



Memorandum

New Jersey's Clean Energy Program™ & Energy Savings Improvement Program Interaction

New Jersey's Energy Savings Improvement Program (ESIP), through the New Jersey Board of Public Utilities, is a distinct and separate effort from *New Jersey's Clean Energy Program* (NJCEP). The guidelines below are provided to establish clarity of interaction between the two. Additionally, a Flow Chart is provided on the reverse side as a recommendation on when to submit incentive applications to various NJCEP programs relative to the ESIP timeframe.

- In some cases, during the ESIP process, energy efficiency improvements are identified that may yield incentives from one or more NJCEP incentive programs, such as Pay for Performance, Direct Install, and SmartStart. In which case, the ESCO or ESIP Lead will submit an incentive application(s) on behalf of the entity to the NJCEP Market Manager (MM). NJCEP applications are reviewed and approved by the MM only. As per standard NJCEP procedure, the MM will issue an incentive commitment letter upon approval of the application(s). This is the only form of approval for a NJCEP incentive.
- ESIP applications, or Energy Savings Plans (ESP), are submitted to the New Jersey Board of Public Utilities (BPU) ESIP Coordinator for review and approval of the financial viability of the project, based on the requirements set forth in ESIP legislation of 2009, and amended in 2012. Where an ESP includes a NJCEP incentive as a component of the finances of the proposed project, the approval of an ESP should not be construed as an approval of the NJCEP incentive.
- In most cases, the NJCEP incentives identified in the ESP are estimates and have not yet been approved by the MM. If an ESP is approved and the NJCEP incentives are later reduced or rejected through the MM review process, then the financial burden falls either on the ESCO or the entity depending on if a guarantee was included in the contract(s). Additionally, incentives that are not approved will require the ESP to be resubmitted to the ESIP Coordinator, reflecting revised calculations, before final approval can be secured. Alternatively, incentives not yet approved by the MM should not be used to leverage ESP cash flows. If time permits, it is best to have NJCEP incentive commitment letters in place prior to submitting the final ESP for approval by BPU.
- Any/all NJCEP incentives eventually paid will go to the entity to help them pay for the project, or in some cases (such as the SmartStart program) the entity may directly assign incentives to a designated contractor. Direct Install payments are always made to the contractor.
- NJCEP incentives may require pre-inspections to be performed prior to approval of incentive applications and issuance of incentive commitment letter. Any ESIP planning or timeline should include enough time for the MM to review the application, perform a site visit to verify existing equipment, and to confirm that no work has started.
- Using savings from previously completed projects under NJCEP within an ESP is not permitted.

For additional information on the ESIP process, please visit NJCleanEnergy.com/ESIP. For questions specific to ESIP, please email ESIP@bpu.state.nj.us. For questions specific to NJCEP, please call 866-657-6278, extension 2.



ESIP Process

New Jersey's Clean Energy Program Interaction

Initial Energy Audit completed for entity building(s)

Local Government Energy Audit (LGEA) may be used to meet this requirement

Entity issues ESIP RFP (previously approved by BPU) and selects ESCO or DIY approach

Investment Grade Energy Audit completed and Energy Savings Plan (ESP) developed

P4P Energy Reduction Plan (ERP), Direct Install, or SmartStart application recommended submittal time frame

Third party review of ESP

Review and approval of ESP by Board of Public Utilities (BPU)

Entity adopts ESP, determines guarantee