

1 **PUBLIC SERVICE ELECTRIC AND GAS COMPANY**
2 **DIRECT TESTIMONY**
3 **OF**
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5 **MANAGER, MARKET STRATEGY AND PLANNING**
6

7 My name is Robin Elaine Bryant and I am the Manager, Market
8 Strategy and Planning in the Renewables and Energy Solutions Group at Public
9 Service Electric and Gas Company (PSE&G, the Company). My credentials are set
10 forth in the attached Schedule REB-1.

11
12 **SCOPE OF TESTIMONY**

13 I am testifying in support of PSE&G's proposed extension for the
14 funding of three sub-programs; Hospital Efficiency (Hospital Sub-Program"),
15 Residential Multi-Family Housing (Multi-Family Sub-Program), and
16 Municipal/Local/State Government Direct Install (Municipal Sub-Program), currently
17 part of the Energy Efficiency Economic Stimulus Program ("EEE Program")
18 approved by the New Jersey Board of Public Utilities ("Board, BPU") on July 16,
19 2009, Docket No. EO09010058. This request for an extension to the current EEE
20 filing (EEE Extension) is being made in order to support and service the backlog of
21 customers currently in queue for these sub-programs as a result of strong program
22 demand that exhausted funding during the 2010 program year, as well as possibly
23 serve new applicants. PSE&G will commit up to \$95.0 million in direct investment

1 over a two-year period towards the delivery of these three sub-programs. The purpose
2 of my testimony is to provide a detailed discussion of the sub-program designs. For
3 each of the sub-programs, I provide a description of the sub-program and additional
4 information as required under the Minimum Filing Requirements For Petitions Under
5 N.J.S.A. 48:3-98.1. Customers participating in these three proposed sub-programs
6 would not be eligible for additional incentives on the same measures that had received
7 incentives under the New Jersey Clean Energy Program (NJCEP), unless otherwise
8 specified in this testimony or approved by the BPU.

9 PSE&G has not proposed any changes to these three sub-programs
10 which were approved originally as part of the EEE Stimulus filing, with the exception
11 of the progress payment schedules for the Multi-Family and Hospital Sub-Programs.
12 PSE&G has provided Rutgers Center for Energy, Economic and Environmental
13 Policy (CEEPP) the necessary information to update the cost-benefit analysis
14 performed by CEEPP for these sub-programs in 2009, as part of the EEE Stimulus
15 review. A summary of CEEPP's updated analysis for the three sub-programs is
16 included in Schedule REB – 1J. CEEPP will provide electronic copies and review the
17 analysis with BPU Staff and Rate Counsel on request. The initial Total Resource
18 Cost (TRC) test results for each sub-program for 2011 and 2012 are as follows:
19 Multi-Family (2.9 and 2.9), Hospital (5.1 and 4.9), Municipal (1.8 and 2.1).

1 I would also like to emphasize that the Company desires to implement
2 this EEE Extension as soon as possible to address the pipeline of applicants in queue
3 who have not been able to participate in these sub-programs, to ensure that the
4 residents of New Jersey may benefit from the energy savings derived from the
5 Program, and to support the goals of the State's 2008 Energy Master Plan (2008
6 EMP).

7

8 **General Comments Applying to All Sub-Programs**

9 ***Relationship to New Jersey State Policies - RGGI Section II-E***

10 The EEE Extension supports the 2008 EMP Goal 1: Maximize the
11 State's energy conservation and energy efficiency to achieve reductions in energy
12 consumption of 20% by 2020. Although these specific goals are under review by the
13 BPU, this Program supports the State's overall goal of reducing energy usage by
14 addressing energy efficiency in three different customer segments, through each of the
15 sub-programs as follows:

16 PSE&G has partnered with a State agency, the New Jersey Housing and
17 Mortgage Finance Agency (NJHMFA), to develop and implement its Multi-Family
18 Sub-Program to provide energy efficiency upgrades in NJHMFA financed residential
19 multifamily housing projects. The same sub-program features and benefits also are
20 able to address energy efficiency opportunities in multifamily facilities not financed

1 by NJHMFA. Existing multifamily properties are often located in urban cores within
2 PSE&G's electric and/or natural gas service territory. These core urban areas have
3 not been able to generate the same level of market interest as more affluent suburban
4 municipalities. As indicated in the 2008 EMP, the utility is uniquely positioned by its
5 relationship with its customers to help those customers improve the energy efficiency
6 of existing buildings by participating in the Multi-Family Sub-Program. (See 2008
7 EMP at p.53).

8 PSE&G's Hospital Sub-Program supports the 2008 EMP's initiatives by
9 providing an integrated, whole-building approach to energy efficiency in an
10 underserved and undercapitalized market sector. The fact that 80% of the hospitals
11 located within PSE&G's service territory have applied for the sub-program in 2009
12 and 2010 is a clear indication of interest from this market sector. Of the 73 full
13 service hospitals operating within New Jersey, fifty-two are located within PSE&G
14 service territory and, based upon sub-program implementation in 2010, it is evident
15 that the hospital sector continues to face market barriers and financial pressures which
16 have been exacerbated by the current economic environment and economic recession.
17 The current economic environment also contributes to the hospital sector's general
18 lack of capital for infrastructure improvements. The Hospital Sub-Program addresses
19 these financial barriers by providing funding for the total cost of the project during

1 construction, and allowing the hospital to repay its portion of the total costs over time
2 on its PSE&G utility bill.

3 The Municipal Sub-Program supports the 2008 EMP's goals by
4 addressing a critical market segment consisting of numerous government and
5 institutional facilities that are experiencing reduced revenues coupled with the
6 inability of raising funds through additional tax assessments. Most of these entities,
7 particularly in older urban cities and towns, struggle to maintain aging facilities with
8 under-funded maintenance budgets and deferred building maintenance. Government
9 contracting procedures, lack of familiarity with efficiency options, and the
10 requirement to seek approval from the governing body for a capital budget item, make
11 it difficult for government officials to identify, and act on, opportunities to reduce
12 energy costs. This sub-program addresses these issues by providing assessment of
13 opportunities and direct installation of measures and an on-bill repayment option that
14 allows the public entities to expense energy efficiency improvements.

