

Fiscal Year 2020 Proposed New Initiatives & Program Changes

May 24, 2019 Webinar



WELCOME & SPEAKER INTRODUCTIONS

Agenda



1. Welcome & Speaker Introductions
2. FY20 New Initiatives
3. Residential & Products Program Changes
4. Commercial & Industrial Program Changes
5. Outreach Plan Overview
6. Questions & Comments
7. Next Steps

NJBPU New Initiatives



- **Community Energy Grants**
- **Clean Energy Conference**
- **NJ WIND**
- **Clean Energy Innovation**
- **R&D Energy Tech Hub**

NJBPU New Initiatives (cont'd)



- **Workforce Development**
- **Curriculum**
- **Smart Tech**
- **Community Solar**
- **Storage**

Program Goals for FY 20



- Increase overall program participation to meet NJ's clean energy goals
- Ensure all customers have an equal opportunity to use the programs
- Provide program flexibility and streamline application process.
- Address “gaps” in current program offerings
- Encourage customers to pursue more comprehensive projects through bundling of measures to increase savings and cost-effectiveness

Program Goals For FY 20



- Improve and increase outreach to specific customers and sectors
- Focus on sustained customer engagement throughout lifecycle of project(s)
- Provide training and support to the energy efficiency contractors and consultants enabling them to promote programs to customers
- Improve our presence on social media

Changes effective July 1, 2019* will impact all existing programs through:

Incentive Adjustments

Measures Covered

Transition to New Programs

Elimination of a subset of Incentives for Fuel Switching to Natural Gas

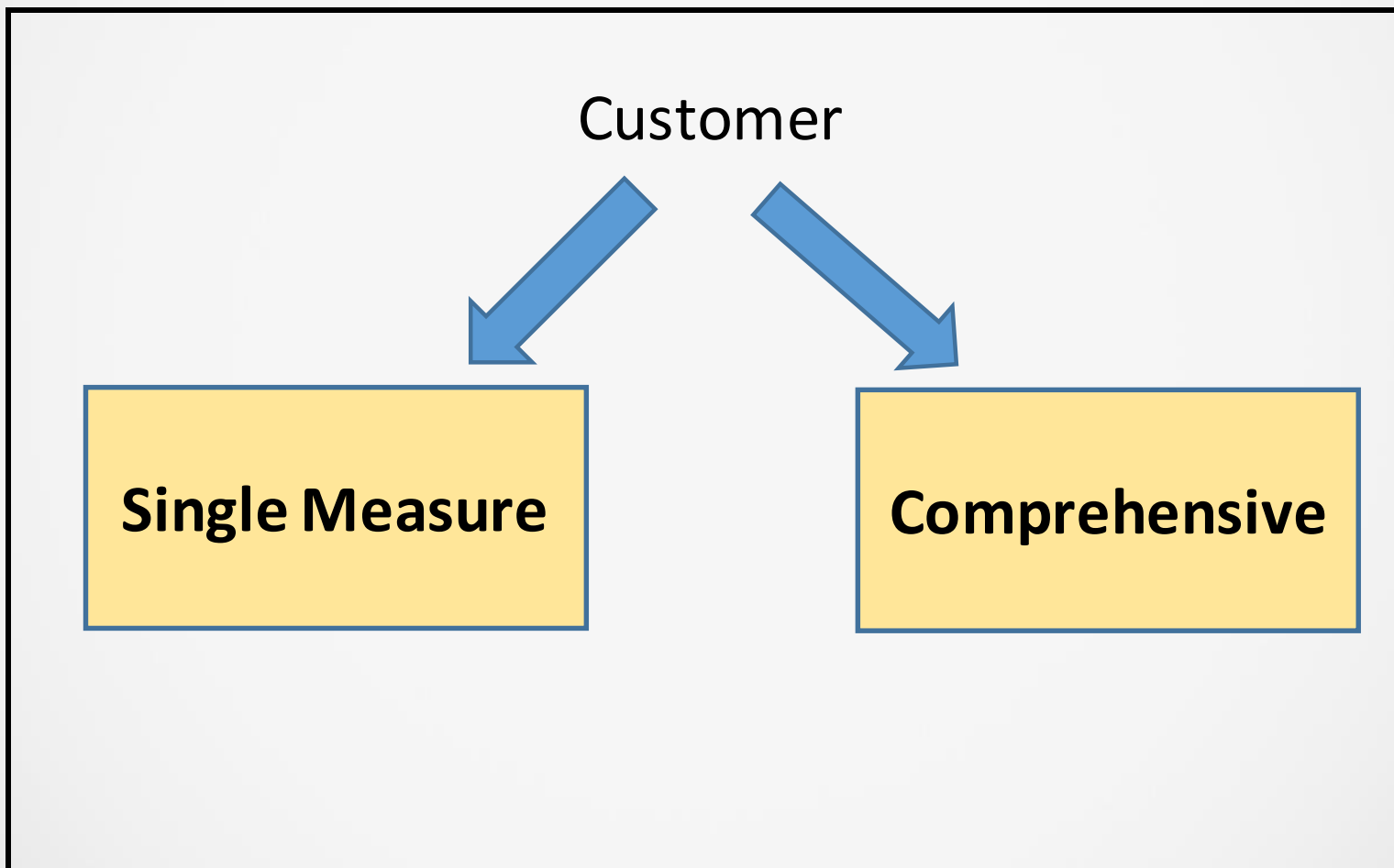
Submission Timeframe for Appeal Submissions

