

From: ee-bounces@njcleanenergy.com on behalf of [Jones, Sherri](#)
To: ee@njcleanenergy.com
Subject: Proposed Modifications to the LGEA program
Date: Monday, September 14, 2015 2:25:56 PM
Attachments: [LGEA Compliance Filing FINAL 09 14 15.pdf](#)
[ATT00001.txt](#)

Following up on his commitment to “lead by example”, in June 2011, Governor Christie created the State Energy Office (SEO) within the Board of Public Utilities (“BPU” or “Board”). The SEO is charged with developing energy efficiency (EE) and renewable energy (RE) projects in State facilities. SEO Staff has identified the greatest opportunities exist for the State to save energy and money and has created a prioritized list of EE and RE projects that may be implemented within qualified State facilities. These projects may be procured through the Energy Savings Improvement Program (ESIP), a financing mechanism that allows certain public and government entities to pursue EE and RE projects with no up-front costs. Project costs are paid out of savings and have the long-term impact of reducing energy usage and energy costs for government entities.

The ESIP requires the performance of an energy audit first to identify potential energy conservation measures and the costs and savings associated with them. ESIP participants that apply and qualify for the NJCEP Local Government Energy Audit (LGEA) program may use the results of the LGEA audit for the purpose of the ESIP energy audit .

Over the past several years, New Jersey’s Clean Energy Program (NJCEP) has coordinated closely with SEO Staff to align NJCEP incentives and program requirements with ESIP requirements. Consistent with these efforts, Staff is proposing that LGEA program eligibility be expanded to allow certain State and public entities to apply and qualify for the LGEA program. Allowing these additional State and public entities to participate in the LGEA program will enable them to meet the ESIP audit requirement, and take the first step towards realizing real and persistent energy and cost savings.

Attached please find revised draft of the LGEA section of TRC’s FY16 compliance filing that has been expanded to allow LGEA eligibility for certain State and public entities as defined therein. Staff is requesting comments on the proposed expansion of eligibility, as outlined therein, prior to submitting the proposed expansion of eligibility to the Board for consideration. Comments should be submitted to:

publiccomments@njcleanenergy.com

All comments should be submitted by no later than 5:00 p.m. EST on September 28, 2015 with the subject heading “Proposed Modifications to the LGEA program – Expanded Eligibility for Certain State and Public Entities.”

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Local Government Energy Audit Program (LGEA Program)

Description

The LGEA Program provides incentives to subsidize the cost of an energy audit for eligible facilities owned by municipalities or other local government agencies (Agency), a “State contracting agency” as defined by N.J.S.A. 34-25, a public agency” as defined by N.J.S.A. 52:35A-1, as well as New Jersey State Colleges and Universities. The LGEA Program is also open to select nonprofits. Select nonprofits include charitable organizations which refers to organizations that are exempt from taxation under Section 501 (c) (3) of the Internal Revenue Code.

The Program is implemented as follows:

- New Jersey Department of the Treasury has established, based on its review of proposals received in response to its RFP, a list of qualified contractors that are available to contract directly with the participating Agencies to provide energy audit services. The list of contractors includes hourly rates for the provision of energy audit services.
- In order to provide compatibility with the Energy Savings Improvement Program (ESIP) Energy Savings Plans and the Energy Resilience Bank (ERB) initiatives, the audit scope must include an evaluation of demand response equipment, water conservation measures, as well as estimated greenhouse gas reductions for the recommended measures. The contractors will also be required to obtain their DPMC certification so that their audits are ESIP and ERB compliant.
- The Applicant will submit applications to the Program identifying the building type, square footage, and energy usage information for each building to be audited.
- The Market Manager will issue an approval letter to the Applicant to allow the Applicant to move forward to have an audit conducted by one of the prequalified, auditing firms, for a specified dollar incentive.
- When applicants are enrolled in LGEA and participating in other NJCEP equipment incentive programs at the same time for the same facility(ies), the Market Manager will assess the impact that the work may have on the energy audit and require the applicant take one of the below actions depending on the level of impact:
 - Proceed with LGEA and equipment upgrades (minimal impact)
 - Complete equipment upgrades prior to proceeding with LGEA process or vice versa (moderate impact)
 - Cancel LGEA (significant impact)

Under all circumstances details of the equipment upgrades will be included in the RFP and/or provided to auditing firms.

- The auditing firm will submit a copy of the invoice for the audit work to the Market Manager. After all program requirements have been met, the Market Manager will review requests for funding, including scope and cost, and issue an incentive approval for payment processing which will be added to the file. Payment will be made directly to the applicant or selected auditing firm. The entity is encouraged to install energy efficiency upgrades identified in the audit, preferably within 12 months of audit report approval.

- The Applicant will contract directly with the firm they have selected to perform the energy audit.

Upon completion of the audit, the Market Manager will review the energy audit report and, provided that all program requirements are met, the Program will issue the incentive to the Applicant or designated auditing firm for the total cost of the energy audit.

Participants in the Local Government Energy Audit Program may qualify for incentives available under existing New Jersey Clean Energy incentive programs to implement specific measures recommended in the energy audit. The LGEA Program will provide incentives up to \$100,000 per fiscal year, per qualifying entity to subsidize the cost of the energy audit. For larger entities, if the audit cost exceeds or is expected to exceed \$100,000, the Market Manager will work with the Program Coordinator and Board Staff to determine and authorize a larger incentive cap, not to exceed \$300,000. This will be contingent on a commitment from the entity to participate in the Energy Savings Improvement Program (ESIP), which shall be confirmed by BPU Staff who manage the ESIP program.

Target Markets & Eligibility

The LGEA program offers incentives to subsidize the cost of an energy audit for eligible facilities owned by municipalities or other local government agencies (Agency), a State contracting agency as defined by N.J.S.A. 34-25, a public agency” as defined by N.J.S.A. 52:35A-1, as well as New Jersey State Colleges and Universities. The LGEA Program is also open to select nonprofits. Select non-profits are those entities that are exempt from taxation under Section 501 (c) (3) of the Internal Revenue Code.

Entities with peak monthly electric demand < 200 kW will not be audited but will be moved to Direct Install. The Market Manager will have the ability to grant exceptions to the kW threshold in cases where the entity has already participated in Direct Install or demonstrates interest in measures that are not available under the Direct Install Program, such as building shell measures and windows. Exceptions can also be made if an entity intends to pursue participation in New Jersey’s ESIP or Energy Resilience Bank (ERB) initiatives, as well as instances where the facilities have master/campus metering.

Goals and Energy Savings

Local Government Energy Audit Program Goals can be found in Appendix D.

Quality Control Provisions

Documented policies and procedures provide proper guidelines to ensure consistency in the processing and quality control for all LGEA Program participants. All applications are reviewed upon receipt to verify adherence to eligibility requirements. Technical information in the energy audit is also verified. Applicant-supplied information is entered in to the database, and applicant files are created for all documents and ongoing project correspondence. On a random basis, on-

site facility inspections are also conducted to verify building and audit data. The inspection rate is up to 20% of audits but may be exceeded at the discretion of the Market Manager.

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