15

16 ***Program Administration - RGGI Section II-F(iv)***

17 PSE&G will provide all EEE Extension administration functions and
18 will manage all activities required to support the delivery of services to customers,
19 which includes customer interaction, application and contract review and processing,
20 inspections, customer surveys, evaluation, results tracking and reporting, customer

1 billing, vendor management, invoice processing, et. al. PSE&G will oversee Program
2 implementation utilizing both PSE&G employees and sub-contractors, as applicable.

3 PSE&G intends to use its PSE&G unionized workforce whenever
4 possible. In circumstances that require expertise that PSE&G does not have, and
5 cannot develop in time to meet the market need, PSE&G will obtain services from
6 qualified service providers. Sub-program and skill-specific qualifications will be
7 developed and a Request for Proposal (RFP) issued to advertise the competitive
8 opportunity. Selection criteria typically will include overall quality, completeness and
9 responsiveness to the RFP, quality of approach, prior experience, and cost.

10 All labor provided by Participating Contractors, or their sub-contractors,
11 in connection with work performed in support of the EEE Extension that qualify as a
12 "public work" under the New Jersey State Prevailing Wage Act, N.J.S.A. 34:11-56.25
13 et seq. (the "Act"), shall be performed by union craft or will be provided in
14 compliance with all aspects of the Act. All labor provided by Participating
15 Contractors, or their sub-contractors, in connection with work in support of these sub-
16 programs that do not qualify as a "public work" as defined by the Act, shall be
17 performed by union craft paid in accordance with the union contract or by non-union
18 employees paid at a rate equivalent of the prevailing wages for the county in which
19 the work is to be performed.

1 ***General Filing Requirements - RGGI Section I-E***

2 PSE&G will collect data from this EEE Extension for a subsequent
3 review of benefits. PSE&G will track the following information: customer
4 participation, incentive repayments, administration, training, marketing, inspection
5 and evaluation costs, energy savings measures installed, energy savings based on
6 NJCEP protocols, and environmental benefits (CO₂, NO_x, SO₂, Hg) based on
7 NJCEP protocols.

8

9 ***Criteria Used to Select Sub-Program - RGGI Section II-G***

10 One of the goals of the PSE&G EEE Program was to identify
11 neighborhoods, technologies, program approaches, and specific customer sectors that
12 experienced a unique set of market and institutional barriers that prevented them from
13 being addressed by, or participating fully in, the existing energy efficiency programs
14 in the marketplace. As a result, PSE&G developed program approaches that
15 concentrate the utility's incremental investments on those market sectors.

16 The three sub-programs, (Multi-Family, Hospital and Municipal), were
17 initially selected because they offered a unique opportunity to concentrate resources
18 in an innovative sub-program design that addresses market barriers faced by targeted
19 market sectors that do not have ready access to capital and project financing for
20 energy efficiency improvements. By concentrating resources on a well-targeted

1 market, the sub-programs are able to transform a customer sector within a targeted
2 geographic area. Since EEE Program implementation, these three sub-programs have
3 garnered significant market interest, have fully subscribed the initial program funding,
4 and currently have customer waiting lists that cannot be addressed due to lack of sub-
5 program funding. These sub-programs were selected initially because of their unique
6 characteristics and are targeted for extension in 2011, because of the high customer
7 interest and waiting lists that could not be addressed in 2010.

8

9 Multi-Family Sub-Program

10 Multi-Family housing was identified by NJHMFA and PSE&G as a
11 market sector that could benefit from a focused program approach. Although larger
12 multifamily housing units in New Jersey represent a disproportionate number of low-
13 income residents and residents living below the poverty line, (71% of households
14 living in multifamily buildings earn less than \$40,000 a year, while 28% earn less
15 than \$20,000), these larger multifamily buildings are not eligible for current low
16 income programs.

17 The Multi-Family Sub-Program was developed in cooperation with the
18 NJHMFA to address the unique needs of NJHMFA's affordable housing multifamily
19 projects. The commitment to develop such a program came out of a discussion in the
20 summer of 2008 facilitated by the Governor's Staff, between BPU Staff, Rate

1 Counsel, NJHMFA, and PSE&G. NJHMFA and PSE&G agreed to work together to
2 develop a multifamily affordable housing program. Subsequently, all multifamily
3 housing was determined eligible for sub-program services; and non-NJHMFA
4 financed affordable housing and market rate properties have applied for the sub-
5 program in addition to NJHMFA financed projects. This combination of factors
6 provided a unique opportunity to support New Jersey economic development while
7 addressing an entire high usage market segment having few other energy efficiency
8 program alternatives.

9

10 Hospital Sub-Program

11 Hospitals also were identified by PSE&G as a high energy-usage sector
12 that faced unique challenges and market barriers that required more than traditional
13 energy efficiency rebate program strategies to overcome. Since hospitals are limited
14 in number and easily identified, they offered a unique opportunity to concentrate
15 resources in an innovative sub-program design and to transform a complete customer
16 sector within a targeted geographic area.

17 In the healthcare sector, the financial constraints of rising costs, lower
18 reimbursements, and outdated facilities collided head-on with burgeoning energy
19 pressures such as growing demand, rising costs, and increasing concerns about carbon
20 emissions and energy reliability. This accumulation of aging equipment and

1 inefficient operation, coupled with operating challenges unique to the hospital sector,
2 has led to an industry-wide decline and an almost universal inability to finance the
3 retrofit of an inefficient building. These conditions have been exacerbated by the
4 economic recession that began in 2008 and continued through 2010. The healthcare
5 sector is also unique in that it is a major source of New Jersey employment and is
6 projected to have increased personnel needs for years to come.

7 This combination of factors provided a unique opportunity to support
8 New Jersey economic development and to assist the transformation of a high energy-
9 usage market segment.