**30-day grace period applies to most programs. By August 1, only FY 20 applications will be accepted. (see individual applications)*

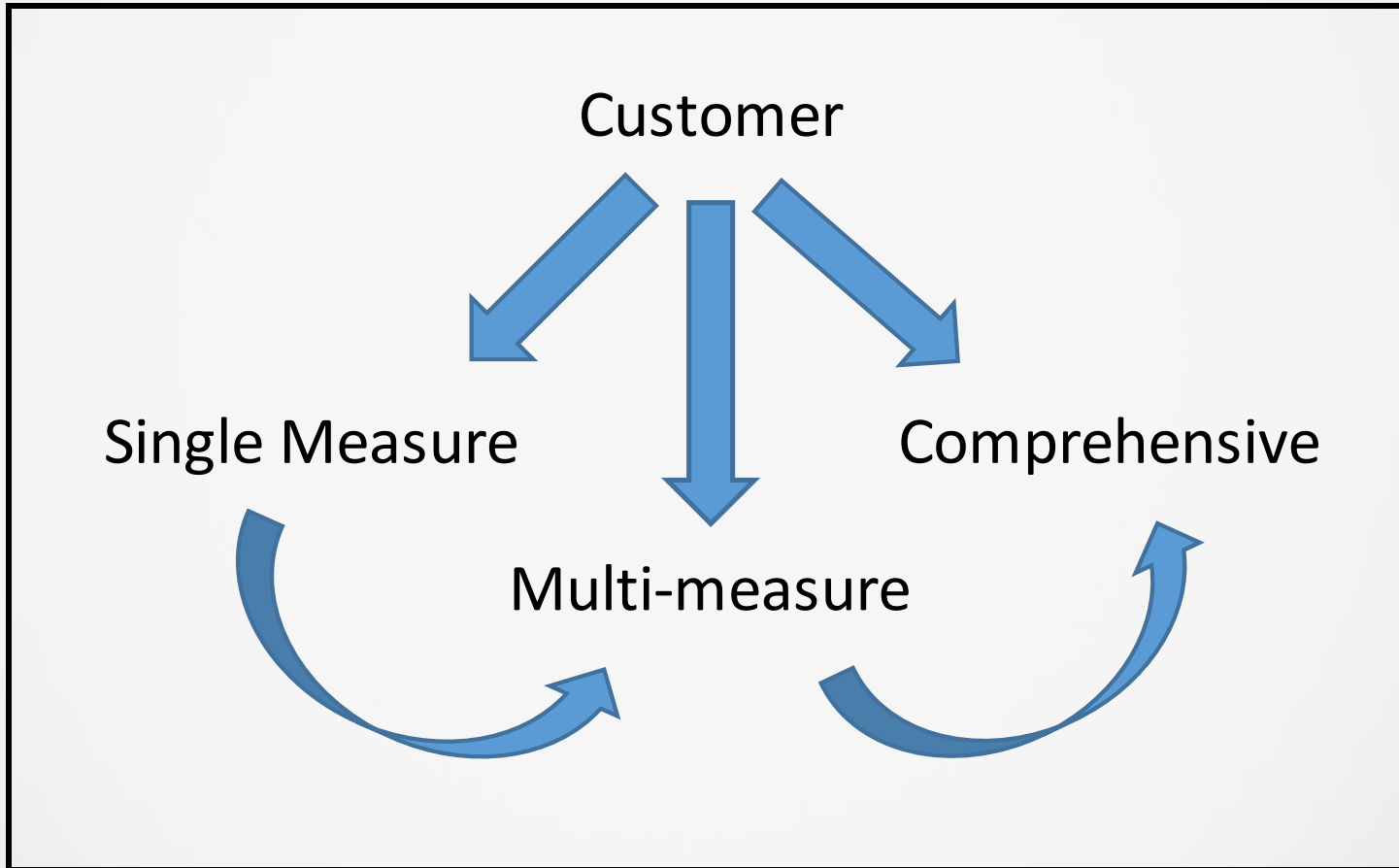
Program Transition & Launch of New Program Designs

