Office of Clean Energy
Request for Comments Regarding
Proposed Changes to 2012 NJCEP Compliance Filings
March 23, 2012

Due Date: April 12, 2012
Email Comments To: publiccomments@njcleanenergy.com
Subject Line: Proposed Changes to 2012 Compliance Filings

By Order dated December 20, 2011, the Board approved 2012 programs and budgets for New Jersey's Clean Energy Program (NJCEP). In this Order the Board approved the compliance filings of Honeywell, the Residential Energy Efficiency (EE) and Renewable Energy (RE) Market Manager, and TRC, the C&I EE Market Manager.

Honeywell and TRC are proposing a number of changes to the programs to clarify or correct the previously approved compliance filings, to reflect the forthcoming transition to a new administrative structure and to reflect changed market conditions. No changes to the previously approved budgets are proposed at this time.

The following summarizes the changes to the programs proposed by Honeywell and TRC:

Honeywell

1. Correct Residential New Construction (RNC) Climate Choice Homes description: Change the reference that the Climate Choice Homes tier seeks homes that perform 50% better than the 2006 version of IECC to 50% better than the 2009 version of the International Energy Conservation Code (IECC). There was a typographical error in the Climate Choice Homes Tier 3 program requirements description where the 2006 version of IECC was incorrectly listed as the code on which the program was based.

2. RNC Program: Re-insert bullet in program requirements section "Install ENERGY STAR qualified HVAC equipment (or highest available alternative)". This was unintentionally deleted and not a change from previous years.

3. RNC Program: Clarify RNC multifamily eligibility by more clearly referencing the EPA ENERGY STAR Multifamily New Construction Program Decision Tree.

4. Insert Revised Energy Savings Summary by Program and Category - Appendix C: Correct unit of measure and calculation errors for estimated gas savings in the Energy Savings Table that was submitted with the 2012 filing as Appendix C.

TRC

1. The following bullets identify proposed modifications to the incentive tables included in TRC's compliance filing:

- Technology Classification “Kitchen Hoods” was mislabeled. The correct classification is “Boiler VFD”. Proposed 2012 incentive remains unchanged.
- The following incentives were identified as eligible measures in the 2012 C&I Program and Budget Filing, were vetted through EE Committee Meetings and were included in the incentive tables in the draft copy of TRC’s compliance filing submitted to Board Staff on October 4, 2011. However, these incentives were inadvertently left out of the incentive table in the final copy of TRC’s 2012 compliance filing:
    - Kitchen Hood VFDs – New Hoods: Prescriptive incentive based on cumulative motor HP controlled:
        - <5 hp $250/hp
        - 5 to <10 hp $200/hp
        - 10 to <15 hp $150/hp
        - 15 to <20 hp $125/hp
        - 20 to <25 hp $105/hp
        - 25 to <30 hp $90/hp
        - 30 to ≤50 hp $55/hp
    - Kitchen Hood VFDs – Existing Hoods/Retrofit: Prescriptive incentive based on cumulative motor HP controlled:
        - <5 hp $300/hp
        - 5 to <10 hp $200/hp
        - 10 to <15 hp $160/hp
        - 15 to <20 hp $125/hp
        - 20 to <25 hp $95/hp
        - 25 to <30 hp $80/hp
        - 30 to ≤50 hp $55/hp
    - Boiler Economizing Controls:
        - $1,200 - $2,700 depending on boiler input capacity size
- Infrared heating – low intensity infrared heater with Reflectors: Clarify that incentives are available for “gas infrared heating”. Also, incentive amounts were inadvertently reversed in the original filing and will be corrected as follows:
        - ≤100,000 btu/hr incentive: $500 per unit
        - > 100,000 btu/hr incentive: $300 per unit

2. CHP: Eligible projects must be less than or equal to 1 MW. This program change would commence either 60 days from the date of the Board Order approving the change or when the large CHP solicitation managed by EDA is implemented.

3. Schools: At Staff’s request, TRC is proposing to implement a T-12 replacement program in schools with a proposed budget of $6 million. This offering is intended to jump start the Energy Savings Improvement Program (ESIP) process by allowing savings generated from the equipment replaced to be included in an ESIP project. However, participation in an ESIP is not required.