10

11 Municipal Sub-Program

12 One of the goals of the Municipal Sub-Program was to concentrate the
13 utility's incremental investments on a specific customer sector that was not being
14 fully addressed by the existing programs in the marketplace. Although government
15 entities would eventually be eligible for the NJCEP Direct Install Program, there was
16 no comparable program in the marketplace when the Municipal Sub-Program was
17 initially designed and implemented. Government entities were eligible for
18 commercial program rebates, but there was no program that focused resources on the
19 unique needs of this market sector. By developing a targeted program, PSE&G was

1 able to focus resources on the public market sectors and eliminate the requirement
2 that they compete with small commercial entities.

3

4 ***Complaint Resolution - RGGI Section II-K***

5 Customer complaints relating to the design, delivery, or administration
6 of PSE&G's sub-programs potentially may be made through either various PSE&G
7 customer contact personnel/departments or directly to the BPU. In both instances the
8 immediate issue would be referred to EEE Program management personnel to
9 investigate and resolve. PSE&G will utilize the same complaint resolution procedures
10 in the EEE Extension as were approved for use in the EEE Program and the Carbon
11 Abatement Program. PSE&G will attempt to resolve disputes with its customers
12 informally in the first instance. See Schedule REB-1H attached hereto for a flow
13 chart on how customer complaints will be processed. Disputes that involve PSE&G's
14 administration of the EEE Extension Program that cannot be resolved informally will
15 be resolved through the BPU's existing process for customer complaints within the
16 appropriate Division. Disputes between PSE&G and its sub-contractors will be
17 resolved in accordance with contract provisions. Disputes under the EEE Extension
18 Program that involve monetary claims or civil damages that cannot be decided by the
19 BPU will be resolved in an appropriate court of law.

1 ***Smart Growth Benefits / Impacts - RGGI Section III-E***

2 The Multi-Family and Municipal Sub-Programs provide retrofit services
3 to existing multifamily housing, municipal, and non-profit facilities, most of which
4 are located in urban areas. In addition, the Hospital Sub-Program provides retrofit
5 and new construction services to hospital facilities, also predominately located in
6 urban areas. Although it is anticipated that these sub-programs will contribute to the
7 economic development of these urban areas, PSE&G has not identified any specific
8 Smart Growth benefits or impacts that would result from these sub-programs.

9

10 ***Credits, Offsets, Allowances, and Certificates - RGGI Section III-G***

11 The EEE Extension Program does not generate any Renewable Energy
12 Credits, Air Emission Credits, or any other credit, offset, allowances or certificates. If
13 any such credits are created in the future, any net proceeds from such credits will be
14 provided to ratepayers by reducing revenue requirements. PSE&G will collect data
15 related to such credits where applicable.

16

17 ***Budgets, Administrative Costs, Savings, Benefits Section II-H***

18 PSE&G proposes to commit up to \$95.0 million in EEE Extension
19 investments over a two-year period towards the delivery of the following three EEE
20 Extension sub-programs that benefit various customer segments:

- 1 • Residential Multi-Family Housing Sub-Program: \$20.0 million
- 2 • Hospital Efficiency Sub-Program: \$50 million
- 3 • Municipal/Local/State/Government Direct Install Sub-Program: \$25 million

4 In order to be able to respond to market conditions and customer
5 demand, it is further proposed that any sub-program over or under spending may be
6 carried over into subsequent years, as long as the total spending for the sub-program
7 does not exceed the sub-program total. Based on market conditions and the level of
8 market response to each sub-program during the initial year, PSE&G also proposes to
9 have the ability to transfer sub-program funding between sub-programs in subsequent
10 years in order to maximize energy savings and sub-program resources.

11 These sub-programs provide for 100% of capital from PSE&G, with
12 customers repaying a portion of the investment as described later in this testimony.
13 Estimates of sub-program investment repayments (repayments) are as follows:

- 14 • Residential Multi-Family Housing Sub-Program: \$5.9 million
- 15 • Hospital Efficiency Sub-Program: \$14.3 million
- 16 • Municipal/Local/State/Government Direct Install Sub-Program: \$5.0 million

17 Sub-program investments, administrative costs, and repayments are
18 provided in Schedule REB-1C for each sub-program. These calculations are
19 documented in the electronic work papers (WP_REB-1.xls) and are further described
20 below.

1 Estimated sub-program investments and administrative costs are
2 provided in Schedule REB-1D, as required by the following categories:
3 administration and program development, marketing/sales, training, rebates/grants
4 and other direct incentives, rebate processing, inspections and other quality control,,
5 and evaluation and related research. Since these categories are the same as those
6 utilized to report sub-program and administrative costs for the NJCEP, the NJCEP
7 format was utilized in these schedules. Sub-program investments and administrative
8 costs were allocated between electric and gas based upon the percent of projected sub-
9 program costs, as further described below.

10 Sub-program investments, administrative costs, and repayments were
11 developed for each sub-program based on inputs such as the number of participants,
12 the number and costs for energy efficiency measures specific to each sub-program,
13 the number and type of quality assurance measures, etc. The sub-program
14 investments, administrative costs, and repayments were then allocated to electric and
15 gas based on the percent of projected total electric and gas investment expenditures
16 associated with each sub-program. The methodology for determining the investment
17 expenditures and the subsequent allocation of those savings to electric and gas are
18 based on recent program results.

- 19 • Multi-Family Sub-Program - the budget and costs were assumed to be 44%
20 electric and 56% gas.

- 1 • Hospital Sub-Program - the budget and costs were assumed to be 66% electric
2 and 34% gas.
- 3 • Municipal Sub-Program - the budget and costs were assumed to be 90%
4 electric and 10% gas.

5 PSE&G estimates of annual participants for each sub-program are
6 documented in Schedule REB-1E. Energy savings, annual and lifetime, overall and
7 for each participant, were estimated for each sub-program for program years 2011-
8 2014 and are documented in Schedule REB-1F, using the methodology previously
9 described. Avoided air emissions were estimated using projected sub-program energy
10 savings by applying electric and gas emissions factors developed by the New Jersey
11 Department of Environmental Protection (NJDEP) and documented in the Protocols.
12 Avoided air emissions for each sub-program, annual and lifetime, overall and for each
13 participant, are provided in Schedule REB-1G.

