



Large Energy Users Program
Higher Education Decarbonization Pilot Program



Participation Guidelines

For Fiscal Year 2024

November 1st, 2023- June 30th, 2024

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1. Purpose

The purpose of this document is to serve as a reference for applicants to the Decarbonization Pilot about the process, incentive rates and requirements that are unique to this pilot, which is a subset of the NJ Clean Energy Program - Large Energy Users Program.

Please refer to the Large Energy Users Program Guide at www.njcleanenergy.com/LEUP for additional details and guidelines.

2. Program Description

The purpose of the Decarbonization Pilot is to gauge the potential for energy programs to encourage certain New Jersey non-residential customers to reduce Greenhouse Gas (GHG) emissions.

This pilot is offered as an enhancement to the New Jersey's Clean Energy Program's Large Energy Users Program ("LEUP"), implemented by TRC, which allows large utility customers to submit a wide range of complex self-directed projects through a single program framework, maximizing the program's effectiveness while minimizing the administrative burden on the customer. However, whereas the LEUP only allows energy efficiency projects, the Decarbonization Pilot will incentivize a broader scope of work such as **energy efficiency, beneficial electrification, electric vehicle chargers, storage, and combined heat and power, among others.**

Unlike traditional energy efficiency programs, the Decarbonization Pilot is designed to explicitly target GHG emissions reductions. Prospective projects will be required to include a significant portion of non-energy efficiency measures within their overall scope to ensure that the pilot evaluates a broad range of decarbonization technologies.

Through this pilot, the program aims to:

- Gain better understanding of the effort and cost needed to develop and implement a Decarbonization Plan.
- Analyze the effectiveness of the incentive framework to encourage customers to reduce GHG emissions.
- Determine GHG potential by use case scenario and technology deployed.
- Determine customer receptivity to decarbonization solutions.
- Provide a qualitative analysis of the pilot and its potential as a program with a broader mandate.

Incentives are awarded to customers that satisfy the pilot's eligibility and requirements for investing in self-directed energy projects that result in GHG reductions, as measured in terms of tons of carbon dioxide equivalent (tCO_{2e}). The pilot relies on eligible customers and their technical consultants to identify, develop, and implement qualifying projects that they believe will be beneficial for their operations.

Applicants must first enroll in the program by submitting a Pre-Qualification Application to the program for approval, then must submit a Decarbonization Plan consisting of proposed decarbonization strategies to be implemented over a period no longer than 3 years. Incentive funding is also available to offset costs associated with performing a study to develop the Decarbonization Plan for the campus.

3. Eligibility

The pilot will focus on higher education (colleges/universities) customers because their campuses offer a wide range of building types and energy use cases, including large multi-unit residential (dormitory); (1-4) unit residential housing; classrooms; cafeterias; coffee shops; gymnasiums; student centers; laboratories/research facilities; offices; garages; libraries; auditoriums, vehicle fleets, etc., as well as allow for a variety of improvement opportunities.

Due to the limited number of customers in the target market sector, this pilot will be open to all **existing college/university customers that are accredited¹ institutions that have a multi-building campus**. The Decarbonization Plan must encompass the entire campus or collection of campuses.

4. Decarbonization Strategies and Requirements

The pilot will encourage implementation of a variety of decarbonization strategies, including but not limited to:

- Energy Efficiency
- Electrification/Fuel Switching
- Renewable Energy
- CHP/Distributed Generation
- Energy Storage
- Electric Vehicle Charging Stations

The following requirements are in place for measures included in the Decarbonization Plan:

- Measures are limited to existing buildings.
- Measures already installed or under construction will not be considered for incentives and shall not be included in Decarbonization Plan. The Program Manager may waive this restriction on a case-by-case basis.
- The Decarbonization Plan may not consist of a single category of equipment (i.e., an energy efficiency only project, a solar only project, an EV only project, etc.).
- Solar PV may be considered as part of the Decarbonization Plan for the purpose of meeting program requirements, but any financial incentives for solar must be applied for through the Board's SRECs/SRECs-II programs.
- Limitation on lighting savings will be the same as stipulated in LEUP: lighting and lighting controls measures may not constitute more than 50% of the energy efficiency measure savings.
- For electric generating equipment, such as CHP. GHG credit will only be given for energy produced and consumed on-site.
- Where applicable, decarbonization solutions must meet the Minimum Performance Standards of its specific equipment category, which may be fulfilled during professional engineering review. Energy Efficiency measures shall be understood as the most stringent of:
 - i. Large Energy Users Program Guide Appendix A;
 - ii. ASHRAE 90.1-2019;

