



Notice: New Jersey's Clean Energy Program - Commercial and Industrial Program Transition Update

Date: March 16, 2016

Local Government Energy Audit (LGEA) Program

The New Jersey Board of Public Utilities is currently transitioning the management of the Clean Energy Program to a new Program Administrator. This notice announces changes to the LGEA process as a result of the Program Administrator contract award.

Background

The 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").

Through December 31, 2015 LGEA program energy audits were performed by five audit firms that had been awarded contracts by the Department of Treasury, following a competitive RFP process. Those contracts expired on December 31, 2015 and the NJCEP temporarily suspended processing new applications into the program.

Under the new Program Administrator contract, which was awarded to Applied Energy Group (AEG) on December 1, 2015, the LGEA audits will be performed by TRC (the Commercial and Industrial Market Manager and part of the AEG team). Having the AEG team perform the audits will significantly streamline the program's administrative process and reduce administrative costs. The change in administrative structure does not impact program eligibility requirements or incentives levels.

The old LGEA process relied heavily on the Applicants' time and resources. The proposed process is designed to reduce program costs and streamline both the application and auditing processes to help alleviate some of the Applicants' administrative burden. This should also allow for more participation in the program. The LGEA program will continue to provide energy audits at no-cost to the list of eligible entities mentioned above (not to exceed \$100,000 per entity, per fiscal year).

Proposed Program Changes

The following summarizes changes to the LGEA program, which are intended to implement the new Program Administrator contract to AEG:

Prior Program Process:



- **Application:** TRC determined whether an Applicant was eligible for the program through an application review process.
- **Select an auditor:** Once an Applicant was deemed eligible, they were required to solicit price offers through an RFP using a prescribed template. TRC provided support in finalizing the RFP prior to release to ensure program compliance. Applicants were required to release the RFP to a list of five (5) pre-qualified audit firms for energy audit services and select the lowest bidder, or otherwise provide justification for a non-lowest bidder which was subject to review and approval by Market Manager, Program Coordinator, and/or BPU.
- **Conduct the audit:** The selected audit firm conducts the audit and completes a draft audit report(s) within four (4) months.
- **Issue audit report:** Upon completion, the audit firm submitted the draft energy audit report(s) for review, where TRC provided technical review services to ensure the report(s) was compliant with program guidelines. After review of the audit report(s) was complete, TRC issued a final approval letter and requested copies of final energy audit report(s) to be released to the Applicant and TRC.
- **Incentive payment:** Audit firm then submitted invoices for the audit work performed (based on audit cost on previously issued approval letters), which TRC reviewed and issued incentive approvals for payment processing. Incentives were limited to \$100,000 per entity, per fiscal year.

New Program Process:

- **Application:** TRC determines whether an Applicant is eligible for the program through an application review process.
- **Conduct the audit:** TRC determines the energy audit scope of work, conducts the audit, and prepares a draft audit report(s). Audit report(s) should be completed within 1 month.
- **Issue audit report:** TRC will meet with the Applicants to discuss the audit findings and next steps for implementing measures recommended in the reports. TRC will follow up with all LGEA Applicants to offer assistance and encourage them to use the NJCEP to implement the energy savings measures identified in the audit report.
- **Incentive payment:** The value of the audit will be limited to \$100,000 per entity, per fiscal year. TRC will bill the NJCEP for the audit pursuant to the hourly rates in their contract. NJCEP will review the audit reports and invoices for compliance with all program requirements.

These recommendations are being scheduled for consideration at the March 18, 2016 Board agenda meeting. Public comments are not requested as the proposed changes do not impact incentive levels or eligibility requirements.

If you have any questions about this information please call 866-NJSMART (866-657-6278) or visit www.NJCleanEnergy.com/CI.