14

15 **2011 Residential Multi-Family Housing Sub-Program**

16 *Sub-Program Description – RGGI Section II-A*

17 The objective of the Residential Multi-Family Housing Sub-Program
18 (Multi-Family Sub-Program) is to increase energy efficiency and reduce carbon
19 emissions of existing residential multifamily housing developments. This is a
20 sizeable market sector composed of about 500,000 multifamily housing rental units in

1 New Jersey, representing approximately 16% of the total number of residential units
2 in the State, and 26% of all dwelling units located in New Jersey's central cities.

3 These buildings typically face thin operating margins and constrained
4 ability to increase rents which leads to deferred maintenance, poor building
5 conditions, on-going deterioration, and energy inefficiency which in turn further
6 erodes operating margins and the ability to retrofit an inefficient building. High
7 energy costs during the 2005-2008 timeframe and the subsequent economic recession
8 that began in 2008 and continued through 2010 have exacerbated these conditions.
9 This sub-program focuses on providing cost-effective retrofit energy efficiency
10 opportunities to this customer group.

11 PSE&G partnered with the NJHMFA in the design and development of
12 its Multi-Family Sub-Program. The collaboration grew from a roundtable discussion
13 between the New Jersey Governor's staff, regulators, NJHMFA, and PSE&G, to
14 address the unique needs of multifamily affordable housing projects. PSE&G and
15 NJMHFA left that meeting with a commitment to work together to design a program
16 tailored to a customer segment that often has deteriorated facilities, limited cash flow,
17 and lacks capital for infrastructure improvements.

18 NJHMFA's primary goal in addressing energy efficiency opportunities
19 in their financing portfolio was to relieve the upward pressures on rental rates by
20 reducing the operating costs associated with the housing projects. The run-up in

1 energy prices, followed by the worst recession since the great depression, had forced
2 building owners to defer basic maintenance in order to mitigate rental rate increases.

3 As PSE&G and NJHMFA began working together on a new
4 multifamily program design, it was decided that the existing PSE&G Hospital
5 Efficiency Sub-Program would provide the design skeleton for the new sub-program
6 and would be modified to address the unique characteristics of the multifamily
7 housing market. Most of the original Hospital Sub-Program design was a good fit for
8 the multifamily market, but NJHMFA had some concerns about the project owners'
9 ability to take on additional debt. Since the goal was to pay for the energy efficiency
10 improvements with the energy savings, the Hospital Sub-Program repayment schedule
11 was extended from three years to ten years for the Multi-Family Sub-Program.
12 During the sub-program planning stage, NJHMFA identified 75 master metered
13 affordable housing developments in PSE&G's electric and/or gas service territory.
14 These ranged from garden apartments to high rises and contained over 12,000
15 individual rental units. After NJHMFA completed an underwriting analysis of this
16 portfolio, they recommended that 36 of those projects be targeted initially by the
17 PSE&G sub-program. In phase two of sub-program recruitment, NJHMFA identified
18 another 92 individually metered projects eligible for sub-program solicitation.

19 NJHMFA continued its interest in, and support of, the sub-program
20 throughout the regulatory process that resulted in sub-program approval. NJHMFA

1 supported PSE&G's sub-program filing and was a Party to the EEE Program
2 proceeding and to the Stipulation of Settlement Agreement with the BPU that
3 provided funding for PSE&G's EEE Program. They participated in settlement
4 discussions and provided clarifying language to ensure that the sub-program as
5 approved would meet the design goals. Throughout the sub-program implementation
6 process, NJHMFA has maintained an active role for all NJHMFA financed projects
7 participating in the sub-program. They reviewed customer agreements in draft form
8 and jointly marketed the sub-program to the targeted NJHMFA financed properties.
9 Their continued involvement includes the review of the Investment Grade Audit
10 (IGA) reports and contractor bids for the installation of the energy efficiency
11 measures, attending customer/building owner meetings and participation at on-site
12 inspections of the participating facilities.

13 Multifamily housing building owners receive an IGA of their
14 building(s) at no cost. IGA results determine the potential savings derived through a
15 variety of measures and technologies including lighting, HVAC, humidification,
16 building envelope, motors, and other energy consuming equipment.

17 Energy efficiency measures with a payback of 15 years or less will be
18 considered for incentives under this sub-program. For cost effective projects, this
19 sub-program will provide an incentive by buying down the simple payback by seven
20 years, down to a level not less than two years. For example, a project with a 15-year

1 payback will receive an incentive which will effectively reduce the payback to eight
2 years by buying down the payback by seven years. A project with a payback of five
3 years will receive an incentive which will effectively reduce the payback to two years.

4 Building owners may repay their contribution to the project (total cost
5 less the sub-program incentive) over a period of ten years (or in a lump sum if they
6 choose) following the final sub-program inspection. Although a funding cap is not
7 imposed per building in order to encourage a whole building approach, the total
8 project must be cost effective.

9

10 ***Target Market and Eligibility – RGGI Section II-F(i)***

11 The Multi-Family Sub-Program targets the following where natural gas
12 and/or electricity are provided by PSE&G:

- 13 1. Multifamily housing with five or more units;
- 14 2. NJHMFA Multifamily Housing projects;
- 15 3. Non-NJHMFA Affordable and Market Rate housing projects;
- 16 4. Urban rehabilitation projects identified by municipalities in PSE&G's service
17 territory.

1 ***Market Barriers - RGGI Section III-B***

2 PSE&G's Multi-Family Sub-Program was designed to address market
3 barriers and obstacles which often prevent or impede affordable multifamily housing
4 from taking advantage of energy efficiency programs. The affordable housing
5 multifamily sector was targeted initially because of its relatively high energy usage,
6 aging mechanical equipment, the facilities' general lack of available capital for
7 infrastructure improvements, and the need to preserve the affordability of these
8 buildings and the housing they provide. It was also an opportunity to demonstrate the
9 advantages of an innovative partnership between the utility and a state agency.

