



Agenda Date: 12/21/22
Agenda Item: 8B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE CLEAN ENERGY PROGRAM)
AUTHORIZATION OF COMMERCIAL AND INDUSTRIAL)
ENERGY EFFICIENCY INCENTIVES EXCEEDING)
\$500,000 – STATE OF NEW JERSEY)

ORDER

DOCKET NO. QO22090605

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
William Golubinski, Manager of Energy Initiatives, New Jersey Department of the Treasury,
Division of Property Management and Construction

BY THE BOARD:

The New Jersey Board of Public Utilities (“Board” or “BPU”) through New Jersey’s Clean Energy Program (“NJCEP”) manages several individual commercial and industrial (“C&I”) energy efficiency (“EE”) programs targeting the C&I market segments. Eligible applicants may receive rebates for a portion of the cost of installing energy efficient technologies such as lighting, HVAC, and other energy conservation measures (“ECMs”). NJCEP offers incentives to large energy users to upgrade or install ECMs in existing buildings and to help offset these capital costs. 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.¹

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 EE, conservation, and greenhouse gas reduction goals.

By this Order, the Board considers two (2) applications of the State of New Jersey (“State”). Both applications and their respective projects are described below. The projects are located at the Edna Mahan Correctional Facility at 30 County Road 513, Clinton, New Jersey 08809.

¹ In re 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.

HEATING, VENTILATION, AND AIR CONDITIONING DECENTRALIZATION

The first application was submitted on July 29, 2019 under the Fiscal Year 2019 (“FY19”) LEUP pursuant to the Clean Energy Program Plan Filing for FY19 that the Board approved on June 22, 2018.² The applicant requested a total financial incentive of \$1,918,758.21 for a project that will cost \$20,733,044.

Edna Mahan’s existing central heating plant, owned by Noresco, distributes hot water/steam throughout the campus via a network of underground pipes. The distribution systems and central heating plant are over 50 years old and well beyond their useful life. As a result, the system has massive inefficiencies and underground water leaks that are inaccessible without undertaking an expensive effort to dig up and repair/replace piping. The steam/hot water leaks require the central plant to use more energy to deliver sufficient heat to the campus buildings and large volumes of water to make up the losses leaching into the ground. The existing facility struggles to maintain an adequate level of service for the campus buildings and occupants.

The proposed project will decentralize the central steam and high temperature hot water plant, and install new heat and domestic water service and associated equipment – including boilers, remote terminal units, furnaces, and unit heaters – in each of the 32 affected buildings on the campus. This project is included as part of a larger Energy Savings Improvement Plan (“ESIP”) scope of work for the State which includes the Edna Mahan Correctional Facility and the Hunterdon Development Center. ESIP projects provide an overall net positive cash flow.

The project is anticipated to annually increase electricity usage by 43,638 kWh and save 515,509 therms of natural gas. The proposed project will have an estimated annual energy cost savings of \$264,652. Other non-energy benefits for the campus’s facilities include reduced water losses via various leaks and other mechanical issues due to age, greater control of each facility’s specific conditioning and hot water needs, improved comfort for occupants, and reduced risk of complete service failure that could occur from a central plant arrangement. The LEUP’s per kWh/per therm incentive cap ensures that LEUP only pays for energy reductions regardless of the other benefits of the project. The overall payback period for the project based solely on energy cost savings without incentives is 78.34 years; when factoring in the incentives, the payback period is reduced to 71.09 years. The ESIP estimates an additional \$1,789,089 in annual savings from the elimination of monthly fees to Noresco. The inclusion of these savings reduces the overall payback period to 10.10 years without incentives and 9.16 years with incentives.

LIGHTING UPGRADE

The second application was submitted on July 29, 2019 under the Fiscal Year 2020 (“FY20”) LEUP pursuant to the Clean Energy Program Plan Filing for FY20 that the Board approved on June 21, 2019.³ The applicant requests a total financial incentive of \$714,076.11 for a project that will cost \$2,040,666.00.

The project will retrofit existing interior and exterior lighting with new light-emitting diode (“LED”) models. The LED lighting will replace the existing T8, compact fluorescent lamp, high-intensity

² In re the Clean Energy Programs and Budgets for Fiscal Year 2019, BPU Docket No. QO18040393, Order dated June 22, 2018.

³ In re the Clean Energy Programs and Budgets for Fiscal Year 2020, BPU Docket No. QO19050645, Order dated June 21, 2019.

discharge metal halide, and high-pressure sodium light fixtures. This project is part of the previously mentioned ESIP scope of work for the State.

The project is anticipated to annually save 2,163,867 kWh of electricity and 468.21 kW in peak demand. It will have an estimated annual energy cost savings of \$194,748.03. The overall payback period for the project without incentives is 10.48 years; when factoring in the incentives, the payback is reduced to 6.81 years.

TRC Environmental Corporation ("TRC"), the Program Manager engaged by the Board to manage the LEUP, attested to the accuracy of certain information regarding both projects and that the project applications adhere to the current terms and conditions of the program. Further, TRC, in its role as the NJCEP Program Administrator, submitted its certifications 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, Staff recommends approval of the above-referenced applications.

The Board **HEREBY ORDERS** the approval of the aforementioned applications for the total estimated incentive amounts of \$1,918,758.21 and \$714,076.11 for the State of New Jersey 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 December 28, 2022.

DATED: December 21, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



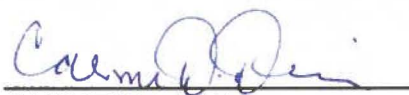
DIANNE SOLOMON
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ROBERT M. GORDON
COMMISSIONER



DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST: 

CARMEN D. DIAZ
ACTING SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

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AND INDUSTRIAL ENERGY EFFICIENCY INCENTIVES EXCEEDING \$500,000 – STATE OF
NEW JERSEY

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