¹ Please refer to this site for a list of New Jersey's accredited institutions:
https://www.nj.gov/highereducation/colleges/schools_sector.shtml

- Entity will provide M&V data as requested and will comply with any pilot evaluation activities. Please refer to the full LEUP guide for M&V Guidelines (Appendix C).

5. Incentive Rates

The pilot will offer two types of incentives:

Decarbonization Plan Incentive:

\$1,000 per tCO₂e first year reductions for measures implemented as outlined in an approved Decarbonization Plan, capped at the lesser of:

- 75% of total project(s) cost (estimated or actual, whichever is less). Total project costs include material, labor, and soft costs such as engineering, design, etc. Projects should be implemented within 3 years after approval.
- \$5,000,000

See [Section 2.1](#) for Decarbonization Plan requirements.

**While the pilot program requires CO₂ savings calculations to be submitted for solar projects, solar measures will be incentivized through the NJCEP Successor Solar Incentive (SuSI) Program instead of the Decarbonization Pilot program.*

Plan Development Incentive:

Incentive to offset 100% of the cost of developing the Decarbonization Plan.

This incentive amount is variable and will require a submission of a Proposal with the Decarbonization Pre-Qualification Application, whether from the customer or their preferred technical consultant, outlining the proposed fees. The proposal and final incentive amount are subject to screening and approval by the program.

Proposals already accepted, signed, and/or underway at the time of application are not eligible for this incentive.

6. Participation Process

1. Pre-Qualification

All applicants must first submit the Decarbonization Pre-Qualification Application, which can be downloaded from the LEUP Decarb website. This application collects basic customer information to confirm pilot eligibility.

If requesting the Plan Development Incentive, the applicant must also submit a proposal at this step containing, at a minimum, the following information:

- **Name and contact information of firm performing the study**
- **Proposed scope/deliverables**
- **Schedule to complete Decarbonization Plan**
- **Cost to complete Decarbonization Plan**

If deemed eligible, the Pre-Qualification will be approved and (if applicable) the Plan Development Incentive will be formally committed by TRC.

2. Submit Decarbonization Plan:

Applicants are required to develop and submit a Decarbonization Plan, which may be done through a preferred technical consultant. The plan must encompass the entire campus (or multiple campuses) and include all decarbonization solutions that can reasonably be implemented within a 3-year period.

2.1 Decarbonization Plan Requirements

The Decarbonization Plan must be submitted in a report format (Word/PDF with appendices) and include the following sections. *A Word template will be available for this report:*

- 1) Executive Summary**
- 2) Site Overview**
- 3) Utilities Overview**
- 4) Summary of Decarbonization Measures Selected for Implementation**
 - a) 4.1 Measures Evaluated but not Selected for Implementation
- 5) Decarbonization Measure Descriptions**
- 6) M&V Plan**
 - a) Appendix A: PE Certification
 - b) Appendix B: Utility Bills
 - c) Appendix C: GHG Savings Calculations
 - d) Appendix D: Measure Cost Documentation
 - e) Appendix E: Manufacturer's Specification Sheets

2.2 Draft Plan (optional)

Applicants may choose to first submit a draft version of the Decarbonization Plan, which must include only items 1-5 above.

Draft plans are strongly encouraged, but not required. Submitting a Draft plan allows TRC to review and provide input on development of the full Decarbonization Plan and provides additional time to submit the full Decarbonization Plan containing items 1 through 6 plus appendices.

Upon receipt of the Decarbonization Plan, TRC will have sixty (60) days to review the submittal and provide comments to the customer. In addition to reviewing anticipated magnitude of GHG reduction, the Program will evaluate each plan based on variety of proposed scope of work, the project's expected useful life, and general cost effectiveness.