10 Affordable multifamily housing sector buildings exhibit some market
11 barriers that are common to both residential and commercial rental buildings
12 including the "first cost bias" and lack of access to capital. While it is not always the
13 case, there is a perception that energy efficient measures are more costly than
14 conventional ones. When this is the case, first cost almost always dominates the
15 decision criteria. PSE&G incentives either eliminate or sharply reduce first cost
16 premiums and the on-bill repayment option converts a capital cost into an expense
17 item that can be paid for over time. The affordable housing sector's general lack of
18 capital for infrastructure improvements was a market barrier identified by NJHMFA
19 that was addressed directly through this sub-program. The developments targeted by
20 this sub-program have the additional need to balance the cost of building maintenance

1 and repair and energy efficiency improvements with the need to maintain affordable
2 rental rates. This sub-program also provides an effective mechanism for overcoming
3 the initial costs of energy efficiency not only by providing a substantial incentive, but
4 by funding all construction costs initially and providing building owners the option of
5 repaying their share of the costs for the upgrades over time on the PSE&G utility bill.

6 In addition to those barriers common to most rental buildings, these
7 projects had not been targeted specifically by the energy efficiency programs that had
8 been available in New Jersey for nearly a decade. This was the situation that led
9 NJHMFA to ask for an energy efficiency program targeted to the multifamily market.

10 In some instances, the multifamily project owners themselves were
11 unaware of how to procure or manage the construction of energy efficiency services.
12 To address the lack of knowledge regarding energy efficiency, the sub-program
13 provides full turn-key support to the customer throughout the sub-program
14 participation process. Key to the success of moving the projects forward into the
15 construction and installation phases are the engineering analysis and preparation of
16 bid-ready documents that are provided to customers by the engineering firms who
17 conduct the IGA data gathering and perform the measures' analysis. These services
18 ensure that all eligible energy conservation measures (ECMs) have been fully
19 screened and vetted and, at the same time, provide the customer with the technical
20 assistance needed to efficiently solicit contractor bids.

1 *Sub-Program Offerings and Customer Incentives - RGGI Section II-F(ii)*

2 PSE&G's Multi-Family Sub-Program is designed to increase energy
3 efficiency and reduce carbon emissions of multifamily housing developments.
4 Building owners receive an IGA of their building(s) at no cost, incentives, and up-
5 front financing for the cost of eligible energy efficiency installations. The Multi-
6 Family Sub-Program IGA and inspection services are provided through qualified
7 audit and engineering professionals employed by PSE&G and hired through a
8 competitive bid process. All cost-effective ECMs identified by the IGA as having a
9 simple customer payback of 15 years or less may be eligible for installation under the
10 sub-program. The ECMs recommended by the IGA may include lighting, HVAC,
11 humidification, ventilation, windows, doors, motors, and other energy consuming
12 equipment. The sub-program will buy-down the simple payback of project costs for
13 approved measures by seven years, but to not less than two years. Remaining costs
14 will be provided by PSE&G and will be repaid by the owner, interest free, on their
15 PSE&G utility bill over a ten-year period, (or in one lump sum if the customer
16 chooses) after the final sub-program inspection.

17 The sub-program provides a three-step payment process, described
18 under "Delivery Mechanisms," below, to eliminate the building owner's need to
19 secure a loan to fund the capital investment in energy efficiency upgrades before the
20 project begins. Coupled with on-bill repayment and generous repayment terms, the

1 customer is able to afford the energy efficiency investment, while at the same time
2 recognizing the associated energy efficiency benefits immediately upon installation,
3 before repayments begin. The full cost of energy efficiency upgrades (including
4 engineering, the IGA and cost of construction) are covered through a combination of
5 PSE&G's buy-down incentive and 0% on-bill repayment option. The PSE&G on-bill
6 repayment option is a critical component to the success of the Multi-Family Sub-
7 Program. This feature provides the participant with a manageable repayment solution
8 and acts as an additional incentive for sub-program participation. Incentive payments
9 to sub-program participants currently can be made in these three steps or "progress
10 payments:" 1) execution of contract, 2) job 50% complete, and 3) after final
11 inspection.

12 The customer will have ten years to repay their contribution to the
13 project. This should provide immediate energy savings and utility bill relief to the
14 most-in-need projects. The ten year repayment period is considered a low risk option
15 since the NJHMFA financed affordable housing projects are likely to be in operation
16 for at least ten more years. Should the property be sold before the end of the
17 repayment period, the remaining balance shall be payable upon transfer of the
18 property.

1 ***Marketing - RGGI Section II-M***

2 Although all qualified residential multifamily housing in PSE&G's
3 electric and/or gas service territory is eligible for sub-program participation, the sub-
4 program was targeted initially to affordable housing developments within NJHMFA's
5 portfolio. During the sub-program planning stage, NJHMFA had identified 75 master
6 metered affordable housing developments in PSE&G's electric and/or gas service
7 territory. During implementation planning, NJHMFA decided to limit participation in
8 the PSE&G sub-program to those projects that could pass NJHMFA underwriting
9 analysis. NJHMFA would direct projects that could not pass the underwriting
10 analysis to programs created to take advantage of federal stimulus funding.
11 NJHMFA's input to sub-program design was key to defining the level of project
12 support that the affordable housing projects would need to participate in the sub-
13 program.

14 The initial group of multifamily projects identified by NJHMFA and
15 targeted for the sub-program were master metered facilities. This approach
16 eliminated the split incentive market barrier as an issue during the initial sub-program
17 implementation. It enabled the sub-program to be subscribed quickly, as the building
18 owners paid the utility bills, and could provide all necessary energy usage information
19 for the dwelling in a cohesive fashion. For the second phase of sub-program
20 solicitation, NJHMFA identified a pool of 92 individually-metered projects.