- Multifamily Comprehensive Path
- Commercial & Industrial Buildings / NJBASE
- Residential Existing Homes
- High Performance Building Competition

Perception of Current Programs



Proposed Approach





Proposed FY20 Program Changes Residential Programs

July 1 Program Changes



Residential New Construction

- Add the new EPA ENERGY STAR Multifamily New Construction (MFNC) as a participation option
- Streamline the document submittal requirements; no longer require submittal of Manual J and rater inspection reports
- Offer a \$1,200 rater incentive for each ZERH completed project, to encourage increased participation at this high level of efficient home building
- Offer an additional \$500 bonus incentive for each single-/multi-single family home that is verified as being built in a Urban Enterprise Zone (UEZ)

July 1 Program Changes



WARMAdvantage, COOLAdvantage and Home Performance with ENERGY STAR® Programs

- Eliminate the requirement of submitting the Manual J load calculations
- Continue with the current permit submittal requirements
- Offer bonus incentives for homes located in a UEZ and/or occupied by Low and Moderate Income (LMI) residents

Home Performance with ENERGY STAR

- Decrease the interest rate for a \$15,000 Program-subsidized loan from 4.99% to 0.99%.
- Eliminate the Direct Install pilot component due to lack of participation and the reopening of the EEP lighting program.

July 1 Program Changes



WARMAdvantage Program

- Increase the required minimum efficiency for gas tankless on-demand water heaters from 0.81 to 0.90 UEF.

July 1 Program Changes



COOLAdvantage Program

- Increase incentives for heat pumps by 50% to 100%

Measure	Minimum Efficiency	New Incentive
Heat Pump Water Heater	2.0 UEF	\$750
Air Source Heat Pump, central ducted	16 SEER/ 13EER/ 10 HSPF	\$600
Air Source Heat Pump, central ducted	18 SEER/ 13EER/ 10 HSPF	\$1,000
Cold Climate Air Source Heat Pump, single zone ductless mini-split	20 SEER/ 12EER/ 12 HSPF 1.75 COP @ 5°F	\$1,000
Cold Climate Air Source Heat Pump, multi-zone or ducted mini-split	20 SEER/ 12EER/ 10 HSPF 1.75 COP @ 5°F	\$2,000
Air to Water Heat Pump, w/integrated domestic hot water mini-split	20 SEER/ 12EER/ 10 HSPF 1.75 COP @ 5°F	\$2,000

New!

