

Customer Tailored Energy Efficiency Pilot Program

FY23 PROGRAM GUIDE

JULY 1, 2022 – JUNE 30, 2023



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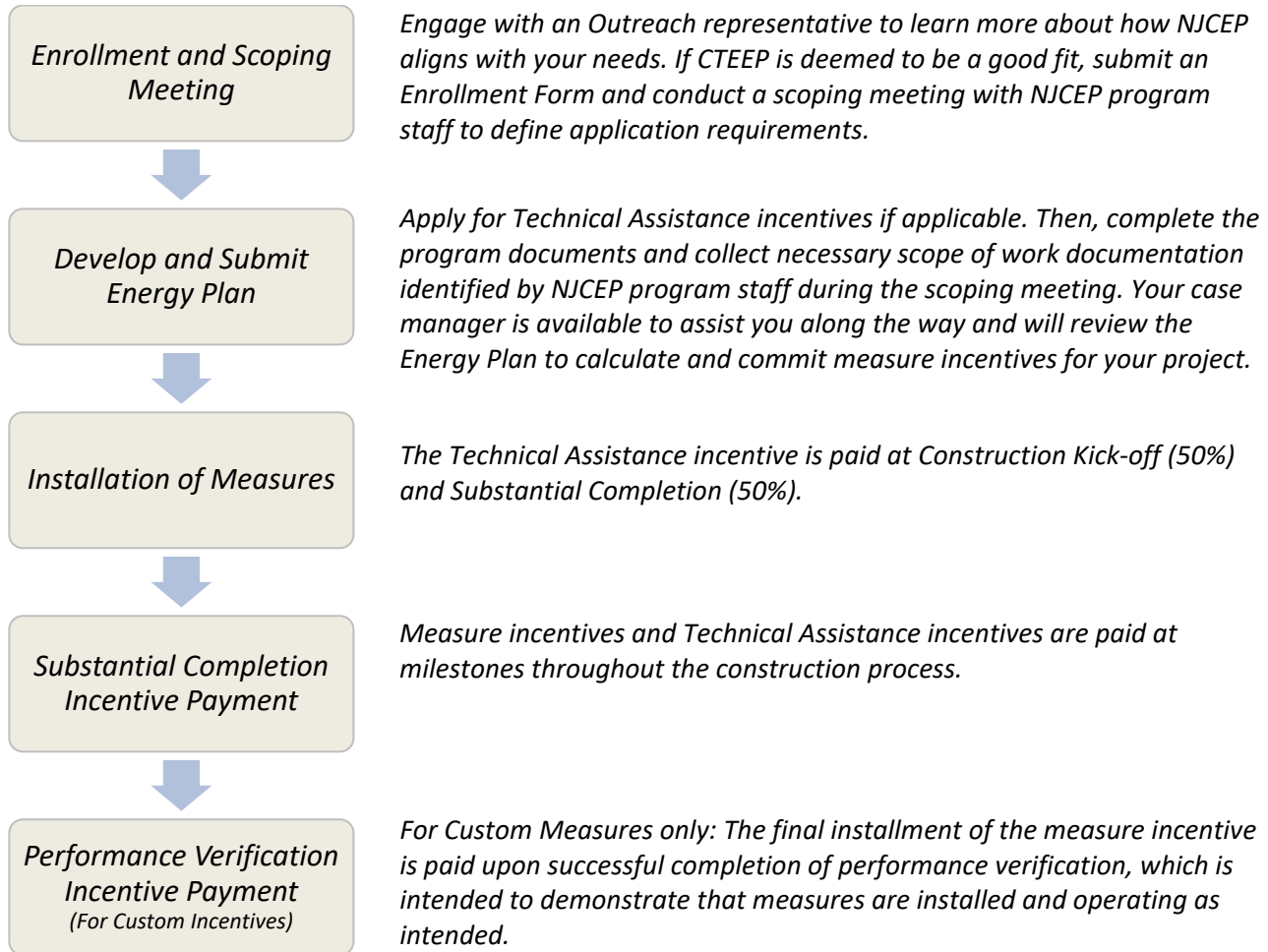
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I. INTRODUCTION

The Customer Tailored Energy Efficiency Pilot Program (CTEPPP) supplements the current New Jersey C&I programs by offering a streamlined approach to developing and implementing energy efficiency upgrades in New Construction and substantial renovation projects. The program is designed to assist mid-to-large size customers who are unable or do not wish to enroll in the whole building Pay for Performance incentive program.

