



Agenda Date: 3/20/13

Agenda Item: 8E

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) ORDER
AUTHORIZATION OF COMMERCIAL AND INDUSTRIAL)
PROGRAM ENERGY EFFICIENCY INCENTIVES)
EXCEEDING \$300,000 - ATLANTICARE REGIONAL)
MEDICAL CENTER) DOCKET NO. EO13020149V

Party of Record:

Dominic Moffa, Senior Vice President of Administration, Atlanticare Regional Medical Center

BY THE BOARD:

The New Jersey Board of Public Utilities' (the Board or BPU) Commercial and Industrial (C&I) Energy Efficiency Program, which is marketed as the New Jersey SMARTSTART Buildings Program (SMARTSTART), includes the C&I New Construction, C&I Retrofit, Pay-for-Performance New Construction, Pay-for-Performance Existing Buildings, Local Government Energy Audit, Direct Install, Combined Heat and Power and Fuel Cells, and Large Energy Users Pilot. These programs collectively offer financial incentives to encourage the installation of energy efficient products and technologies. Eligible applicants may receive incentives for a portion of the cost of installing energy efficient technologies such as lighting, Heating Ventilation and Air Conditioning, water heating or other measures in new or existing buildings.

Atlanticare Regional Medical Center (the applicant or Atlanticare), Egg Harbor Township, NJ, has submitted an application for a financial incentive in the amount of \$1,050,000.00 under the 2012 Combined Heat and Power (CHP) and Fuel Cells (SmartStart CHP-FC) program, for a CHP project, located at 65 W Jimmie Leeds Road, Pomona, NJ 08240. At the time of the application, the SmartStart CHP-FC incentive program was designed to financially incentivize the first MW of CHP projects that achieve an annual system efficiency of at least 60%. Projects larger than 1 MW were also eligible for financial assistance, but the award would be calculated based on the first MW only. The applicant proposes to install a 1,100 kW (1.1 MW) natural gas, internal combustion engine system. The system demonstrates an annual efficiency of 66.4%. A table of internal combustion system emissions is provided in the Market Manager Certification attached to this order. The CHP system is designed to operate on a continual base load paralleling with the utility. In the event of a power failure, the CHP system would provide the hospital with 100% capacity of generation on site, which is critical to continued

treatments and procedures during utility outages. In addition to electricity generation, waste heat recovered from the system will be repurposed for hot water heating, space heating, and humidification systems. The first estimated incentive, in the amount of \$210,000.00, is to be paid upon proof of purchase of equipment. The second estimated incentive, in the amount of \$630,000.00, is to be paid upon project completion, review and acceptance of documentation, and successful inspection. The remaining estimated incentive, in the amount of \$210,000.00, is to be paid one year after project inspection and acceptance, upon confirmation that the project is achieving its minimum efficiency threshold. The system is expected to produce 8,896,800 kWh of electricity annually and is expected to produce 25,149 MMBtu of thermal energy from recovered waste heat. Overall, this application is expected to result in an estimated annual energy cost savings of \$598,376.19, at an estimated project installation cost of \$3,500,000.00.

As background, the applicant applied under two separately administered state programs for Board financial assistance to incentivize the same CHP system. The applicant first applied to the Large Scale CHP-Fuel Cells (LSCHP-FC) program, a BPU-funded grant program jointly managed by the Economic Development Authority (EDA) and the BPU, to assist applicants installing a CHP system greater than 1 megawatt (MW) that achieves an annual system efficiency of at least 65%. Under the LSCHP-FC program, applications were accepted from April 25, 2012 to June 25, 2012. By order dated December 19, 2012, the applicant was approved for an LSCHP-FC grant award. See In the Matter of Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for the years 2009 – 2012: Revised 2012 Programs Large Scale Combined Heat and Power/Fuel Cell Grant Program Awardee Approval, dated Jan. 7, 2013, Dkt Nos. EO07030203 and EO11100631V. By standard commitment letter executed on February 13, 2013, the applicant agreed to the terms and conditions of receipt of the LSCHP-FC grant award.

Prior to notice of its approved status under the LSCHP-FC for a grant award, the applicant applied under the SmartStart CHP-FC incentive program for a financial incentive. To avoid overlap, the Board amended the SmartStart CHP-FC program to exclude projects larger than 1 MW by adopting revised program compliance guidelines on May 23, 2012 that were not made effective until July 23, 2012. Atlanticare applied to the SmartStart CHP-FC program on July 19, 2012. By letter dated February 6, 2013, the applicant noted its preference for a higher financial benefit through the SmartStart CHP-FC program and indicated its intent to reject the grant award under the LSCHP-FC if offered a NJCEP SmartStart financial incentive.

TRC, the Market Manager engaged by the Board to manage the New Jersey Clean Energy Program (NJCEP) C&I energy efficiency programs, has submitted certifications that the incentives for which TRC now seeks approval to commit have been calculated in accordance with the program policies and procedures, and that the listed amounts are the true and accurate estimated incentives for which the applicants are eligible. Further, Applied Energy Group, in its role as the NJCEP Program Coordinator, has reviewed the applications and submitted certifications that the incentives for which TRC now seeks approval to commit have been calculated in accordance with the program policies and procedures, and that the listed amounts are the true and accurate estimated incentives for which the applicants are eligible. Based on the above, the Staff recommends that the Board approve the above-referenced applications.