Proposed Program Changes



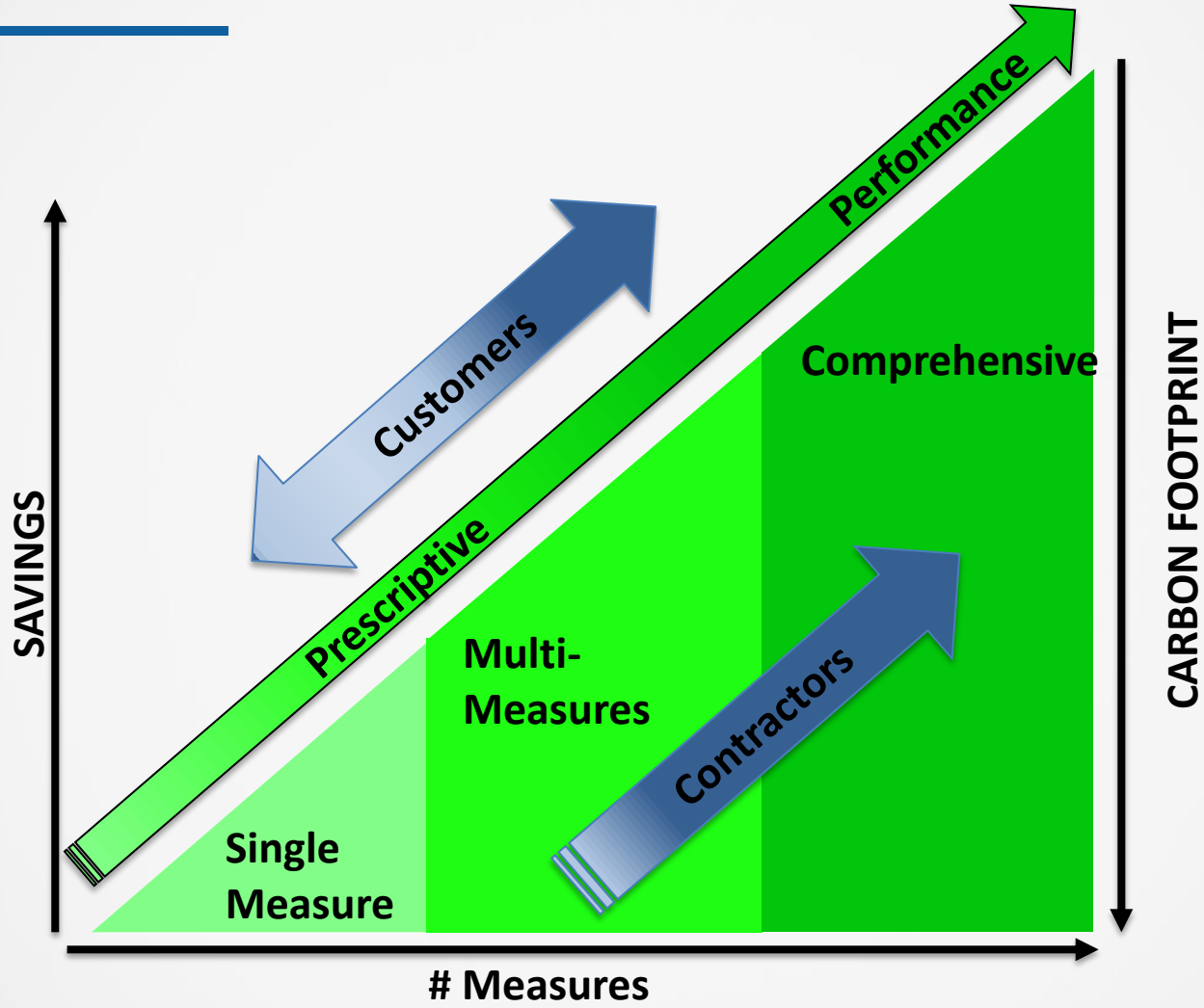
Provide customers/contractors more flexible pathways to encourage participation. Provide contractors flexibility to operate within their “sweet spot” at their level of expertise and business plan. Provide homeowner a solution for their home improvement needs.

Highlight of this proposed new design includes:

- Develop web content on customer pathways/experience
- Phased approach to program implementation with continuous customer engagement
- Offer prescriptive incentives for heating, cooling, water heater, envelope and ductwork upgrades
- Increase participation with measure bundling (i.e. HVAC + Envelope); offer a bonus for such efforts
- Investigating methods/pathway to assist moderate income customers.

Flexible Participation

For Customers and Contractors



Mid-Year Program Changes



Residential New Construction

- Transition the enrollment of new multifamily projects with buildings of \geq five (5) dwelling units from the RNC Program to the new NJCEP Multifamily Program

Mid-Year Program Changes



Existing Homes Program

- Merge HVAC and HPwES programs under an umbrella Existing Homes Program and phase in implementation of three participation pathways:
 - Single Measure- prescriptive measures for HVAC, DHW, building envelope and ductwork
 - Multi-Measure- bundling of two (2) or more prescriptive measures
 - Comprehensive – similar to current HPwES program