I.1 Program Process



2. PROGRAM DESIGN

2.1 Eligibility

Incentives are offered for New Construction and Substantial Renovation (Gut Rehab) projects in buildings 50,000 sq. ft. or larger that will be served by NJ Investor Owned Utilities, defined as follows:

- **New Construction:** Defined as a new building.

- **Substantial Renovations (Gut Rehab):** Defined as one of the following types of projects:
 - Change of use and reconstruction of an existing building;
 - Construction work of a nature requiring that the building or portion of the building within be out of service for at least 30 consecutive days; or
 - Reconstruction of a vacant structure or a portion of the building within.

Applications must be submitted before installation in order to remain eligible for incentives.

2.2 Incentives

2.2.1 Measure Incentives

	Incentive Rate
Prescriptive Measures	Prescriptive measures meeting criteria of the SmartStart Buildings ¹ program receive the incentive offered by that program and capped at 100% of project cost.
Custom Measures	Custom measure incentives (including advanced lighting controls and emerging technologies) are capped by the lesser of: <ul style="list-style-type: none"> • \$0.16 per kWh plus \$1.60 per therm saved annually • 50% of project cost • Buy-down to 1-year payback

2.2.2 Technical Assistance (TA) Incentives

Technical Assistance incentives are offered to help minimize the soft costs associated with developing an energy efficiency project. The Technical Assistance incentive allows customers to be reimbursed for 50% of soft costs up to \$10,000 per application. Soft costs may include:

- Energy auditing & analysis
- Technical Assistance on individual building systems and opportunities
- Third party energy use monitoring service
- Performance Verification Services

Customers may use their own technical assistance provider. Alternatively, customers seeking technical assistance services may also select from a list of Trade Allies and Pay for Performance Program Partners. These lists are provided and maintained via the NJ Clean Energy Program website.

Technical Assistance incentives require pre-approval by the Case Manager before services take place. The applicant must enroll in the program and hold a Scoping Meeting to discuss the potential scope of work prior to submitting a request for Technical Assistance. If permitted to apply, the applicant will submit a Technical Assistance proposal to the Program Manager for approval clearly identifying the following information:

- Activities to be performed

¹ See www.NJCleanEnergy.com/SSB for a list of Prescriptive measure criteria.

- Project locations
- Proposed custom project details with justification for in-depth evaluation
- Schedule
- Pricing

2.2.3 Schedule of Payments

Incentive payments are made at milestones throughout the construction process. The Technical Assistance incentive is paid at Construction Kick-off (50%) and Substantial Completion (50%). Prescriptive measure incentives are paid 100% at substantial completion. CTEEPP pays 90% of Custom measure incentives at substantial completion and the remaining 10% at Performance Verification.

The table below displays the Payment Milestones and payout schedule.

Schedule of Payments			
Type of Incentive	Milestone 1 Construction Kick-Off	Milestone 2 Substantial Completion	Milestone 3 Performance Verification
Technical Assistance Incentive	50%	50%	
Measure Incentives – Prescriptive		100%	
Measure Incentives – Custom		90%	10%

Milestone 1: The Energy Efficiency Plan is approved and construction contracts are in place

Milestone 2: All work is installed and new equipment and systems are generating energy savings. Multiple payments may be provided.

Milestone 3: Performance Verification is complete. Multiple payments may be provided. This milestone may occur 3-6 months after substantial completion.