1 NJHMFA provided access to NJHMFA financed multifamily projects in
2 need of energy efficiency upgrades and worked with PSE&G to market the sub-
3 program to those projects. NJHMFA also performed an underwriting review for each
4 project to ensure the building owners qualified for sub-program participation and
5 would be able to repay their share of the project cost. This collaboration provided
6 customer identification and project qualification, at no or low cost, resulting in a
7 pipeline of solid customer leads and sub-program applicants. PSE&G contacted the
8 NJHMFA financed projects via a joint PSE&G/NJHMFA direct mail letter as well as
9 joint email solicitations. In addition, some projects heard of the sub-program through
10 word-of-mouth or through conference presentations resulting in additional requests
11 for sub-program information and applications. The marketing materials were limited
12 to a sub-program overview and direct mail letters targeted to NJHMFA financed
13 projects (individual and master metered) and non-NJHMFA projects that had
14 indicated an interest in the sub-program prior to its implementation. Those materials
15 noted below can be found in the Schedule REB-1B:

- 16 • Sub-program Overview Summary - HMFA
- 17 • Sub-program Overview Summary - Non-HMFA
- 18 • Sub-program Recruitment Letter - HMFA
- 19 • Sub-program Recruitment Letter - Non-HMFA

1 Since the initial response to the sub-program was sufficient to commit
2 all available EEE Program funding, no additional marketing has been required to date.
3 Applicants that cannot be funded, as well as any applications that continue to come in,
4 are placed in queue and notified that the sub-program is currently fully committed and
5 that they are on a waiting list for sub-program participation pending funding
6 availability.

7

8 ***Delivery Mechanisms - RGGI Section II-F(v) and Section II-I***

9 The Multi-Family Sub-Program services are provided through qualified
10 audit and engineering professionals employed by PSE&G and hired through a
11 competitive bid process. The sub-program delivery typically occurs in four steps:

- 12 • Step One: IGA of Multifamily Building(s). The PSE&G sub-program
13 contractors perform a detailed IGA and prepare a customized audit report that
14 includes a list of recommended ECM upgrade options. PSE&G and NJHMFA
15 review the potential ECM upgrades with the customer.
- 16 • Step Two: Engineering Analysis of Project. Based on the IGA results, an
17 engineering analyses is performed, measures payback and project cost
18 effectiveness screening is conducted, and a set of approved ECMs is selected
19 for the project. The sub-program contractor then prepares bid-ready
20 documents for the customer to facilitate the preparation of a project Scope of

1 Work, which will be used by the customer to obtain contractor cost estimates
2 for ECM installation.

3 • Step Three: Scope of Work/Contractor Bids. The project owner prepares a
4 Scope of Work for contractor bids. NJHMFA projects will follow NJHMFA
5 bidding practices. PSE&G/NJHMFA and the customer review the contractor
6 bids/costs and select the contractor(s). At this time, the first progress payment
7 can be issued to the customer.

8 • Step Four: Measures Installation and Inspections. When approximately 50%
9 of the ECMs have been installed, PSE&G conducts an on-site inspection.
10 Upon the completion of a successful inspection, a second progress payment is
11 issued. When the project is 100% complete, the final inspection takes place. If
12 the inspection is successful and approved, the final progress payment is
13 determined and issued. If the final costs are less than the original estimate, the
14 final payment will be adjusted down to reflect the actual costs. If the final
15 costs are more than the original estimate, the final payment will not be adjusted
16 and will be paid according to the original estimate. Project is now complete
17 and customer repayments begin.

18 PSE&G would like to propose a minor modification to the incentive
19 payment process based on the experiences and lessons learned in the current EEE
20 Multi-Family Sub-Program. PSE&G has found that the timing of the three progress

1 payments for the sub-program generally does not coincide with the timing of the
2 customer's need to pay their contractors. Because the Multi-Family Sub-Program is
3 targeted at a customer sector which traditionally has constraints on cash flow, PSE&G
4 is finding that the building owners are having difficulty paying their contractors on a
5 timely basis. Further the contractors are unwilling to extend credit to this customer
6 sector. As a solution, PSE&G proposes that the initial Step One progress payment be
7 equal to 30% of the total project cost. The Step Two progress payment then becomes
8 a series of smaller, multiple payments timed to better match the cash flow needs of the
9 project. The project cash flow needs will be monitored and verified by PSE&G's sub-
10 program operations manager. In total, the multiple Step Two payments would equal
11 50% of the total project financial commitment. The Step Three progress payment
12 would be as described above, in "Delivery Mechanisms," except it would now
13 represent a final payment to the customer of 20% of the total project financial
14 commitment. In summary, PSE&G proposes to change the sub-program progress
15 payment pattern to Step One - 30%, Step Two - multiple payments totaling 50%, and
16 Step Three 20%.

17

18 ***Quality Assurance Provisions - RGGI Section II-F(iii)***

19 PSE&G reviews and approves all projects and will conduct an on-site
20 visual inspection of each project when approximately 50% of the ECMs have been

1 installed. PSE&G will also conduct a post-implementation inspection of each
2 completed project and a true-up of project costs prior to paying the final financial
3 incentive payment. Inspections will be conducted by the audit firm that conducted the
4 original IGA or a third-party inspector hired by PSE&G.

5

6 ***Contracts - RGGI Section II-J***

7 The Multi-Family Efficiency Sub-Program utilizes several documents
8 throughout the course of sub-program implementation to move the customer through
9 the various sub-program participation steps. Those documents are attached in
10 Schedule REB-1A and include:

- 11 • Multi-Family Sub-Program Application with Owner Participation Agreement
12 for Master Metered Facilities;
- 13 • Multi-Family Sub-Program Application with Owner Participation Agreement
14 for Individuality Metered Facilities;
- 15 • Multi-Family Sub-Program Limited Notice to Proceed Letter I for Project
16 Engineering;
- 17 • Multi-Family Sub-Program Limited Notice to Proceed Letter II for Contractor
18 Solicitation;
- 19 • Multi-Family Sub-Program Customer Repayment Agreement with Exhibits A
20 and B.

1 ***Budgets, Administrative Costs, Savings, Benefits Section II-H***

2 An investment of \$20 million will be allotted to this sub-program.
3 Detailed budgets, including sub-program investment and administrative costs can be
4 found in Schedule REB-1D.

5

6 ***Goals, Energy Savings and Environment Benefits Section II-L and III-C***

7 • ***Energy Savings***

- 8 ○ Electric and Gas energy savings in kWh, KW, and therms can be found in
9 Schedule REB-1F.
10

11 ***Impact on Marketplace, Competition, Employment, Economic Development and***
12 ***New Business - RGGI Section III-A***

13

14 Energy efficiency improvements have the potential to reduced heating
15 and electric bills and New Jersey carbon emissions while making multifamily tenants
16 more comfortable. These improvements can make a significant difference in building
17 budgets and cash flow while reducing environmental impact and reducing tenant
18 complaints about drafts and cold/hot rooms.