The Board **FINDS** that Atlanticare submitted their application consistent with the SmartStart CHP-FC program guidelines. The Board further **FINDS** that Atlanticare qualifies for the incentive amount of \$1,050,000.00 under that program, and the market managers have


submitted proper certifications in support thereof. Given that the Board has already approved a grant to Atlanticare under the LSCHP-FC program, the Board finds that Atlanticare is not entitled to the SmartStart CHP-FC award unless it rejects the previously awarded LSCHP-FC grant. Therefore, the Board **HEREBY ORDERS** the approval of the aforementioned application under the SmartStart CHP-FC program for the total estimated incentive amount of \$1,050,000.00 to Atlanticare Regional Medical Center conditioned upon Atlanticare formally rejecting the LSCHP-FC grant award. The Board further **AUTHORIZES** issuance of a standard commitment letter to the applicant, setting forth the terms and conditions of the commitment, upon receipt of a letter addressed to Board Staff by Atlanticare rejecting its LSCHP-FC grant award.

DATED: 3/20/13

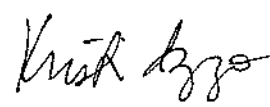
BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT

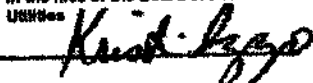

JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:

KRISTI IZZO
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 \$300,000 –
ATLANTICARE REGIONAL MEDICAL CENTER

DOCKET NO. EO13020149V

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Egg Harbor Township, NJ 08234

IN THE MATTER OF THE CLEAN ENERGY PROGRAM AUTHORIZATION OF COMMERCIAL
AND INDUSTRIAL (C&I) PROGRAM ENERGY EFFICIENCY INCENTIVES EXCEEDING
\$300,000 – ATLANTICARE REGIONAL MEDICAL CENTER

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**Program Coordinator Certification
(New Incentive Commitments > \$300,000)**

I, **Maura Watkins**, hereby certify that in its role as Program Coordinator, Applied Energy Group, Inc. has reviewed the referenced below, as required by the policies and procedures applicable to each program, that the standardized equipment incentives for which TRC now seeks approval to commit have been calculated in accordance with those policies and procedures, and that the amount shown below is the true and accurate estimated incentive for which the applicant(s) is(are) eligible.

For incentives based on uniquely calculated estimated energy savings, including the Custom Program, Pay for Performance and Large Energy Users Pilot Program, Applied Energy Group certifies locating documentation supporting the inputs used to calculate the rebate amount and evidencing TRC's evaluation of those inputs as required by the program's policies and procedures.

Maura H Watkins

By: _____

Date: 02-18-2013

Maura Watkins

Quality Assurance Manager - Applied Energy Group, Inc.

Ref: 17506CHP
App #

Applicant Atlanticare Regional Medical Center

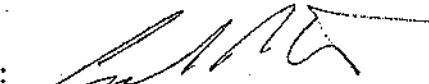
Payee Atlanticare Regional Medical Center

Committed Amount: \$1,050,000.00

Market Manger Certification
(New Incentive Commitments > \$300,000)

I Carl Teter hereby certify that applications on the attached list have been reviewed by TRC or its subcontractors as required by the policies and procedures applicable to each program, that the incentives for which TRC now seeks approval to commit have been calculated in accordance with those policies and procedures, and that the listed amounts are the true and accurate estimated incentives for which each applicant is eligible.

By:



Carl P. Teter, P.E., LEED AP, Associate Vice President
App# 17506CHP

Date:

2-20-13

1. Application Number: 17506CHP
2. Program Name: Combined Heat and Power
3. Customer Contact (name, company, address, phone #):
 Dominic Moffa, Sr. VP Administration
 Atlanticare Regional Medical Center
 2500 English Creek Avenue, Egg Harbor Township, NJ 08234
 609-272-6311
4. Project Name and Address:
 Atlanticare Regional Medical Center
 65 W Jimmie Leeds Rd, Pomona, NJ 08240
5. Rebate amount:
 Incentive #1: \$210,000.00
 Incentive #2: \$630,000.00
Incentive #3: \$210,000.00
 Total: \$1,050,000.00
6. Brief description of CHP to be installed (size, efficiency, emission, equipment to be replaced):
 1,100 kW natural gas, internal combustion engine (Cummins C1100NG) system;
 Annual system efficiency of 66.4% (compare to regional electric utility estimated at 33% efficiency);

Emissions:

	Vendor supplied (lbs/MWh)	Annual Site Emissions Reduction (lbs)
NOx	0.231	6,031
SOx	-	24,454
PM-10	0.0496	65
CO2	-	5,691,257
CO	0.744	968
VOC	0.066	183

The CHP system designed to operate "24/7" base load paralleling with the utility. Upon power failure, the CHP system (combined with existing on-site diesel generators) will provide the hospital with 100% capacity of generation on site, which is critical to continued treatments and procedures during utility outages. In addition to electricity generation, heat recovered from the system will be repurposed for hot water heating, space heating, and humidification systems.

7. Annual Estimated Energy Savings:
 Expected Annual Electricity Production: 8,896,800 kWh
 Expected Annual Thermal Energy Production: 25,149 MMBtu of recovered heat for water heating, space heating, and humidification systems.

8. Project Cost: \$3,500,000.00
9. Annual Estimate Energy Cost Savings: average cost savings of \$598,376.19 (simple payback of 5.5 years with incentive, compared to 7.9 years without incentive).