2.3 Inspections

All measures are subject to installation after equipment has been installed (“Post-Inspection”) when post-construction documentation is submitted to the Case Manager. The Post-Inspection confirms that the equipment listed in the energy plan tool are installed the proper operation and quantity as outlined in the Energy Plan tool and/or as-built documents.

2.4 Expirations and Extensions

Projects are given an initial commitment period in which services or projects must be completed.

- ◆ Technical Assistance incentives are given 3 months initial commitment period for study completion
- ◆ Measure incentives for approved projects are given an initial one-year commitment period

When a project has expired, the applicant will have 30 days to either submit a request for an extension or submit final project paperwork. Extension requests must be in writing from the applicant and include the circumstances that led to the extension request and the percentage of the project completed.

The Program Manager may grant up to two extensions for Measure incentives, with each extension for a period of up to six (6) months from the original approval expiration date. In addition, the Program Administrator (PA), with the approval of Board Staff, may approve up to two extensions, each of a length set by the PA with the approval of Board Staff, beyond the extensions the Program Manager is authorized to approve.

If the project has not started at the time of expiration and the applicant is still interested in installing the equipment, the existing application will be cancelled and a new application must be submitted. The incentive amount will be based upon the program guidelines in effect at the time of the new submission. If no response is received within 30 days of expiration the project will be cancelled.

3. TECHNICAL REQUIREMENTS

3.1 Baselines

For new construction or gut rehabilitation projects, the baseline is ASHRAE 90.1 2016 and/or applicable current industry standard.

3.2 Minimum Performance Standards

CTEEPP uses Minimum Performance Standards to assure that the equipment installed performs in a way that generates energy savings.

- ◆ Prescriptive measures must meet the minimum requirements of the SmartStart Buildings program.
- ◆ Custom measure standards align with SmartStart Buildings. Measures must be demonstrated to exceed what is required by ASHRAE 90.1-2016 and/or applicable current industry standard.
- ◆ Advanced Lighting Control Systems must be listed on the DesignLights Consortium®'s Qualified Products List.
- ◆ Emerging Technologies must meet current building codes or industry standards, as applicable.

3.3 Ineligible Measures

Measures not eligible for incentives include:

- **Renewable and power storage technologies** including, but not limited to, photovoltaics, fuel cells, battery storage, and microturbines.
- **Combined heat and power systems** are incentivized under New Jersey's Combined Heat and Power program and are not eligible for CTEEPP incentives.
- **Measures that do not save energy** (kWh or therms) are ineligible. Applicants are welcome to install measures which exclusively reduce operating costs and/or energy/demand costs, but they may not be included in the CTEEPP Energy Efficiency Plan.

4. APPLICATION PROCESS

4.1 Enrollment into CTEEP

4.1.1 Confirm Eligibility

While planning a new construction project, contact the program to be referred to an Outreach Account Manager to discuss which NJ Clean Energy Program is best for you.

4.1.2 Enrollment and Scoping Meeting

Once CTEEP has been established as the best program for your project, submit the CTEEP Enrollment Form.

The Case Manager will perform a Scoping Meeting with the Applicant to establish applicant interest, identify and discuss likely energy efficiency measures, document existing conditions, review program requirements and responsibilities, and identify sources of possible funding.

The goal of the Scoping Meeting is to establish project roles and responsibilities with developing the Energy Plan and potential Technical Assistance studies. The applicant may delegate responsibility for compiling project documents to a contractor if they wish.

4.2 Technical Assistance Incentives

As outlined in Section 2.2.2, The CTEEP program offers Technical Assistance incentives to help offset soft costs associated with developing complex custom measure projects. Discuss the potential study or analysis to be performed with your Case Manager during the Scoping Meeting. If the Case Manager deems the potential study to be a good fit, he or she will provide the Technical Assistance Request Form. The applicant will complete the form and submit along with a proposal to the Case Manager for review and approval. Technical Assistance incentives require pre-approval by the Case Manager before services are rendered to remain eligible.

