



Agenda Date: 10/28/20
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) ORDER
PROGRAM ENERGY EFFICIENCY INCENTIVES)
EXCEEDING \$500,000 – HUDSON COUNTY)
MEADOWVIEW COMPLEX) DOCKET NO. QO20090602

Parties of Record:

Ralph Sax, Deputy Director, Hudson County
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 and 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 and 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 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 Hudson County submitted on February 7, 2020, under the Fiscal Year 2020 ("FY20") P4P – EB Program pursuant to the Energy Efficiency and Renewable Energy Program Plan Filing for FY20 dated January 8, 2020. The project is located at the Meadowview Complex, 595 County Avenue, Secaucus, New Jersey. Hudson County requests a total financial incentive of \$1,500,342.20 for a project that will cost \$10,556,061.00.

The energy conservation measures (“ECMs”) proposed through this application are extensive and run the gamut from simple lighting upgrades to a more complex decentralization of the complex’s boiler system. Specifically, the proposed upgrades will do the following:

- Retrofit all interior and exterior lights with LEDs;
- Install building envelope upgrades to both air sealing and insulation;
- Replace hot water pump motors with newer models that feature variable frequency drives;
- Install a new high efficiency air-cooled chiller;
- Decentralize the complex’s boiler plant and replace it with localized condensing boilers and hot water heaters at the various buildings within the complex;
- Incorporate building management system upgrades that include temperature controls, scheduling, fan controls, and ventilation controls; and
- Install new high efficiency transformers.

The estimated first incentive, for purchase of the equipment, is \$50,000.00. The estimated second incentive, for completed installation of the system, is \$725,171.10. The estimated third incentive, granted after acceptance and confirmation of required performance threshold data, is \$725,171.10. These incentive amounts are within entity cap guidelines. The project is anticipated to accomplish the following on an annual basis: conserve 1,406,955 kWh of electricity and 17,318 therms of natural gas, reduce peak demand by 139 kW, and result in energy cost savings of \$264,796.00. The payback period without incentives is 36.6 years; when factoring in the incentives, the payback period is reduced to 30.8 years.

While the payback period here is longer than is typical for applications that Staff recommends for approval, Staff believes that the project is still 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 payback requirements of no more than 15 years for most projects or no more than 20 years for projects with 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 Hudson County over the 20-year payback period, 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 \$1,500,342.20 for Hudson County and **AUTHORIZES** issuance of a standard commitment letter to the applicant identified above, setting forth the terms and conditions of this commitment.

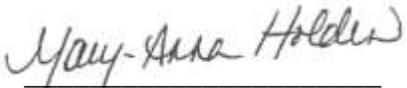
The effective date of this Order is November 7, 2020.

DATED: October 28, 2020

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

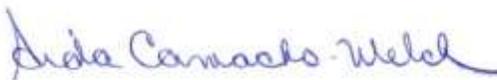


UPENDRA J. CHIVUKULA
COMMISSIONER



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 –
HUDSON COUNTY MEADOWVIEW COMPLEX

DOCKET NO. QO20090602

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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

06/25/2020

Date

1. Application Number: **60319**
2. Program Name: **Pay for Performance – Existing Buildings**
3. Application Received: **02/07/20, FY20 Compliance Filing Rev 1.0 January 8, 2020**
4. Customer Contact (name, company, address, phone #):
Ralph Sax, Deputy Director
201-369-2777 x 2897
Hudson County
257 Cornelison Ave 7th
Jersey City, NJ 07302
5. Project Name and Address:
Meadowview Complex
595 County Ave
Secaucus, NJ 07094
6. Rebate amount:

Incentive #1:	\$ 50,000.00
Incentive #2 Incentive:	\$725,171.10
Incentive #3 Incentive:	\$725,171.10
Total:	\$1,500,342.20
7. Brief description of facility/site:
The Meadowview Complex Buildings labeled 1-9 and the Center Core Building were originally built in 1920's as a part of a psychiatric hospital campus. The buildings are interconnected and form a large square courtyard in the middle. The Center Core, buildings 1-3, house Hudson County offices. Buildings 4-9 houses various organizations running drug treatment and rehabilitation programs. Building 15 houses the Hudson County Archives. The heating to the Meadowview Complex buildings are provided from a central steam boiler plant within the Powerhouse building.
8. Brief description of measures:
 - 1) **Retrofit interior and exterior lights with LEDs**
 - 2) **Envelope upgrades to both air sealing and insulation**

- 3) **Hot water pump motor replacement and add variable frequency drive**
- 4) **New high efficiency air-cooled chiller**
- 5) **Decentralize boiler plant and replace with condensing boilers and hot water heaters**
- 6) **Building management system upgrades including temperature control, scheduling, fan control, & ventilation control**
- 7) **Installation of new high efficiency transformers**

9. Annual Estimated Energy Savings (beyond ASHRAE 90.1-2013):

- 1) **1,406,955 kWh**
- 2) **139 kW demand reduction**
- 3) **17,318 therms natural gas**

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

- 1) **\$264,796**
- 2) **Payback: 36.6 years without incentive, 30.8 years with**

This project is part of a larger ESIP project.

11. Estimated Project Cost:

- 1) **Total Project Cost: \$10,556,061**

**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: **06-30-2020** _____

Maura Watkins

Quality Control – TRC Solutions

Application No.: **60319** _____

Applicant: **Hudson County** _____

Payee: **Hudson County** _____

Committed Amount: **\$1,500,342.20** _____