   This offering is for complete fixture replacements only. This would not be a separate program, but would be incorporated into the Direct Install, Pay for Performance and C&I

Retrofit programs. The intent is to develop an incentive that would generally be considered enough to cover up to 100% of the cost of the fixture replacement (material, labor, permits, proper disposal, etc.) Although incentive levels have not been finalized, it is expected that they would range from $100 to $300 per fixture (excluding LED fixtures) and would vary depending on fixture type. TRC will conduct market research to determine incentive levels. This will include researching RS Means data, obtaining quotes from the pool of Direct Install contractors and soliciting feedback from other market participants who are familiar with the energy efficiency lighting market and lighting fixture replacements.

If approved, TRC will notify the Direct Install contractors of this special incentive offering. The Energy Assessment Tool will be modified to allow for revised incentive pricing for T-12 fixture replacements. TRC will also notify the Pay for Performance Partners so that the appropriate incentives will be calculated in the Energy Reduction Plans. This offering would represent a new Smart Start prescriptive incentive. Existing program rules would apply to any new incentives for T-12 fixtures. Incentives would be offered on a first-come, first-served basis while funds are available. All projects would require 100% pre inspection.

4. Direct Install – This program is available to customers whose peak demand did not exceed 150 kW in any of the preceding twelve months. The Market Manager currently has the discretion to approve applications that exceed the maximum monthly peak demand threshold of 150 kW by no more than 10%. There may be circumstances where a project exceeds the threshold plus 10% but may still be an excellent candidate for the Direct Install program. Therefore, TRC recommends that in these instances, customers be allowed to appeal to TRC to grant an exception. TRC will review the request for an exception and make a recommendation to AEG and OCE Staff for final approval. An example of case that may be viewed favorable under appeal is when an entity has an anomaly in their twelve month billing which caused a one month spike in their peak demand above 165 kW.

5. "Backstop Funding": The Direct Install – Local Government program was originally approved utilizing ARRA funds. By Order dated June 2, 2011, the Board authorized TRC to continue approving Direct Install – Local Government applications utilizing NJCEP funds once ARRA funds were depleted. However, projects utilizing NJCEP funds were limited to customers that pay the SBC. OCE Staff capped this funding at $9.5 million.

   The Direct Install – Local Government program component was closed to new applicants in May 2011and the full $9.5 million has been committed. However, $9.5 million was not sufficient to approve all of the applications that were submitted prior to closing the program. TRC has estimated that approximately $800,000 in additional funds would be needed to approve the remaining applications that were submitted prior to the closing of the program.

The Direct Install – Local Government program provides significant benefits to local government entities by helping to reduce energy usage and energy costs which will exert downward pressure on property taxes. TRC is requesting that Staff increase the cap on the budget for this program component from $9.5 to $10.3 million so that these remaining projects can be approved. This request does not require a change to the Direct Install budget but instead would allocate an addition $800,000 of the existing Direct Install budget to this program component. The request to increase the funding for this program component does not require further approvals by the Board, however, Staff is requesting comments prior to reporting this change to the Board.

6. TRC had proposed several new programs and changes to existing programs for 2012 that were approved by the Board. These changes also required changes to the Market Manager contracts prior to implementation. However, given the forthcoming RFP for program administration, it was determined that rather than modify existing contracts at this time, implementation of the new programs and program changes that required contract modifications would be deferred until the new program administrator is selected.

   The following summarizes the program changes effected by this decision and the proposed changes to TRC's compliance filing:

   - Multifamily Financing Program: section eliminated
   - Retro-commissioning Program: section eliminated
   - Local Government Energy Audit: remove references to rebidding to solicit qualified contractors and changes to pricing structure
   - Large Energy User's Pilot: remove language related to TRC conducting a program evaluation
   - Direct Install: remove language related to rebidding Participating Contractor services and TRC performing audits.

Marketing Plans: Both TRC and Honeywell

The Board approved a 2012 marketing budget of $1,651,384 for Honeywell and $1,575,000 for TRC and a marketing plan which was included in their respective compliance filings. The increases in the marketing budgets required a contract modification to increase the associated fees charged by Honeywell and TRC. However, as discussed above, changes requiring contract modifications will be deferred at this time. Therefore, Honeywell and TRC will submit revised marketing plans that reflect the 2011 fees in their existing contracts which are $1,309,984 for Honeywell and $1,075,000 for TRC. New tactical marketing plans have been developed in line with the 2011 budget levels to support the 2012 approved programs.

Comments are due by April 12, 2012 and should be emailed to:

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The subject line in the email should be: Proposed Changes to 2012 Compliance Filings

Staff will consider any comments submitted prior to submitting its proposed recommendations to the Board.