4.3 Energy Plan Development

Once the application is received, deemed complete, and accepted by the Case Manager, the applicant works with their technical experts to develop an Energy Plan which is a spreadsheet workbook (“Energy Efficiency Plan Tool” or “Tool”) submitted along with supporting documentation. The Tool calculates incentives for all measures, both prescriptive and custom. During the Scoping Meeting, the Case Manager will work with the applicant and their contractor to detail the information needed for the Plan development and Tool and identify which measure tab(s) should be used for the project.

Energy Plan submittals include:

1. **Energy Plan Tool:** This spreadsheet workbook (provided by the Case Manager during the Scoping Meeting) includes a measure-by-measure scope of work with financial and energy savings metrics. The Tool provides calculations for prescriptive measures as well as space for custom measure calculations (#2, below).
2. **Engineering Calculations:** Custom measures require individualized measure-by-measure energy and cost savings calculations. Calculations are typically performed by the applicant’s contractor or technical assistance provider.
3. **Specification Sheets:** Manufacturer’s cut sheets or specification sheets are provided for all proposed equipment.
 - a. HVAC equipment specifications should be accompanied by AHRI Certificates, where applicable.

- b. LED lighting specification sheets should be accompanied by a copy of the online qualified product listing by ENERGY STAR® or DesignLights Consortium®, where applicable.
4. **Utility Bills:** When utility service is established, applicant will provide at least one recent complete utility bill for each electric and gas account associated with the project.
5. **Financing Plan:** A sources and uses table to determine whether the project has identified funding to allow the project to proceed.
6. **Construction Schedule:** The construction schedule shows the proposed timeline for installing all the proposed measures.
7. **Performance Verification Checklist:** Custom measures delineate the proposed operating conditions, setpoints, and controls parameters for ongoing operation. The Performance Verification Checklist is used 3-6 months¹ after construction to determine whether the measures installed are operating as intended.
8. **Additional information** may be requested by the Case Manager to support Tool inputs.

Upon receipt of the Energy Efficiency Plan, the Case Manager reviews the submittal with support from technical staff as needed. Should the Energy Efficiency Plan require revision, the Case Manager will provide comment to the applicant via email to request clarification or additional information. The submittal of a revised Energy Efficiency Plan is due 30 days from the provision of comments to the applicant.

4.4 Incentive Commitment

Upon acceptance of a complete Energy Efficiency Plan, TRC will commit incentives as defined by the Energy Efficiency Plan and program requirements. The Case Manager issues an approval letter to the applicant via email which notifies them that their incentives are committed and establishes upcoming milestones and due dates. The initial commitment period for measure incentive is 1 year. Please refer to *Section 2.4 Expirations and Extensions* for more information.

4.5 Construction Kick-off

Construction kick-off is the point at which the project has completed design and development and construction contracts are in place. Projects taking advantage of the Technical Assistance incentive will be eligible to receive 50% of that incentive at this time.

The applicant will notify the Case Manager of this milestone and provide the following documentation to process this incentive installment for payment:

1. Copies of contracts, purchase orders, and/or schedules of values for approved measures
2. Tax Clearance Certificate

Upon receipt of the documentation, the Case Manager reviews the submittal and will provide comments or requests for additional information if necessary, before the incentive can be authorized for payment.

¹ This pilot allows the opportunity to test different scenarios for performance verification, including the optimum time period for applicant follow-up. The Program Manager may assign a performance verification date based on measure type and complexity.

4.6 Substantial Completion

Substantial completion is the point at which all equipment associated with the energy efficiency upgrades have been installed and are generating energy savings. All the energy improvements are installed and functional (or capable of functioning) to the intent of the Energy Plan.

The applicant submits the Substantial Completion Submittal Package after all the energy improvements have been installed. The Substantial Completion Package should include the following items:

1. Final invoices/receipts for all measures. Cost documentation must list material and labor separately.
2. If the project has changed since the initial Energy Efficiency Plan was received and approved, provide an as-built version of the Energy Efficiency Plan Tool reflecting installed conditions. Attach updated specification sheets as necessary.
3. For new construction projects where a utility bill was not available at the onset of the project, attach 1 recent utility bill for each account associated with the project.
4. Tax Clearance Certificate.
5. W9 form for the incentive payee. Incentives may be assigned to a third party with authorization provided in writing by the applicant.