19 The current economic and energy crises have made the case for energy
20 efficiency stronger than ever. Investing in energy efficiency programs now will
21 create jobs in the near and long term and help constituents save money, all while
22 reducing energy demand. Multifamily buildings offer a vital opportunity to save
23 significant amounts of money through energy efficiency program implementation.

1 Multifamily housing energy consumption demands special attention because it is
2 historically difficult to implement efficiency programs for this sector and is
3 disproportionately occupied by low to moderate income families.

4

5 ***Green Jobs***

6 It is estimated that this sub-program will support approximately 51 Full
7 Time Equivalent (FTEs) during the implementation phases of the sub-program. An
8 FTE is defined as 1,820 work hours. These jobs will be a combination of engineering
9 services to perform IGAs and engineering analyses, sub-program site inspections,
10 construction and construction management, contract administration, and
11 administrative functions that support the technical and skilled work.

12

13 ***Differences and Similarities to NJCEP - RGGI Section II-B***

14 Although no existing programs are targeted specifically to this market,
15 multifamily building projects could be eligible for various NJCEP programs
16 depending upon the project type and the measures installed. The Multi-Family Sub-
17 Program provides a turnkey approach, customized for the multifamily market,
18 developed in concert with the NJHMFA at the request of the State. Key attributes that
19 are different from the NJCEP C&I Retrofit Programs, Direct Install and Pay for
20 Performance, are that the PSE&G sub-program pays for all project costs upfront, and

1 the participating facility can repay its portion of the project costs after final inspection
2 over a ten-year period on the PSE&G utility bill, interest free. See Schedule REB-II
3 for detailed comparison to NJCEP programs.

4

5 ***Complement / Impact NJCEP - RGGI Section II-C***

6 This sub-program provides targeted services to a market sector which
7 complements the existing NJCEP portfolio. The Multi-Family Sub-Program
8 augments current NJCEP services, by providing project funding during construction
9 and the on-bill repayment option.

10

11 ***Consistent / Different from Utility Programs - RGGI Section II-D***

12 The Multi-Family Sub-Program was based on the PSE&G Hospital
13 Sub-Program design, but modified based on NJHMFA input to address the
14 multifamily market.

15

16 ***Document any Similar Programs - RGGI Section III-D***

17 The following four programs address multifamily housing energy
18 efficiency opportunities in California, Massachusetts, Rhode Island, New Hampshire,
19 and New York.

1 California Statewide Multifamily Energy Efficiency Rebate Program

2 The California Statewide Multifamily Energy Efficiency Rebate
3 Program (MEERP) is a collaboration among California’s four major investor-owned
4 utilities (IOU’s): Pacific Gas and Electric Company, San Diego Gas and Electric
5 Company, Southern California Gas Company, and Southern California Edison (SCE).
6 Together, they promote energy efficiency and provide equipment rebates to owners
7 and tenants of multifamily properties; including residential apartment buildings,
8 condominium complexes, and mobile home parks, throughout the State of California.

9
10 National Grid EnergyWise/Home Energy Solutions

11 Known as EnergyWise in Massachusetts, Rhode Island and New York,
12 and Home Energy Solutions in New Hampshire, this National Grid program was
13 created to address the split incentive problem. In the EnergyWise/Home Energy
14 Solutions programs, multi-unit facilities are dealt with as a whole so owners can
15 approve one contract and work can be put out to contractor bid. This program serves
16 public housing authorities, low-income, and market rate multifamily facilities.
17 Eligible customers and/or building managers or associations receive a comprehensive
18 energy audit. Energy education and the installation of low cost measures (e.g.
19 ENERGY STAR light bulbs, hot water measures, and air sealing for electrically
20 heated buildings) are provided to customers at no direct cost.

1 Efficiency Vermont Multifamily Housing

2 Efficiency Vermont’s Multifamily Housing initiative provides
3 comprehensive treatment of all end uses to multifamily buildings. Project managers
4 work one-on-one with design teams for all projects and evaluate all elements that
5 contribute to the overall efficiency and performance of the building. The goal of this
6 program is to ensure that participating buildings are ENERGY STAR rated,
7 comfortable, affordable, and energy-efficient. Efforts are also made to educate
8 property owners, designers, and installers about ways to improve buildings’ overall
9 energy performance and to maximize efficiency.

10

11 NYSERDA Multifamily Performance Program (MPP)

12 NYSERDA’s program addresses the needs of the multifamily sector by
13 working with developers, building owners and representatives to improve the energy
14 efficiency, health, safety, and security of residential buildings with five or more
15 residential units. This program consists of both new construction and existing
16 building components and is open to all combinations of market rate and low to
17 moderate income projects.

1 **2011 Hospital Efficiency Sub-Program**

2 *Sub-Program Description – RGGI Section II-A*

3 The Hospital Efficiency Sub-Program is designed to reduce carbon
4 emissions by lowering the energy consumption of the health care sector. This sub-
5 program has been targeted to hospitals to help them address energy savings
6 opportunities in both new construction and retrofit projects.

7 Hospitals are a vital economic sector that provide substantial
8 contributions to New Jersey’s economy through employment and purchases whose
9 benefits ripple throughout the communities they serve. According to the New Jersey

10 Hospital Association:

11 New Jersey is home to a comprehensive network of acute
12 care hospitals, specialty hospitals, skilled nursing
13 facilities, home health agencies and other healthcare
14 facilities committed to delivering quality, compassionate
15 care. They treat 18 million patients annually and respond
16 to another 2.6 million cases in their emergency rooms. In
17 an average year, New Jersey hospitals welcome 115,000
18 newborns into the world and perform nearly 300,000
19 surgeries for the sick and wounded. New Jersey hospitals
20 also provide a critical safety net for individuals who are
21 uninsured or who have no other source of primary
22 healthcare. All told, New Jersey hospitals deliver more
23 than \$1 billion in charity care services each year.

