



January 20, 2012

Dear Program Participant,

Thank you for your commitment to the New Jersey ENERGY STAR[®] Homes Program. We appreciate your participation and your efforts to reduce New Jersey's energy dependence. This notice is to inform you of several important changes for 2012.

Please read the following details carefully. Honeywell will be scheduling several teleconferences in the next few weeks to expand on the changes for 2012.

To date, all levels of the New Jersey ENERGY STAR Homes Program have been linked to ENERGY STAR qualification. Beginning January 1st, 2012 the ENERGY STAR standard for new homes was updated to "Version 3.0" – raising the threshold for certification. Based on feedback from the builder community and consistent with the goal of promoting energy efficient new home construction in the marketplace, we are pleased to announce a new structure for the New Jersey ENERGY STAR Homes Program in 2012.

The program will continue to promote and support ENERGY STAR qualification as a premium tier of new home performance and will maintain ENERGY STAR as the marketing umbrella of the program. In 2012, the program is introducing "NJ ENERGYEfficient Homes" as an entry level of qualification for incentives. This level continues to be based on technical compliance elements of the previous ENERGY STAR Version 2.0 plus New Jersey specific requirements, but is not eligible to earn the ENERGY STAR label or be marketed as ENERGY STAR qualified.

Note that Tier 1 (NJ ENERGYEfficient Homes) supports the long term transition to ENERGY STAR Version 3, but does not carry the full inspection checklist requirements. Homes that enroll in Tier 2 (ENERGY STAR Homes) do carry the full checklist requirements of Version 3 consistent with EPA's published timelines. In addition, Tier 3 (Climate Choice Homes) is continuing in 2012. The ENERGY STAR Multi-family High-Rise Program is no longer an EPA pilot and has been fully adopted by EPA for 2012 with a revised baseline and new protocols, which have been adopted by NJCEP.

Additionally in 2012, the program is linking its incentives to energy performance – greater savings earning higher incentives based on the final HERS Index of each home. Incentives have been set based on recognition of the additional effort, cost and performance of reaching incremental HERS scores and program levels.

New Jersey's **Clean Energy Program**[™]
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A cooperative marketing program for participating builders is also being offered to help drive homebuyer demand for qualifying homes. This co-op marketing offer will supplement a residential new construction component within the overall marketing campaign of New Jersey's Clean Energy Program in order to further raise consumer interest. These efforts will work together with the EPA's plans for an aggressive national campaign to promote ENERGY STAR Homes Version 3.

The effective date for all of these changes is January 1, 2012. As the program changes in general benefit program participants, the program selected January 1 as the earliest possible effective date to allow builders and raters to take advantage of the new program offerings. As an important benefit of this effective date, the introduction of the new Tier 1 provides a mechanism for Version 2.0 homes that did not complete by December 31, 2011 and Version 2.5 homes that do not complete by June 30, 2012 to continue to participate and receive incentives under the program.

PROGRAM CHANGES - HIGHLIGHTS

1. Technical Requirements/Tiers

To qualify for the 2012 Program, a home must meet NJ *ENERGY*Efficient Home (Tier 1), ENERGY STAR Homes (Tier 2), Climate Choice Homes (Tier 3), or ENERGY STAR Multi-family High Rise requirements. The technical detail presented for each tier is a summary representing the majority of program requirements. The full technical specifications for ENERGY STAR and New Jersey compliance can be requested from the Market Manager. Complete ENERGY STAR New Homes program information is available at <http://energystar.gov>.

Tier 1. NJ *ENERGY*Efficient Home Requirements:

Meet all ENERGY STAR v2.0 requirements, including:

- Comply with v2.0 Thermal Bypass check list
- Duct leakage to outside: ≤ 6 CFM25 per 100ft² CFA (no maximum total leakage)
- Up to 25% of Slab edge in CZ 4 & 5 may be un-insulated

Meet all additional New Jersey requirements:

- HERS index must not exceed 85 (2006 IECC base) or 75 (2009 IECC base)
- House size capped at ≤ 4000 sq. ft. Homes over 4000 sq. ft. requires \leq HERS 65
- Comply with NJ program specific HVAC check list
- Fully duct all HVAC supplies and returns and fully seal all duct system joints and seams with mastic compound (no tapes) as applicable
- Install ENERGY STAR qualified HVAC equipment (or highest available alternative)
- Install ENERGY STAR qualified mechanical ventilation with automatic 24-hour control, as required by American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) 62.2 as applicable

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- Install only direct or power vented space heating, water heating, and/or fireplace combustion appliances, when present
 - Install ENERGY STAR lighting in 60% of all light sockets including interior and exterior, or EPA Advanced Lighting Package (ALP) for fixtures

Tier 2. ENERGY STAR Homes v 3.0 Requirements:

Meet all EPA ENERGY STAR Homes v 3.0 standards including:

- Meet a site specific (variable) HERS index target
- Comply with all EPA mandated checklists
- Install ENERGY STAR qualified HVAC equipment (or highest available alternative)
- Install ENERGY STAR qualified mechanical ventilation with automatic 24-hour control, as required by ASHRAE 62.2 as applicable
- Install only direct or power vented space heating, water heating, and/or fireplace combustion appliances, when present
- Duct leakage to outside: ≤ 4 CFM25 per 100ft² CFA
- Total Duct Leakage: ≤ 6 CFM25 per 100ft² CFA

Meet all additional New Jersey requirements:

- Fully duct all HVAC supplies and returns and fully seal all duct system joints and seams with mastic compound (no tapes) as applicable

Tier 3 Climate Choice Homes Requirements:

A set of requirements for meeting energy performance at least 50% better than IECC 2006 before the addition of on-site renewable energy generation, based on EPA's original "Climate Choice" guidelines. The requirements are anticipated to transition to EPA's new "Concept Home" guidelines, when released, as the underlying technical standard.

Multi-family High-Rise Program Requirements:

Requirements for applicable multi-family buildings over three stories will transition from the previous EPA ENERGY STAR Multi-family High Rise (MFHR) Pilot to the new EPA ENERGY STAR Multi-family High Rise (MFHR) Program standards released August 30, 2011, including:

- 15% more energy efficient than MFHR buildings built to the ASHRAE Standard 90.1-2007
- Follow Performance Path which utilizes ASHRAE approved energy modeling software to determine energy savings of a customized set of measures

2. Transition to ENERGY STAR New Homes Version 3.0

The EPA ENERGY STAR New Homes Version 2.0 was phased out in 2011. The transition to Version 3.0 officially began on January 1, 2012. Homes that were permitted prior to December 31, 2011 will be able to complete under Version 2.5 until June 30, 2012. Homes that are permitted in 2012 and all units completing after June 30, 2012 that wish to obtain the ENERGY STAR label must comply with Version 3.0 requirements. For more details, please see the attached EPA revised Version 3

implementation schedule. Note that if you wish to obtain the ENERGY STAR label, both the permit date and the completion date for your home must comply with EPA's schedule.

3. Incentives: The program incentives are listed below.

Table 1: 2012 Financial Incentives per Single Family Unit for NJ ENERGY Efficient Homes (Tier 1) and ENERGY STAR Homes (Tier 2)

Incentives by Tier, Code & Index				
	vs. IECC 2006		vs. IECC 2009	
HERS	Tier 1 NJ ENERGY Efficient Home	Tier 2 ENERGY STAR Home	Tier 1 NJ ENERGY Efficient Home	Tier 2 ENERGY STAR Home
85	\$1,500	\$2,500		
80	\$1,750	\$2,750		
75	\$2,000	\$3,000	\$1,500	\$2,500
70	\$2,250	\$3,250	\$1,750	\$2,750
65	\$2,500	\$3,500	\$2,000	\$3,000
60	\$2,750	\$3,750	\$2,250	\$3,250
55	\$3,000	\$4,000	\$2,500	\$3,500
50	\$3,250	\$4,250	\$2,750	\$3,750

Multi-single units receive 75% and low-rise multi-family units receive 50% of the incentive levels listed above.

Table 2: 2012 Financial Incentives for Climate Choice Homes (Tier 3)¹

Building Type	2012 NJ Climate Choice Homes
Single Family	\$10,000 to achieve 50 points, plus \$800 per index point below 50 points (maximum incentive is \$26,000/unit)
Multiple Single Family ("Townhouse")	\$7,000 to achieve 50 points, plus \$500 per index point below 50 points (maximum incentive is \$17,000/unit)
Multiple-Family Building ("Multi-family")	\$4,000 to achieve 50 points, plus \$400 per index point below 50 points (maximum incentive is \$12,000/unit)

¹ The per point incentives for HERS indices below 50 is for efficiency improvements only, not including renewables

Table 3: 2012 Climate Choice Homes Staged Incentive Payment Schedule

Building Type	At Completion of Enrollment (Sign-In)*	At Completion of Pre-Drywall Inspection(s)*	At Final Certification
Single Family	\$3,000	\$3,000	Balance
Multiple Single Family ("Townhouse")	\$2,000	\$2,000	Balance
Multiple-Family Building ("Multi-family")	\$1,000	\$1,000	Balance

* Failure to complete the project, or to meet Tier 3 (NJ Climate Choice Homes) minimum specifications and/or performance goals, will result in repayment to the program of incentives paid, less any applicable incentives for meeting all lower tier (Tier 1 or 2) qualifying level requirements. In this circumstance, the Market Manager will generate a letter to the appropriate party requesting any monies due.

Table 4: 2012 Financial Incentives for ENERGY STAR Multi-family High-Rise

Multi-family High-Rise	Incentive
Incentive per Qualifying Unit	\$1,000

Sincerely,
New Jersey's Clean Energy Program