



Agenda Date: 9/11/19
Agenda Item: 8A

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 CLEAN ENERGY PROGRAM)
AUTHORIZATION OF COMMERCIAL AND)
INDUSTRIAL PROGRAM ENERGY EFFICIENCY)
INCENTIVES EXCEEDING \$500,000 – NEW JERSEY)
DEPARTMENT OF TRANSPORTATION) DOCKET NO. QG19070835

Parties of Record:

William Golubinski, Manager of Energy Initiatives, New Jersey Department of Treasury
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

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 Pay for Performance – Existing Buildings ("P4P – EB") Program uses a comprehensive, whole building approach to energy efficiency in existing commercial and industrial buildings or eligible multifamily facilities. Similar to performance contracting programs offered in other states, this program links incentives directly to energy savings and includes a measurement and verification component to ensure that the estimated savings levels are achieved. Incentives are released upon satisfactory completion of three milestones.

By this Order, the Board considers the application of the New Jersey Department of Transportation in Trenton, New Jersey, submitted on June 8, 2017 under the Fiscal Year 2017 ("FY17") P4P – EB Program pursuant to the Energy Efficiency and Renewable Energy Program Plan Filing for FY17, dated February 22, 2017. The project is located at the applicant's main facility at 1035 Parkway Avenue, Trenton, New Jersey 08618. The applicant requests a total financial incentive of \$729,146.16 for a project that will cost \$10,878,393.77.

The largest improvement at the site involves decentralizing the main standard efficiency steam boiler plant and installing high-efficiency gas boilers at each of the facility's three (3) main office buildings. The rest of the complex, comprising twenty-seven (27) garage-type buildings, will be taken off the underground steam loop and given gas-fired unit heaters. Additional measures include interior and exterior lighting replacement with LEDs, interior lighting controls, and HVAC system controls for time-of-day scheduling.

The estimated first incentive, for purchase of the equipment, is \$50,000.00. The estimated second incentive, for completed installation of the system, is \$339,573.08. The estimated third incentive, granted after acceptance and confirmation of required performance threshold data, is also \$339,573.08. These incentive amounts are within entity cap guidelines. Annually, this project is anticipated to save 769,188 kWh of electricity as well as 231,784.4 therms of natural gas. The project will also reduce peak demand by an anticipated 210.65 kW. The proposed project will have an estimated annual energy cost savings of \$273,694. The payback period without incentives is 39.7 years; when factoring in the incentives, the payback period is reduced to 37.1 years.

This project is being pursued in conjunction with the Energy Savings Improvement Program ("ESIP"), which provides New Jersey government agencies with flexible financing to incorporate energy efficient upgrades. The ESIP allows eligible entities to pay for Energy Conservation Measures ("ECMs") to be installed using the future value of energy savings in lieu of paying up-front costs. Governmental authorities can enter into contracts that ensure efficiency upgrades are installed in such a way that annual payments are lower than the savings projected. ESIP projects allow entities lacking significant capital resources to reduce their energy consumption and energy bills.

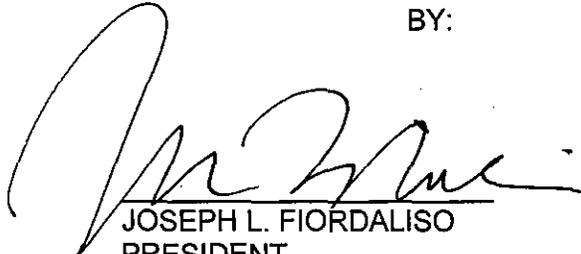
TRC Environmental Corporation, the Program Manager engaged by the Board to manage the NJCEP P4P – EB program, attested to the accuracy of certain information regarding the project and that the project application adheres to the current terms and conditions of the program. Further, TRC, in its role as 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 \$729,146.16 for the New Jersey Department of Transportation 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 September 21, 2019.