When the Substantial Completion Package is received, the Case Manager will schedule a post-construction site visit to verify project completion and accuracy of the Substantial Completion Package. The site visit will also allow a review of any revisions to the Substantial Completion Package.

Should the Substantial Completion Package require revision, the Case Manager will provide comment via email. The submittal of a revised Substantial Completion Package will be due 30 days from the provision of comments to the applicant.

When the Substantial Completion Package is approved, the applicant is eligible to receive incentive payments of the remaining 50% of the Technical Assistance incentive, 100% of prescriptive Incentives, and 90% of the custom Incentive.

4.7 Performance Verification

Performance Verification is intended to provide applicants with assurance that their energy efficiency project will continue to provide energy savings once their construction contract has been completed. Performance Verification only applies to Custom measures; it does not apply to Prescriptive measures. As part of the Energy Plan submission, applicants must establish criteria for how their custom measure will be confirmed to be operating as intended after installation. Discuss criteria with your Case Manager during the Scoping Meeting. Examples include screenshots of control systems demonstrating maintenance of an intended set-point, spot-measurement of lighting or logging of equipment operation.

When the Performance Verification data is received, the Case Manager will perform a desk review of the submittal to verify completeness. If the Performance Verification package requires revision, the Case Manager will provide comment via email. The submittal of a revised Performance Verification package is due 30 days from the provision of comments to the applicant. The applicant is eligible to receive incentive payments of 10% of the Custom measure incentive when Performance Verification is approved.

Performance Verification is intended as a documentary and educational milestone; there is no calculation of delivered energy savings, metering, or measurement. If project documentation indicates that a building is not performing as planned, the applicant it may keep the full incentive. The final determination of the Performance Verification is that a project is meeting or not meeting expectations. For projects that are not meeting

expectations, the applicant will be alerted that their equipment is not operating as expected. The Case Manager will provide possible explanations and suggestions about how to get back on track.

5. PROGRAM DISPUTE RESOLUTION

Disputes, concerns, or complaints that arise will be addressed initially by the Case Manager or TRC Program Staff at the point of contact. If resolution for whatever reason is not possible, there is a [dispute resolution process](#) backed by the NJ Board of Public Utilities. For contractual disputes between an applicant and installer or contractor, the NJ Division of Consumer Affairs (DCA) is the point of contact and the agency has an online complaint form.

The program is designed to allow for participation by any third-party contractor that meets the program requirements. One of the primary responsibilities of the program is to oversee the level of performance of the contractors that participate in the program. There are BPU approved contractor remediation procedures that will be followed if a contractor is found to violate program procedures and rules or consistently violates program requirements which may include being barred from participating in the program.

6. PREVAILING WAGE REQUIREMENT

Participating projects with a contract at or above current prevailing wage contract threshold amount set pursuant to the New Jersey Prevailing Wage Act (N.J.S.A. 34:11-56.25 et seq.) are required to pay no less than prevailing wage rate to workers employed in the performance of any construction undertaken in connection with Board of Public Utilities financial assistance, or undertaken to fulfill any condition of receiving Board of Public Utilities financial assistance, including the performance of any contract to construct, renovate or otherwise prepare a facility, the operations of which are necessary for the receipt of Board of Public Utilities financial assistance. By submitting an application or accepting program incentives, applicant agrees to adhere to New Jersey Prevailing Wage requirements, as applicable. By signing the application, the signatories agree to comply with the provisions of the New Jersey Prevailing Wage Act, N.J.S.A. 34: 11-56.25 et seq., (Act), if and to the extent that Act may apply to the work covered by the application. More information can be found at https://www.nj.gov/labor/wagehour/regperm/public_contracts_general.html