submitted on October 19, 2017 under the Fiscal Year 2018 ("FY18") LEUP pursuant to the Energy Efficiency and Renewable Energy Program Plan Filing for FY18 dated June 28, 2017. The project is located at 126 East Lincoln Avenue, Rahway, New Jersey. The applicant requests a total financial incentive of \$772,023.34 for a project that will cost \$1,061,969.00.

Merck's Rahway campus consists of approximately 85 buildings used primarily for research and pharmaceutical production, and is served by a central steam system. The project involves efficiency improvements to the campus-wide steam distribution system via the installation of pressure transmitters, valve actuators, and positioners to improve the efficiency of the system and reduce steam demand. The implementation of these measures would reduce the steam produced by approximately 40% while maintaining the needs of the facilities and lab equipment therein.

This project is anticipated to save 214,188.00 therms of natural gas per year. The proposed project will also have an estimated annual energy cost savings of \$93,065.00. The payback period without incentives is 11.41 years; when factoring in the incentives, the payback period is reduced to 3.12 years. Implementation of these measures will also assist in compliance with P.L. 2018, c. 17, § C.48:3-87.10, which requires the owner or operator of commercial buildings over 25,000 square feet to benchmark the building's energy and water use. The required inspection of sites that receive funding through the LEUP following the installation of energy efficient measures will not only help to ensure adherence to agreed-upon performance and energy savings baselines, but will also allow for a more defined pathway for commercial building owners to report their energy usage.

TRC Environmental Corporation, the Program Manager engaged by the Board to manage the NJCEP LEUP program, attested to the accuracy of certain information regarding the project and that the project application adheres to the current terms and conditions of the program. Further, TRC, in its role as the NJCEP Program Administrator, submitted its certification that the incentives were calculated in accordance with the program's policies and procedures, the listed amounts are the true and accurate estimated incentives for which the applicant is eligible, and the documentation supporting estimated energy savings inputs was located, reviewed, and made available to calculate the rebate amounts as required by the program's policies and procedures. Based on these certifications and the information provided by the Program Manager and Program Administrator, Board Staff recommends approval of the above-referenced application.

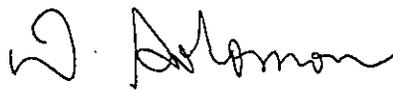
The Board **HEREBY ORDERS** the approval of the aforementioned application for the total estimated incentive amount of \$772,023.34 for Merck & Co., Inc., and **AUTHORIZES** issuance of a standard commitment letter to the applicant identified above, setting forth the terms and conditions of this commitment.

The effective date of this Order is April 28, 2019.

DATED: 4/18/19

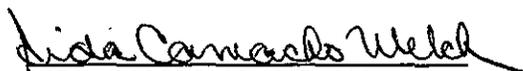
BOARD OF PUBLIC UTILITIES  
BY:

  
MARY-ANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

  
UPENDRA J. CHIVUKULA  
COMMISSIONER

ATTEST:

  
AIDA CAMACHO-WELCH  
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 PROGRAM ENERGY EFFICIENCY INCENTIVES EXCEEDING \$500,000 –  
MERCK & CO., INC.

DOCKET NO. QO19030319

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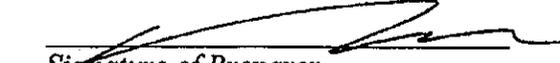
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*The undersigned preparer attests that, to the best of their knowledge and belief, the above information is accurate and the subject project application adheres to the current terms and conditions of the Large Energy Users program.*

  
Signature of Preparer

2/14/19  
Date

Brian DeLuca  
Name of Preparer

49217  
App#

1. Application Number: **49217**
2. Application Received Date and Fiscal Year: **10/19/2017, FY18 Large Energy Users Program**
3. Compliance Filing: **FY2018 Compliance Filing dated 6/28/2017**
4. Customer Contact (name, company, address, phone #):

**Christopher J. Broome  
Associate Director, Engineering  
Merck & Co., Inc.  
126 E. Lincoln Ave., RY-28-400  
Rahway, NJ 07065  
(732) 594-4925**

5. Project Name and Address:  
**Campus-Wide Steam Pressure Reduction  
126 E. Lincoln Ave  
Rahway, NJ 07065**

6. Rebate amount: **\$772,023.34**

7. Brief description of measures:

**Merck's Rahway campus consists of approximately 85 buildings used primarily for research and pharmaceutical production facilities served by a central steam system. The project involves efficiency improves to the campus-wide steam distribution system via the installation of pressure transmitters, valve actuators and positioners to improve the efficiency of the system and reduce steam demand. The implementation of the measure would reduce the steam produced by approximately 40% while maintaining the needs of the facilities and lab equipment therein.**

8. Annual Estimated Energy Savings:

**214,188.00 therms  
0 kWh  
0 kW**

9. Annual Estimated Energy Cost Savings: **\$93,065.00**

10. Project cost: **\$1,061,969.00**

11. Operational and Maintenance Savings: **\$0**

12. Simple Payback Period: **11.41 years without incentive; 3.12 years with incentive**

**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: \_\_\_\_\_

Date: 02-14-2019

**Maura Watkins**

Quality Control – TRC Solutions

Application No.: 49217

Applicant: Merck & Co., Inc.

Payee: Merck & Co., Inc.

Committed Amount: \$772,023.34