

New Jersey's Clean Energy Program

SUMMARY OF PROPOSED PROGRAM CHANGES FOR FY21¹

For FY21, TRC and Board Staff are proposing to:

- Due to the Board's June 10th action setting out the next generation of energy efficiency and the anticipated transition, we are not recommending any previously proposed expansions or new comprehensive programs in the areas of Multifamily, Existing Homes, and Commercial and Industrial (C&I) Buildings Programs. Instead, in the interest of avoiding any changes that could disrupt the smooth transition of the Energy Efficiency and Peak Demand Reduction Programs or related initiatives, Board Staff is proposing to continue the program's predecessor programs in essentially the same manner as they were conducted during FY20, and
- Make the below-described minor changes and clarifications to the existing programs, most of which are necessary to conform to updates to third-party building or energy codes, better align eligibility and incentives across the existing suite of programs, clarify certain elements of the enhanced incentives introduced in FY20, and improve the experience of participating in NJCEP.

I. RESIDENTIAL ENERGY EFFICIENCY (EE) PROGRAMS

I.1. Residential HVAC: WARM Advantage and COOL Advantage

Proposed Program Changes

- Update the eligibility requirements and/or incentives for certain equipment to express the relevant standards in the same manner as the equivalent U.S. Department of Energy's (USDOE's) standards, e.g., to express a standard for Air-to-Water Heat Pumps in terms of IPLV instead of EER/SEER. This updating would not change the substantive requirements.

I.2. Home Performance with ENERGY STAR Program (HPwES)

Proposed Program Changes

- Update the eligibility requirements for certain boilers to reflect the USDOE updates that become effective January 15, 2021.

I.3. Residential New Construction (RNC)

Proposed Program Changes

- Pursuant to an update to the ENERGY STAR program and consistent with the FY20 Compliance Filing, those multifamily buildings eligible to participate in the RNC Program and choosing to proceed through the ENERGY STAR Certified Homes (i.e., low rise) and Multifamily High Rise (MFHR) Pathways would, as of January 1, 2021, be required to meet the requirements of the ENERGY STAR Multifamily New Construction Program v 1.1. Similarly, the EPA ENERGY STAR Multifamily New Construction Program Decision Tree, v 2.0, would be used.

¹ The Compliance Filings present a more comprehensive and detailed discussion of the proposed program changes. If there is any inconsistency between this Summary and the Compliance Filings, the Compliance Filings prevail.

1.4 Energy Efficient Products

1.4.1 Energy Efficient Products: Retail Lighting

Proposed Program Changes

- No changes.

1.4.2 Energy Efficient Products: Appliances and Consumer Electronics

Proposed Program Changes

- Revise the current refrigerator, washer, and dryer eligibility qualifications to be based solely on ENERGY STAR and ENERGY STAR Most Efficient, rather than the current, slightly narrower Qualified Products List. This would simplify the criteria to improve customer and retailer understanding, would therefore likely increase the percentage of applications that are approved versus rejected, and ultimately increase successful participation and energy savings. This change would also result in compact refrigerators and compact washers becoming eligible for rebates.
- Add the following products to those available for upstream (i.e., payable to the manufacturer, distributor, or retailer) rebates: weatherization products, such as door seals, door sweeps, and insulating foam sealant.

1.4.3 Appliance Recycling

Proposed Program Changes

- Add a component to incentivize the bulk recycling of appliances from multifamily buildings.

2. COMMERCIAL AND INDUSTRIAL (C&I) EE PROGRAMS

2.1 All C&I EE Programs

Proposed Program Changes

- Update minimum efficiency, baseline, and related requirements as stipulated by ASHRAE 90.1-2016 (i.e., the most recent version of the Building Energy Code for commercial buildings adopted in New Jersey) where necessary or appropriate.

2.2 C&I New Construction and Retrofit (SmartStart)

Proposed Program Changes

- Extend the availability of Enhanced Incentives to include custom projects; they are already available for prescriptive projects.
- Delete the eligibility requirement that Custom projects provide savings $\geq 75,000$ kWh or 1,500 therms. That requirement had existed only to prevent the program from being overwhelmed by small custom applications; experience has shown that that risk no longer exists.
- Change the requirement that applicants for custom projects and prescriptive projects with total incentives of $\geq \$100,000$ for Prescriptive Lighting, Performance Lighting, and Lighting Controls receive the Program Manager's approval prior to installation/construction to a requirement that they instead receive either a notification of a successful pre-inspection or a waiver of pre-inspection from the Program Manager.

Delete the requirement that applications for Enhanced Incentives for the projects described in the above bullet receive approval through the Program and/or a pre-inspection (or waiver thereof) prior to

installation/construction of the subject equipment. This would serve the same purpose as described in the bullet immediately above.

These changes would apply both retroactively and prospectively. They would ease the application process and thereby increase participation and energy savings.