Mid-Year Program Changes



Existing Homes Program

- Single Measure- Add new eligible prescriptive measures of duct sealing and duct insulation with an incentive of \$300 for each measure.
- Multi-Measure- Add a new \$200 bonus incentive for bundling of two or more HVAC, DHW, building envelope or ductwork prescriptive measures

Mid-Year Program Changes



Existing Homes Program

- Launch new software for HPwES projects and offer the Home Energy Score by DOE approved contractors.
- Update program requirements to the new BPI Building Analysts Standard (ANSI/BPI-1200-S-2017 Standard Practice for Basic Analysis of Buildings)
- Launch a prescriptive track based on number of measures installed as a parallel track to performance based HPwES
- Launch a new pilot program offering incentives to homeowners who are planning home renovations and additions.

Proposed Products Program Changes



Lighting

- Retail Lighting
 - Continued promotion of ENERGY STAR® LEDs
- Food Bank Initiative
 - Donate LEDs to patrons of New Jersey food banks
 - Reach market segment of customers who may not have the resources to purchase energy efficient products
 - Custom NJ CEP branded packaging
 - Raise awareness of additional programs and opportunities provided by the NJ CEP Program



Proposed Products Program Changes



Food Bank Initiative – How it works?



Step 1

Purchase bulbs from manufacturer



Step 2

Manufacturer ships bulbs to Food Bank



Step 3

Food Bank distributes bulbs to Food Pantries



Step 4

Pantries include bulbs when assembling food packages



Step 5

Bulbs provided to recipients at no cost

Proposed Products Program Changes



Appliances

- Offer Rebates on Additional Measures
 - Room Air Conditioners, Dehumidifiers & Air Purifiers

Appliance Recycling

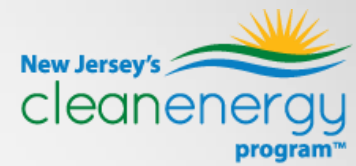
- Bulk Recycling
 - Bulk recycling of a minimum of 5 units from a single location, consisting of five or more dwelling units
 - Any combination of Refrigerators, Freezers, Room ACs and Dehumidifiers

Proposed Program Changes



Comfort Partners Program

- Income eligibility guidelines are increasing from 225% of Federal Poverty Guidelines to 250% of Federal Poverty Guidelines



Proposed FY20 Program Changes Commercial & Industrial Programs

July 1 Program Changes



- **Enhanced Incentives will be offered for the following existing facilities:**
 - K-12 Public Schools and Municipalities
 - Commercial and Industrial facilities operating within an Urban Enterprise Zone (UEZ) or Opportunity Zone (OZ)
 - Multifamily facilities in UEZ, occupied by Low and Moderate Income (LMI) residents, or owned/operated by municipalities

- **C&I programs providing enhanced incentives for existing buildings include:**
 - SmartStart
 - Customer Tailored Energy Efficiency Pilot
 - Direct Install
 - Pay for Performance Existing Buildings

July 1 Program Changes



SmartStart/Customer Tailored Incentive Changes

- Enhanced Incentive - All prescriptive incentives doubled
- Lighting application types of <\$100k incentive value do not require pre-approval
- New prescriptive technology incentives:
 - Low Flow Faucet Aerators - \$2 - \$4 per unit
 - Low Flow Showerheads - \$10 - \$15 per unit
 - Domestic Hot Water Pipe Wrap Insulation - \$1 - \$2 per linear foot
 - Refrigeration Floating Head and Suction Controls - \$50 - \$75 per ton
 - LED Accent Light Line Voltage products - \$15 per unit
 - LED Linear Strip fixture - \$10 per unit
 - LED Under-Cabinet fixture - \$10 per unit

July 1 Program Changes



SmartStart/Customer Tailored Incentive Changes Continued

- Increase incentives for the following technologies
 - Screw-in/Integral LED lamps
 - \$2 per lamp - R14, R16, G16.5, G25, PAR16, PAR20, R20, BR20
 - \$3 per lamp - G30, G40, PAR30, PAR40, R30, BR30, BR40
 - LED Wall-wash Fixtures - \$55 per fixture
 - LED Stairwell and Passageway Fixtures - \$45 per fixture
 - LED Architectural Flood and Spot Fixtures - \$75 per fixture
- Discontinued incentives
 - LED product types including Decorative Candle, Decorative, Inseparable SSL, Shelf-mounted display and task lights

