



Commercial & Industrial (C&I)

Local Government Energy Audit (LGEA) Program

Program Guide

Fiscal Year 2017

(7/1/2016 through 6/30/2017)

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1. Overall Program Description

The Local Government Energy Audit (LGEA) program provides financial incentives to cover the cost of having an energy audit performed on eligible facilities owned by municipalities, school districts, 501(c)(3) nonprofits, and other local and state government entities (Applicants).

The goal of the energy audit is to provide Applicants with information on how their facilities use energy, identify energy conservation measures (ECMs) that can reduce energy use, and put Applicants in a position to implement these ECMs. The energy audit also guides Applicants towards appropriate NJCEP equipment incentive programs in order to receive financial incentives for implementing the ECMs.

The program is also used as a means of qualifying applicants for other relevant initiatives, most notably the Energy Savings Improvement Program (ESIP), Energy Resilience Bank (ERB), Sustainable Jersey's municipal and school programs, and GreenFaith. Collaboration with these programs can provide cost-effective benefits to these publicly funded facilities while helping to achieve mutual goals.

The initial program process relied heavily on the applicants' time and resources. The recently implemented new program process, as outlined below, will reduce program costs and streamline both the application and auditing processes to help alleviate some of the applicants' administrative burden.

2. Target Market

The LGEA program is open to the following eligible entities that contribute to the Societal Benefits Charge (SBC) fund through either their gas and/or electric utilities:

- State contracting agency as defined by N.J.S.A. 52:34-35
- Public agency as defined by N.J.S.A. 52:35A-1
- Local governments per Local Public Contracts Law (N.J.S.A. 40A:11-1)
- Local governments per Public School Contracts Law (N.J.S.A. 18A:18A-1)
- County colleges per County College Contracts Law (N.J.S.A.18A:64A-25.1)
- NJ State Colleges or State Universities per State College Contracts Law (N.J.S.A.18A:64-52)
- Non-profit charitable organizations per Section 501(c)(3) of the Internal Revenue Code

Typical building types include but are not limited to: offices, courtrooms, town halls, police/fire stations, sanitation buildings, transportation structures, schools and community centers. All local governments, New Jersey State Colleges or State Universities, and non-profit agencies exempt from federal taxation under section 501(c)(3) of the Internal Revenue Code that are located within the service territory of at least one of the state's regulated utilities are eligible.

Applicants may apply for an energy audit for buildings that they own, although a building may still be eligible if the Applicant leases the building and provides supporting documentation from the building owner authorizing the energy audit before it is performed.

The Program no longer requires that participating local government agencies pass a resolution enabling submittal of the program application.

Buildings must demonstrate a peak demand of 200kW or greater in the most recent 12 months of electric utility bills (inclusive of all accounts in the building) in order to qualify to participate in the LGEA program. Buildings that do not meet this requirement will be recommended to apply for the Direct Install program. The Program Manager will have the ability to grant exceptions to the kW requirement, on a per building basis, if the Applicant can demonstrate they meet at least one of the following criteria:

- ESIP is an anticipated source of funding
- ERB is an anticipated source of financing
- Master or campus metering arrangement on-site, where demand of any one building is unknown
- The building(s) already participated in Direct Install
- Demonstrates an interest in measures that are not available under the Direct Install program, such as building shell measures (e.g. insulation, windows, etc.)

The LGEA program is available to buildings never previously audited under the program, as well as buildings that have received an audit no less than three (3) years earlier (measured from the audit report approval date). All program requirements must be met in order for an entity to qualify for a second energy audit.

3. Links to Website

- The below link routes to the overall LGEA program homepage and contains a link to the new excel based application workbook:
<http://njcleanenergy.com/LGEA>

4. Energy Audit Scope of Work

The LGEA audit is comprehensive and will include the following elements:

1. Historic Energy Consumption – Compile the energy usage and costs for each facility/building for the most recent 12 months prior to the audit, identify the utility rate schedule under which services are provided to each meter, and benchmark each building against the US EPA's proprietary energy benchmarking database to generate an EPA score
2. Facility and Measure Description – Characterize building usage and occupancy profiles, facility size, construction features including an assessment of the building envelope (windows, doors, insulation, etc.) along with equipment description and operations.
3. Equipment List – A detailed inventory of energy consuming equipment, estimate the efficiency of equipment, along with remaining useful life.

4. Energy Conservation Measures – Provide a narrative summary for each ECM recommended and key assumptions made in analyzing each measure and describe the method of analysis. Each ECM will be described along with the installation cost estimated, estimated energy savings, estimated annual energy cost savings, and any rebates/incentives available through NJCEP or other sources. Return on Investment and payback calculations will also be calculated.
5. In case ESIP or ERB funding will be sought, the audit will also comply with these program requirements by including energy related water conservation measures, demand response potential, and estimated greenhouse gas reductions for each measure.
6. Renewable/Distributed Energy Measures – A high level assessment of renewable and distributed energy technologies will also be performed including recommendations on the potential/viability of various renewable technologies, identification of financial incentives available for each, and cost analysis.
7. Energy Purchasing and Procurement Strategies – A load profile for each electric and natural gas account will be developed, an analysis of the utility tariff under which the facility is currently served, and assess potential savings from purchasing from third-party suppliers.
8. Method of Analysis – Provide a description and documentation for and tools used to perform energy use and energy savings estimates and clearly identify all assumptions and estimates used.