- For custom applications, replace the requirement for the submission of twelve months of utility billing with the requirement for the submission of a single month of same, recognizing that the Program Manager may require the submission of further bills if relevant to its review of an application. This aligns the custom requirement with the existing prescriptive requirement.
- Extend Program eligibility for free-standing water heaters and booster heaters to include new construction, in addition to retrofits. This Program detail is and will be reflected in the application and similar documents; it is not included in the Compliance Filing.
- Update Program requirements in response to updates made by the Design Lighting Consortium (DLC) or ENERGY STAR or to reflect changing market conditions, including:
 - Add horticultural lighting for indoor horticultural uses, and
 - Expand eligibility to include the replacement of any 4-Pin CFL with any 4-Pin LED (compared to the existing restricted listing of eligible 4-Pin LEDs), and
 - Make miscellaneous adjustments to incentive amounts for Prescriptive Lighting, and
 - Other adjustments of a generally similar nature. BDL (bullets & sub-bullets)
- Make the following updates in response to updates made by ENERGY STAR and the adoption of ASHRAE 90.1-2016:
 - Adjust Electric Chiller testing procedure requirements, and
 - Adjust Occupancy Thermostat incentives to exclude new construction hospitality over 50 units, and
 - Update Unitary HVAC incentive tables to align with ASHRAE and AHRI size categories and updated performance requirements, and
 - Adjust Performance Lighting incentives to remove the \$30 per fixture cap, and
 - Adjust Food Service requirements to align with latest ENERGY STAR standards, and
 - Adjust Boiler Economizing Controls incentive to existing buildings only, and
 - Adjust Gas Water Heating requirements/efficiencies to reflect USDOE standards, and
 - Adjust Kitchen Hood VFD incentive to existing buildings only, and
 - Adjust Floating Head, Floating Suction, Door Heater Control, and Electric Defrost Control incentives to existing buildings only. BDL / VR (bullet and sub-bullets), and
 - Replace the existing Custom Measure requirement that the measure exceed Code requirements by $\geq 2\%$ with the requirements that (a) retrofits meet or exceed Code and use existing conditions as the baseline (unless Code would be a more appropriate baseline) (b) new construction exceeds Code and uses Code as the baseline.

2.3 Pay for Performance: Existing Buildings (P4P-EB)

Proposed Program Changes

- No changes, except for those proposed for all of C&I EE.

2.4 Pay for Performance: New Construction (P4P-NC)

Proposed Program Changes

- No changes, except for those proposed for all of C&I EE.

2.5 Large Energy Users (LEUP)

Proposed Program Changes

- Change the eligibility threshold from \$200,000 of contributions to the NJCEP fund to \$5,000,000 of annual energy costs. The results for eligibility would be essentially similar, but the change would create an easier process for potential applicants to determine their eligibility.

2.6 Customer Tailored Energy Efficiency (CTEEP)

Proposed Program Changes

- The Proposed Program Changes for SmartStart would, to the extent applicable, also apply to CTEEP.
- Increase the incentive caps to align with the incentive caps for SmartStart. This would, among other things, encourage larger projects with greater energy savings.

2.7 Local Government Energy Audit (LGEA)

Proposed Program Changes

- No changes, except for those proposed for all of C&I EE.

2.8 Direct Install (DI)

Proposed Program Changes

- No changes, except for those proposed for all of C&I EE.

3. DISTRIBUTED ENERGY RESOURCES (DER) PROGRAMS

3.1 Combined Heat and Power – Fuel Cells (CHP-FC)

Proposed Program Changes

- Change the requirement that applicants receive the Program Manager's approval prior to installation/construction to a requirement that they instead receive either a notification of a successful pre-inspection or a waiver of pre-inspection from the Program Manager. This would apply both retroactively and prospectively. This Program detail is and will be reflected in the application and similar documents; it is not included in the Compliance Filing.
- Clarify the schedule for submitting an application for Incentive #3 to within eighteen (18) months of installation, with the foregoing deadline being subject to being extended for six (6) additional months by the Program Manager.
- During Fy21, cap new incentive commitments for Fuel Cells without Heat Recovery (FCwoHR) at \$4,500,000, and new incentive commitments for projects involving primarily equipment from any single FCwoHR manufacturer at \$1,500,000.

4. RENEWABLE ENERGY

4.1 Solar Renewable Energy Certificate Program (SRP) and Other Solar Programs

Proposed Program Changes

- On May 23, 2018, the Clean Energy Act, L. 2018, c.17, codified at N.J.S.A. 48:3-51 to -87 (Act), became law. The Act, among other things, mandates that the Board close the SRP to new applications once 5.1% of the kilowatt-hours sold in the State were generated by solar electric power generators connected to the distribution system. The Act also directed the Board to modify or replace the SRP with a new program to encourage the continued efficient and orderly development of solar generating sources throughout the State (Successor Program). Through several Orders and other means, the Board and its Staff have established a Transition Incentive Program (TIP) to provide a bridge between the legacy SREC Registration Program and the Successor Program. The TIP will remain open until the adoption of a Successor Program. The Program Administrator is working closely with the Board and its Staff to establish the details of, and develop an online portal for accepting applications in, the TIP. The Successor Program is being developed by the Board and its Staff with input from stakeholders and the public.

5. OUTREACH PLAN

5.1 Outreach Plan

Summary of Proposed Program Changes

- In FY21, the TRC Outreach Team will emphasize streamlining program communication and potential program pilots. Some proposed enhancements include:
 - Deployment of Spanish-speaking outreach staff member to enhance Spanish outreach, and
 - Additional support of customers and communities within community-based organizations to include financial outreach assistance, and
 - Additional support in conjunction with minority organizations, and
 - Expanded education in the form of additional presentation resources, trainings, and toolkits such as those in conjunction with partners such as GreenFaith, and
 - Addition of two additional staff members to support NJBPU-administered programs.