SmartStart/Customer Tailored Incentive Changes Continued

- Revise prescriptive lighting control requirements to align with lower loads associated with LED technology
 - Occupancy Sensor Remote Mounted – Reduced from 180W controlled to >60W controlled
 - Occupancy Sensor Remote Mounted High-Bay – Reduced from 180W controlled to >90W controlled
 - Occupancy Hi-Low Dimming Controls – Connected load reduced from 240W to >60W
 - Daylight Dimming Controls – Connected load reduced from 240W to >120W controlled
- Eligible lighting controls will now be permitted in locations such as atriums, stairwells and hallways as allowed by code

July 1 Program Changes



Direct Install

- For K-12 public schools, municipalities and all customer facilities within a UEZ/OZ, the following enhanced incentives will be available
 - Up to 70% incentive increased to 80%
 - Project cap increased from \$125K to \$250K
 - Fiscal year entity cap increased from \$250K/\$500K to \$4M
- Allow facilities sharing a common gas utility account with individual electric accounts to be eligible for the program. The average kW demand for each individual facility electric account must be $\leq 200\text{kW}$

Local Government Energy Audit

- The \$100,000 fiscal year entity cap could, with the approval of Board Staff, be increased to \$300,000 for 501(c)(3) hospitals

July 1 Program Changes



Pay for Performance Existing Buildings

- Enhanced Incentives:
 - Existing incentives doubled
 - Cost cap incentive increased from 50% to 80%

Pay for Performance New Construction

- Increase the pre-design bonus from \$0.02 to \$0.04 per conditioned square foot
- Remove incremental cost cap
- Allow prospective projects to meet minimum energy savings target in terms of “source energy” (kBtu/ft²) in addition to the existing “energy cost” basis

July 1 Program Changes



Combined Heat & Power / Fuel Cell

- Implement a sliding scale for Incentive #3:
 - For actual annual kWh production $\geq 80\%$ of estimated, the customer will receive the full incentive #3 payment
 - For actual annual kWh production between 50% and 80%, incentive #3 will be reduced proportionally
- Increase bonus incentive from 10% to 25% for systems incorporating blackstart/islanding capability at critical facilities
- Extend eligibility to Fuel Cells without Heat Recovery
 - Incentives for these systems will be the same as the current CHP rates based on system size (kW) however subject to a \$1,000,000 per project cap
- For all Fuel Cells (with or without Heat Recovery), the following guidelines apply
 - Minimum efficiency must be $\geq 40\%$ based on Higher Heating Value (HHV)
 - No more than 30% of the new funding portion of the NJCEP Budget for fuel cells may be used to fund projects utilizing equipment from any single manufacturer



Mid Year Program Changes



- **New C&I Buildings Program launch**
 - Official launch date TBD
 - Incentive levels of existing legacy programs to generally align with new program design
- **Development and launch of a High Performance Building Competition**
 - Details to be developed within FY20
 - Intended to provide lucrative incentives for high-performing buildings (residential and C&I) achieving net-zero energy usage and/or exceeding the ASHRAE 90.1-2016 energy code $\geq 5\%$

New C&I Buildings Program



Eliminate SmartStart Retrofit and New Construction, Customer Tailored Pilot, P4P EB/NC, and LEUP programs. Create a single Equipment program with multiple paths:

- **Single Prescriptive (\$) – Path A**
 - All rebate structure
 - Simplified application, equipment categories, and requirements

- **Bundled Prescriptive & Custom (\$\$) – Path B**
 - Bonus rebate for bundling multiple technologies on a single project
 - No minimum savings for Custom, simplified requirements

- **Whole Building/Comprehensive (\$\$\$) – Path C**
 - No minimum size
 - ERP incentive replaced with NJ BASE (see next slide), Performance Incentive replaced with Optional M&V path

- **Optional M&V (+\$)**
 - Additional incentive for demonstrative verified savings
 - Open to Whole Building Path C

Increased Complexity and
Depth of Energy Savings

New C&I Buildings Program



NJ Building and Systems Evaluation (NJ BASE)

- Modeled after NYSERDA's FlexTech Program
- First step before upgrades
- Offers building-specific technical assistance to guide decision making
- 50/50 cost-share model
- Work done by pre-approved contractors