DATED: 9/11/19

BOARD OF PUBLIC UTILITIES
BY:



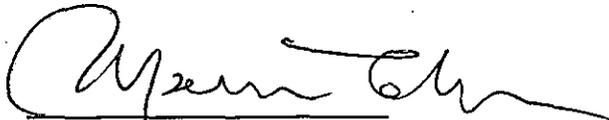
JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



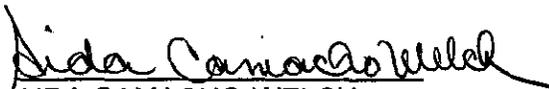
DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
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 –
NEW JERSEY DEPARTMENT OF TRANSPORTATION

DOCKET NO. QG19070835

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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

7/12/19

Date

1. Application Number: **47206**
2. Initial Application Received Date: **6/8/2017**
3. Program Name and Filing Date: **Pay For Performance Existing Buildings FY17, TRC Compliance Filing 2017-02-22 v2 FINAL**
4. Customer Contact (name, company, address, phone #):

**William Golubinski, Manager of Energy Initiatives
NJ Department of Transportation
1035 Parkway Avenue, Trenton, NJ 08618
609-292-5210**
5. Project Name and Address:
**NJ Department of Transportation, Ewing Headquarters
1035 Parkway Avenue, Trenton, NJ 08618**
6. Rebate amount:
**Incentive #1: \$50,000
Incentive #2: \$339,573.08
Incentive #3: \$339,573.08
Total: \$729,146.16**
7. Brief description of facility/site:
The New Jersey Department of Transportation Main Facility consists of three (3) large office buildings (Main Office Building, Engineering and Operations, and Finance and Administration) and twenty-seven (27) garage-type buildings (Fernwood Complex) totaling just over 700,000 square feet. The site is served by a central heating plant with dual-fuel oil and gas boilers.
8. Brief description of measures:
The largest improvement at the site involves decentralizing the main standard efficiency steam boiler plant and installing high-efficiency gas boilers at each of the three (3) main office buildings. The remaining building will also be taken off the

underground steam loop and given gas fired unit heaters. Additional measures include interior and exterior lighting replacement with LEDs, interior lighting controls, and HVAC system controls for time-of-day scheduling.

9. Annual Estimated Energy Savings:

The project is projected to save 769,188 kWh of electricity and 23,178.4 MMBtu of natural gas annually. Source energy use reduction is projected to be 19.4% from existing energy use.

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

\$273,694 annual energy cost savings, -7.8% IRR, simple payback without incentive 39.7 years, simple payback with incentive 37.1 years. However, it is noted that this is an ESIP project. ESIP documentation provided, for this site and the neighboring Thiokol Complex, shows a positive \$503,103 net cashflow to client (cumulative over 15 years). SEE IMAGE BELOW.

FORM VI							
ESCO's ENERGY SAVINGS PLAN (ESP):							
New Jersey Department of Transportation - ENERGY SAVING IMPROVEMENT PROGRAM							
ESCO Name: <u>DCO Energy</u>							
Note: Respondents must use the following assumptions in all financial calculations:							
(a) The cost of all types of energy should be assumed to inflate at 2.4% gas, 2.2% electric per year and							
1. Term of Agreement: 15 years							
2. Construction Period (months): 12 Months							
3. Cash Flow Analysis Format:							
Project Cost	\$13,711,457			Interest Rate to be Used for Proposal Purposes	3.15%		
Cost of Issuance	\$50,000						
Environmental Remediation	\$300,000						
General Project Contingency	\$2,500,000						
TOTAL	\$16,561,457						
Year	Annual Energy Savings	Annual Operational Savings	Energy Rebates/Incentives	Total Annual Savings	Annual Project Costs	Authority Costs	Annual Service Costs
Installation	\$ 360,843		\$ 440,421	\$ 801,264	\$ (598,161)		
Year 1	\$ 801,874	\$ 1,114,374	\$ 440,421	\$ 2,356,668	\$ (2,336,668)		
Year 2	\$ 820,317	\$ 1,136,661		\$ 1,956,978	\$ (1,936,978)		
Year 3	\$ 839,184	\$ 1,158,394		\$ 1,998,578	\$ (1,978,578)		
Year 4	\$ 858,485	\$ 1,182,582		\$ 2,041,067	\$ (2,021,067)		
Year 5	\$ 878,230	\$ 1,206,234		\$ 2,084,464	\$ (2,064,464)		
Year 6	\$ 898,430			\$ 898,430	\$ (878,430)		
Year 7	\$ 919,093			\$ 919,093	\$ (899,093)		
Year 8	\$ 940,233			\$ 940,233	\$ (920,233)		
Year 9	\$ 961,858			\$ 961,858	\$ (941,858)		

11. Estimated Project Cost:

\$10,878,393.77

**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: 07-15-2019

Maura Watkins

Quality Control – TRC Solutions

Application No.: 47206

Applicant: NJ Department of Transportation

Payee: Treasurer-State of New Jersey

Committed Amount: \$729,146.16