



Agenda Date: 6/8/22
Agenda Item: 8B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st 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 – GLOUCESTER)
COUNTY UTILITIES AUTHORITY) DOCKET NO. QO22040260

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
John Vinci, Director, Gloucester County Utilities Authority

BY THE BOARD:

The New Jersey Board of Public Utilities ("Board" or "BPU") through its New Jersey Clean Energy Program ("NJCEP") provides 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. Incentives are also available for projects involving distributed energy resources ("DER"). Under the category of DER, the NJCEP offers incentives for Combined Heat and Power ("CHP") and Fuel Cell with heat recovery projects to enhance energy efficiency through on-site power generation and to reduce overall system Peak demand to the electrical power grid. 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 Combined Heat and Power & Fuel Cell ("CHP-FC") Program is open to all C&I customers of investor-owned utilities. Incentives are disbursed upon completion of three program milestones: (1) proof of purchase of equipment; (2) project installation and operation, including successful inspection; and (3) acceptance and confirmation of achievement of the required performance thresholds based upon 12 months of operating data.

By this Order, the Board considers the application of Gloucester County Utilities Authority in West

Deptford, New Jersey, submitted on February 23, 2021 under the Fiscal Year 2021 (“FY21”) CHP-FC Program pursuant to the Energy Efficiency and Renewable Energy Program Plan Filing for FY21 dated February 23, 2021. The project is located at 2 Paradise Road, West Deptford, NJ 08066. The applicant requests a total financial incentive of \$2,374,750 for a project that will cost \$9,456,671.¹

This project involves the installation of two (2) 600 kW CHP gas engines. They will run primarily (approximately 75% of the time) on methane gas produced on-site by an anaerobic digester processing solid waste. During other periods (approximately 25% of the time), the engines will run on natural gas. This equipment will have black start islanding capability and will output waste heat for use in process load heating and space heating.

Annually, the project is anticipated to generate 7,342,952 kWh of electricity and is estimated to recover and utilize 25,990 MMBtu of thermal output. The project will have an estimated average annual cost savings of \$221,740.² The payback period without incentives is 29.6 years; when factoring in the incentives, the payback period is reduced to 22.2 years.³

TRC Environmental Corporation (“TRC”), the Program Manager engaged by the Board to manage the NJCEP CHP 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 TRC, Board Staff (“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 \$2,374,750 for Gloucester County Utilities Authority and **AUTHORIZES** issuance of a standard commitment letter to the applicant identified above, setting forth the terms and conditions of this commitment.

¹ The \$9,456,671 includes both projects’ initial capital costs, as well as the cost of a maintenance contract.

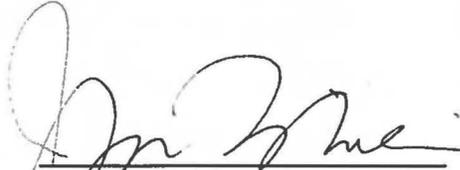
² The \$221,740 in average annual costs savings are savings net of the annual cost of the project’s maintenance contract. The project’s annual net energy savings total \$319,647.

³ The Program Manager calculated these payback periods by dividing the total cost of the project of \$9,456,671 without the incentive, and \$7,081,921 with the incentive, by the annual net energy savings of \$319,647 rather than the annual average savings after maintenance costs of \$221,740. Calculating the payback period with after-maintenance cost savings would have incorrectly double counted the project’s maintenance costs because those annual maintenance costs are already accounted for in the project’s total cost of \$9,456,671.

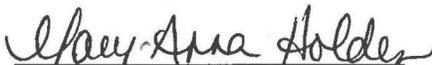
The effective date of this Order is June 17, 2022.

DATED: June 8, 2022

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: 

CARMEN D. DIAZ
ACTING SECRETARY

IN THE MATTER OF THE CLEAN ENERGY PROGRAM AUTHORIZATION OF COMMERCIAL
AND INDUSTRIAL PROGRAM ENERGY EFFICIENCY INCENTIVES EXCEEDING \$500,000 –
GLOUCESTER COUNTY UTILITIES AUTHORITY
DOCKET NO. QO22040260

SERVICE LIST

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<p><u>NJBPU, cont'd</u></p> <p><u>General Counsel's Office</u></p> <p>Abe Silverman, Esq., General Counsel abe.silverman@bpu.nj.gov</p> <p>Carol Artale, Esq. Deputy General Counsel carol.artale@bpu.nj.gov</p> <p>Ian Oxenham, Esq., Legal Specialist ian.oxenham@bpu.nj.gov</p> <p><u>Division of Clean Energy</u></p> <p>Kelly Mooij, Director kelly.mooij@bpu.nj.gov</p> <p>Stacy Ho Richardson, Esq. Deputy Director stacy.richardson@bpu.nj.gov</p> <p>Earl Thomas Pierce earl.pierce@bpu.nj.gov</p> <p>Dustin Wang, Program Specialist dustin.wang@bpu.nj.gov</p>	<p><u>New Jersey Division of Law</u></p> <p>NJ Department of Law and Public Safety Richard J. Hughes Justice Complex Public Utilities Section 25 Market Street, P.O. Box 112 Trenton, NJ 08625</p> <p>David Apy, Assistant Attorney General david.apy@law.njoag.gov</p> <p>Daren Eppley, Section Chief, DAG daren.eppley@law.njoag.gov</p> <p>Pamela Owen, Assistant Section Chief, DAG pamela.owen@law.njoag.gov</p> <p>Matko Ilic, DAG matko.ilic@law.njoag.gov</p>
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**Program Administrator Certification
(New Incentive Commitments > \$500,000)**

I, **Maura Watkins**, TRC Companies 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: **04-15-2022** _____

Maura Watkins

Quality Control – TRC Companies

Application No.: **65536** _____

Applicant: **Gloucester County Utilities Authority** _____

Payee: **Gloucester County Utilities Authority** _____

Committed Amount: **\$2,374,750.00** _____