



Agenda Date: 7/15/20
Agenda Item: 8C

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) ORDER
PROGRAM ENERGY EFFICIENCY INCENTIVES)
EXCEEDING \$500,000 – NORTH BRUNSWICK)
TOWNSHIP BOARD OF EDUCATION) DOCKET NO. QO20060449

Parties of Record:

Dr. Brian Falkowski, Business Administrator, North Brunswick Township Board of Education
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 C&I 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 ("ECMs"). Incentives are also available for projects involving distributed energy resources. 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, Order dated May 3, 2013.

The Pay for Performance – Existing Buildings ("P4P – EB") Program uses a comprehensive, whole building approach to EE in existing C&I 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 North Brunswick Township Board of Education in North Brunswick, New Jersey submitted on September 1, 2019 under the Fiscal Year 2020 ("FY20") P4P – EB Program pursuant to the Energy Efficiency and Renewable Energy Program Plan Filing for FY20 dated June 20, 2019. The project is located at North Brunswick Township High School, 98 Raider Road, North Brunswick, New Jersey. The applicant requests a total financial incentive of \$663,769.26 for a project that will cost \$8,395,720.00.

This application covers a comprehensive suite of ECMs that will greatly reduce North Brunswick High School's energy consumption. Variable refrigerant flow heat pumps ("VRF HPs") will be installed to provide the school with electric heating and cooling, decreasing the school's reliance on fossil fuels. The VRF HP system will include a dedicated outdoor air system with energy recovery ventilation to efficiently supply air for the heat pumps. It will also include system controls and a Building Automation System ("BAS") to give facility managers greater measures of control over temperature setpoints and elements of the VRF HPs. Additionally, the school's outdated rooftop units will be replaced with new, efficient models that include CO₂ demand control ventilation and will be integrated into the BAS to further optimize efficiencies. The BAS will also be expanded to control the temperature setpoints for all existing HVAC equipment not being replaced as part of this project, and the supplemental baseboard heating will have its temperature controls reset to be in line with the rest of the HVAC system. Finally, high efficiency transformers, interior and exterior LEDs, and occupancy lighting controls on interior LEDs will be installed to reduce the school's electric consumption.

The estimated first incentive, for purchase of the equipment, is \$50,000.00. The estimated second incentive, for completed installation of the system, is \$306,884.63. The estimated third incentive, granted after acceptance and confirmation of required performance threshold data, is \$306,884.63. These incentive amounts are within entity cap guidelines. Annually, the proposed project is anticipated to conserve 1,358,436 kWh of electricity and 17,598 therms of natural gas. The project will also reduce peak electricity demand by an anticipated 649 kW per year. Additionally, the project is estimated to result in annual energy cost savings of \$157,976. The payback period without incentives is 53.1 years; when factoring in the incentives, the payback period is reduced to 48.9 years.

While the payback period here is significantly longer than is typical for applications that Staff recommends for approval, Staff believes that the project is worthwhile and should be approved, most notably because the project's ECMs are part of a larger Energy Savings Improvement Program ("ESIP") application. Government facilities, such as K-12 public schools, may pursue large-scale capital improvement projects through ESIP that are paid for by the value of the project's future energy savings. The scope of the ESIP project must result in a positive cash flow and meet ESIP payback requirements of no more than 15 years for projects without a combined heat and power component. While this particular EE application shows an unusually lengthy payback period due to the high cost of some of the proposed measures, the larger ESIP project itself will result in a positive overall cash flow to the North Brunswick Township Board of Education while also resulting in significant energy savings. Staff views this project as representative of the type of comprehensive project that the Board typically incentivizes through the P4P – EB Program and recommends approval of the related application despite the longer than usual payback period.

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 \$663,769.26 for the North Brunswick Township Board of Education 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 July 25, 2020.

DATED: July 15, 2020

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

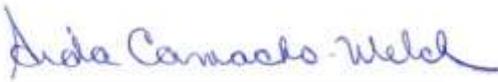


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE CLEAN ENERGY PROGRAM AUTHORIZATION OF COMMERCIAL
AND INDUSTRIAL PROGRAM ENERGY EFFICIENCY INCENTIVES EXCEEDING \$500,000 –
NORTH BRUNSWICK TOWNSHIP BOARD OF EDUCATION

DOCKET NO. QO20060449

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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

04/29/2020
Date

1. Application Number: **58257**
2. Program Name: **Pay for Performance – Existing Buildings**
3. Application Received: **09/01/2019 (FY20 Filing, dated June 20, 2019)**
4. Customer Contact (name, company, address, phone #):
Dr. Brian Falkowski, Interim Business Administrator
732-289-3000 (ext.53024)
North Brunswick Township Board of Education
Old Georges Road
North Brunswick, NJ 08902
5. Project Name and Address:
North Brunswick Township High School
98 Raider Road
North Brunswick, NJ 08902
6. Rebate amount:

Incentive #1:	\$ 50,000.00
Incentive #2 Base + Enhanced:	\$306,884.63
Incentive #3 Base + Enhanced:	\$306,884.63
Total:	\$663,769.26
7. Brief description of facility/site:
North Brunswick High School was constructed in 1973 and underwent renovations in 1990 and 2006. The building is a two stories and consists of administrative offices, classrooms, two separate gymnasiums, an indoor swimming pool, cafeteria, media center, an auditorium, and music rooms.
8. Brief description of measures:
 - 1) **Installation of new Variable Refrigerant Flow heat pumps (HP), which also includes:**
 - a. **New Dedicated Outdoor Air System equipped with Energy Recovery Ventilation to supply air for VRF HPs**
 - b. **Outside Air system controls for VRF HPs**

**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.



By: _____

Date: **05-04-2020**

Maura Watkins

Quality Control – TRC Solutions

Application No.: **58257**

Applicant: **North Brunswick Township Board of Ed**

Payee: **North Brunswick Township Board of Ed**

Committed Amount: **\$663,769.26**