5. Process & Implementation

This program is implemented as follows:

- The Applicant will submit an application to the program identifying the energy audit option that best addresses their needs, as well as building type, square footage, utility account information and associated bills, and other applicable energy usage information for each building to be audited.
- When an Applicant is enrolled in LGEA and participating in any NJCEP equipment incentive programs at the same time for the same facility(ies), the Program Manager will assess the impact that the work may have on the energy audit and require the applicant take one of the following actions, depending on the level of impact:
 - Proceed with energy audit and equipment upgrades (minimal impact)
 - Complete equipment upgrades prior to proceeding with energy audit process or vice versa (moderate impact)
 - Cancel energy audit application (significant impact)
- If the initial program eligibility and application requirements have been met and the Applicant is approved to have an energy audit performed under this program the Program Manager will issue an Approval Letter/Notice to Proceed to the Applicant.

- The energy audit scope of work is consistent with ASHRAE Level II¹ audit, except for lighting which follows ASHRAE Level III. Audit scope may vary depending on the specific needs and circumstances of the Applicant within limitations of the RFP. ASHRAE Level I audits are not included in the program, but the Program Manager will conduct a high level assessment of on-site generation potential.²
- In order to provide compatibility with the Energy Savings Improvement Program (ESIP) and Energy Resilience Bank (ERB) initiatives, the energy audit scope will include an evaluation of energy related water conservation measures, demand response potential, and estimated greenhouse gas reduction for each recommended measure.

The Program Manager will perform the audit, prepare an audit report, and notify the Applicant when the final audit report is completed and all program requirements have been met. In addition, the Program Manager will meet with the Applicant to discuss audit findings and next steps for implementing measures recommend in the report.

6. Financial Incentive

The LGEA will provide audits up to a value of \$100,000 per program year, per Applicant. For larger Applicants, if the audit cost exceeds or is expected to exceed \$100,000, the Program Manager will work with Board Staff to determine and authorize a larger cost cap, not to exceed \$300,000. Approval of a higher cost cap will be contingent on a commitment from the Applicant to pursue ESIP (by selecting intent to pursue ESIP on the application).

¹ From the ASHRAE Handbook:

Level I – Walk-through Assessment – Assess a building's energy cost and efficiency by analyzing energy bills and conducting a brief survey of the building. A Level I energy analysis will identify and provide a savings and cost analysis of low-cost/no-cost measures. It will also provide a listing of potential capital improvements that merit further consideration, along with an initial judgment of potential costs and savings.

Level II – Energy Survey and Analysis – This includes a more detailed building survey and energy analysis. A breakdown of energy use within the building is provided. A Level II energy analysis identifies and provides the savings and cost analysis of all practical measures that meet the owner's constraints and economic criteria, along with a discussion of any effect on operation and maintenance procedures. It also provides a listing of potential capital-intensive improvements that require more thorough data collections and analysis, along with an initial judgment of potential costs and savings. This level of analysis will be adequate for most buildings and measures.

Level III – Detailed Analysis of Capital-Intensive Modifications – This level of analysis focuses on potential capital-intensive projects identified during Level II and involves more detailed field data gathering and engineering analysis. It provides detailed project cost and savings information with a high level of confidence sufficient for major capital investment decisions.

² ASHRAE Level 1 audits, modified scopes to address specific needs (e.g. feasibility of combined heat and power, renewable energy, etc.), and refresh of audits previously completed will be evaluated for inclusion in the program at a later time subject to pricing approval by the BPU.

7. Quality Control Provisions

Documented policies and procedures provide proper guidelines to ensure consistency in the processing and quality control for all LGEA participants. All applications are reviewed upon receipt to verify adherence to eligibility requirements and technical information. Applicant-supplied information is entered into the database and files are created for all documents, including project correspondence. The program will perform internal quality assurance reviews on audit reports. On a random basis, the program will conduct on-site facility inspections to verify building and audit data. The inspection rate is up to 20% of audits but may be exceeded at the discretion of the program.

8. Program Dispute Resolution

Disputes, concerns, or complaints that arise will be addressed initially by the Program Manager or Program Staff at the point of contact. If resolution for whatever reason is not possible, there is a [dispute resolution process](#) backed by the NJ Board of Public Utilities.

9. Call Center Support

New Jersey's Clean Energy Program operates a call center staffed weekdays between 8 AM and 7 PM. The phone number is 866-NJSMART. The call center is trained in answering general questions about the program and application processes as well as able to provide specific information pertaining to an application.