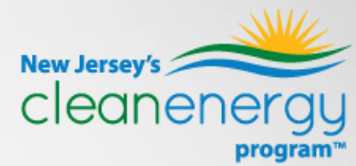
Allows program to engage new set of C&I customers and capture lost opportunities

New C&I Buildings Program



Large Energy Users Considerations

- Large Energy Users will receive *higher incentive rates* for Bundled Measure/Custom (Path B) and existing Comprehensive (Path C) projects until incentive contribution caps are reached
- Large Energy Users will receive *standard incentive rates* for Single Measure (Path A) projects
- New, simplified definition criteria for “Large Energy User”:
 - Minimum threshold based on annual energy cost exceeding \$5 million
 - Maximum incentive cap 3% of total annual energy costs
- Eliminate minimum building size (400kW) and project size (\$100k incentive)
- Allow funds to be used on New Construction Projects
- Retain banking feature
- Multi-Measure (Path B) submissions may not include more than 50% of savings from lighting measures as compared to the entire project scope
 - In this situation, the lighting portion will receive the standard incentive while other ECM types will be eligible for the enhanced incentive



Proposed FY20 Program Changes Multifamily Program

Multifamily Target Market



- 5+ units under single owner/manager
 - Excludes individually owned single family homes, buildings with four or fewer dwelling units, and townhomes
 - Includes shelters, dormitories, independent living facilities
- Applicant will be Multifamily owner, developer, management company, HOA, etc.
 - Individual tenants/residents ineligible; use Residential
- Multifamily projects will be phased out of participation in all other programs (e.g. commercial and residential)
- Potentially adjusted incentive for low/moderate income
- NJCEP CHP, SRECs continue as stand alone programs under Renewable Portfolio

Multifamily Program Launch



July 1 Program Changes



Multifamily Program

- Enhanced incentives for existing multifamily facilities located in UEZ, occupied by Low and Moderate Income (LMI) residents, or owned/operated by municipalities
 - Single Measure (Path A) – Incentives and per unit caps doubled
 - Bundled Measures & Custom (Path B)
 - Incentive per unit caps doubled
 - Custom measure incentive rate doubled, project cost incentive cap increased from 50% to 80%
 - Whole Building/Comprehensive (Path C)
 - Incentives doubled
 - Overall incentive cost cap set at 80% of project cost (Verification and Consultant incentives do not count towards 80% cap)
 - Verification cap incentive doubled

Multifamily Program Changes (continued)

- Single Measure (Path A)
 - New Technology Incentives:
 - Through-the-wall room air conditioner - \$25 per item
 - Low Flow Faucet Aerators - \$2 - \$4 per item
 - Low Flow Showerheads - \$10 - \$15 per item
 - Domestic Hot Water Pipe Wrap Insulation - \$1 - \$6 per linear foot
 - LED Lighting modifications aligned with SmartStart
 - Revised incentives for furnaces, boilers, hot water heaters and electric HVAC to better align with C&I and Residential offerings
 - Revised criteria and requirements for ENERGY STAR® lighting categories/types, furnaces and water heaters
- Bundled Measures & Custom (Path B)
 - Add requirement that mechanical ventilation must be addressed if the project scope includes air-sealing

July 1 Program Changes



Multifamily Program Changes (continued)

- Whole Building/Comprehensive -Path C (To be launched in FY20)
 - New Construction incentive table revised to reflect the New ENERGY STAR® Multifamily New Construction Program
- Bulk Recycling – Removed Packaged Terminal AC (PTAC) from eligible equipment



Proposed FY20 Outreach Plan

Key Features of FY 20 Plan

- Preparing the market for new programs
 - Contractor training
 - One on one customer meetings/site visits
 - Speaking and tabling at conferences and trade shows
- Providing targeted assistance to specific sectors
 - Small business
 - Local government & schools
 - Healthcare, wastewater treatment facilities & data centers
- Engagement with customer and sectors eligible for enhanced incentives
- Working with Community organizations to promote Programs
- Enhancing social media content

NEXT STEPS



May 29 – Release of Comprehensive Resource Analysis (CRA), Budgets and Compliance Filings

June 7 – Public Hearing

June 11 – Public Comment Due Date

June 21 – Board Agenda Meeting



Comments or Questions