Upon completion of its review of a complete Decarbonization Plan, TRC will approve it and commit the incentive. If total incentive value exceeds \$500,000 the Plan will be presented to BPU for approval prior to commitment.

Upon approval of the Decarbonization Plan, the Decarbonization Study Incentive, if applicable, will be paid.

3. Implement Decarbonization Measures

Decarbonization measures must be fully installed no later than 3 years from the approval of the Decarbonization Plan.

4. Submit Closeout Documents and M&V Results:

Upon completion, a Closeout Documentation Package consisting of the following documents must be submitted. *A Word template will be available for this report:*

- **As-Built Summary**
- **Invoices for measure costs**
- **M&V Report**
- **Certification of Compliance with Prevailing Wage**
- **Tax Clearance Certificate**
 - Tax clearances may be requested by the customer online at no cost through the Division of Taxation's portal:
https://www16.state.nj.us/NJ_PREMIER_EBIZ/jsp/home.jsp Under the Tax & Revenue Center, Tax Services, select Business Incentive Tax Clearance. For help with the Premier Business Services portal, contact 609-292-9292.
 - Certain private business entities may hold a "Sales Tax Exempt Organization Certificate (Form ST-5)." This form applies solely to purchases of tangible personal property or services and does not exempt the entity from the requirement to submit the Application for Tax Clearance
- **W9, ST-4, or ST-5 form.** This form must be completed by the entity receiving incentive payment.

4.1 Progress Payments (optional)

The pilot will allow up to 2 progress payments during this timeframe to accommodate work as it's completed. Progress payments are available for implementation (i.e. 100% completion) and M&V of a distinct measure or set of measures within the broader scope of work. Progress payments are not available for partial completion of individual measures. Requests for progress payment require submission of a complete closeout documentation package for the completed measures.

7. Deadlines and Extensions

Pre-Qualification Applications must be received no later than June 30, 2024.

The Decarbonization Plan is due no later than 3 months after Pre-Qualification approval. One 3-month extension may be issued. The plan submitted may be either draft or final format (refer to [Section 2.1](#) for details).

If opting to submit a draft plan, the applicant must submit the final version of the Decarbonization Plan 3 months after draft plan approval. One 3-month extension may be issued.

Closeout documents are due no later than 3 years after approval of the Decarbonization Plan.

Up to two extensions may be granted for a period of up to six months each with satisfactory proof of project advancement. Project advancement may be demonstrated through copies of permits,

equipment invoices, installation invoices indicating percentage complete, updated project schedules, and similar documents. If measures are not completed within the specified timeframe, incentive commitment may be forfeited.

8. Quality Control Provisions

Documented policies and procedures provide proper guidelines to ensure consistency in the processing and quality control for all program participants. All Decarbonization Plans are reviewed upon receipt to confirm compliance with eligibility requirements. Applicant eligibility information is verified, along with all technical information in support of decarbonization measure qualification and incentive calculation. Applicant supplied information and Program Manager performed incentive calculations are entered into the database, and files are created for all documents and ongoing project correspondence.

Pre- and/or post- inspections and quality control file reviews will be conducted, as required. TRC may conduct up to three site inspections per Plan submission including a pre-inspection at 50% completion and 100% completion, as required.

TRC will utilize the Contractor Remediation Procedures as necessary or appropriate to address significant performance or other problems.

9. Other Guidelines/Restrictions

While eligible customers are allowed to participate in other NJCEP or utility programs, it is recommended that all decarbonization solutions be included comprehensively through this pilot. Should a customer choose to participate in another NJCEP or utility program they cannot receive incentives from this pilot for the same equipment. For clarity, this requirement does not apply to solar projects, which will not be incentivized through this pilot per the bullet above. Should a customer receive incentives or grants for equipment that is not incentivized by the Decarbonization Pilot, the customer will need to report the energy savings data from those projects so that the program team can provide a comprehensive report on the overall site's carbon emissions reductions. Federal grants/incentives and loans are allowed and not subject to the above limitations.

The program team reserves the rights to use its discretion to accept or deny applications not suitable for the pilot.

In the event this Pilot receives more applications than permitted by the allocated budget, the Program reserves the right to prioritize applications based on geographic location so that participation is realized across all of New Jersey's investor-owned utilities.