24 Hospitals’ contributions ripple throughout New
25 Jersey, preserving not only the State's health but also its
26 economic well-being. New Jersey hospitals provide
27 145,000 jobs and \$19 billion in annual revenues that drive
28 both State and local economies.

1 Since 1992 a total of 25 New Jersey hospitals have closed, and six
2 hospitals have filed for bankruptcy protection since 2007. High energy costs during
3 the 2005-2008 timeframe and the subsequent economic recession that began in 2008
4 and continued through 2010 have exacerbated these conditions. Many hospitals are
5 located in urban low income areas that are not the preferred markets for many service
6 providers. In 2008, the NJ Energy Master Plan (EMP) identified hospitals as a market
7 sector that required additional support. Hospitals face many challenges: Medicare
8 reimbursements, reduced funding, staff shortages, treating the uninsured, replacing
9 aging equipment, and rising energy costs. In addition, they have facilities that have
10 “mission critical” functions that require an integrated, coordinated whole-building
11 approach to mechanical upgrades and replacements and energy management. Over
12 the years, the hospital sector has taken advantage of existing lighting rebates and
13 lighting-related programs but has been more reluctant to address opportunities in
14 other areas due to cost concerns. The Hospital Sub-program assists hospitals to
15 address energy savings opportunities on a whole facility basis, rather than
16 concentrating on “quick payback” lighting applications only.

17 The Hospital Sub-Program was designed specifically to address certain
18 key market barriers to energy efficient building construction, design, and retrofit:

- 19 • Lack of capital for energy efficient infrastructure development and
20 improvements;

- 1 • Bias toward projects with lower first cost rather than projects that reduce
2 operating costs;
- 3 • Economic pressures that have affected the payment history of many hospitals
4 making them a less desirable customer group for many contractors.

5 The Hospital Sub-Program addresses these market barriers by providing
6 funding for the total cost of the project during construction and a buy-down incentive
7 to improve the project returns. The participating hospitals repay their contribution to
8 the amount of the project, less the financial incentive, in equal monthly payments over
9 a period of three years on the PSE&G utility bill, interest free.

10

11 ***Target Market and Eligibility – RGGI Section II-F(i)***

12 The Hospital Efficiency Sub-program is targeted to health care facilities
13 located in PSE&G's electric and/or gas service territory. The sub-program is targeted
14 specifically to in-patient hospitals and other in-patient medical facilities that operate
15 24-7.

16 Although non-profit hospitals and hospitals in municipalities that
17 contain Urban Enterprise Zones (UEZs) are provided with sub-program funding
18 priority, all health care facilities in the PSE&G service territory are eligible for sub-
19 program participation. Of the 20 hospitals that PSE&G has funded to date, 13 are
20 projects located in UEZ municipalities. The following twenty-five UEZ

1 municipalities are located in PSE&G's service territory: Bayonne, Camden, Carteret,
2 East Orange, Elizabeth, Gloucester City, Guttenberg, Hillside, Irvington, Jersey City,
3 Kearny, Mt. Holly, New Brunswick, Newark, North Bergen, Orange, Passaic,
4 Paterson, Pemberton, Perth Amboy, Plainfield, Roselle, Trenton, Union City, and
5 West New York.

6

7 ***Market Barriers - RGGI Section III-B***

8 Hospitals pose a unique set of issues that must be dealt with in order to
9 achieve the operational efficiencies necessary to reduce their overall costs and enable
10 this sector to continue to provide significant economic and health benefits to the
11 communities they serve and the State as a whole. Market barriers that impede
12 hospitals and other healthcare organizations from implementing energy efficiency
13 improvements include a lack of internal capital to fund projects and the inability to
14 identify projects with a sufficient return on investment to meet their internal
15 investment criteria. Key market barriers that have prevented the healthcare sector
16 from fully implementing robust energy savings measures to its facilities include:

- 17 • Bias toward projects with lower first cost rather than projects that reduce
18 operating costs. Energy efficiency measures often require a high initial capital
19 investment. Financial constraints in the health care sector can make that
20 unattractive in the short term.

- 1 • Healthcare sector's general lack of capital for energy efficient infrastructure
2 development and improvements; low profit margins and tight capital keep
3 energy projects (viewed as "optional") from implementation.
- 4 • Planners may lack information or credible case studies. Decision makers may
5 think researching and incorporating energy efficiency would be prohibitively
6 time consuming.
- 7 • Operations and management are an important part of an energy-efficiency
8 strategy. Staff motivation or training may be needed to achieve and maintain
9 maximum equipment efficiency.

10 These market barriers have been exacerbated by the financial pressures
11 faced by hospitals in today's economic environment which contribute to the hospital
12 sector's general lack of capital for infrastructure improvements. The Hospital Sub-
13 Program addresses these financial barriers through its incentive structure and on-bill
14 repayment option. In addition, the sub-program addresses barriers related to lack of
15 information and staff expertise by providing an unbiased source of energy efficiency
16 information through the IGA, design assistance, consultation and technical assistance,
17 and opportunities to improve system operations.

1 *Sub-Program Offerings and Customer Incentives - RGGI Section II-F(ii)*

2 Healthcare entities receive an IGA of their facilities at no cost,
3 incentives, and up-front financing for the cost of eligible energy efficiency
4 installations. The Hospital Sub-Program IGA and inspection services are provided
5 through qualified audit and engineering professionals employed by PSE&G and hired
6 through a competitive bid process. Energy savings measures identified by the IGA
7 as having a simple customer payback of 15 years or less may be eligible for
8 installation under the sub-program. The energy efficiency measures recommended by
9 the IGA may include lighting, HVAC, humidification, ventilation, motors, energy
10 management systems, and other energy consuming equipment. The sub-program will
11 buy-down the simple payback of project costs for approved measures by seven years,
12 but to not less than two years. Remaining costs will be provided by PSE&G and may
13 be repaid by the participant, interest free, on their PSE&G utility bill over a three-year
14 period, (or in one lump sum if the customer chooses) after the final inspection.

15 The sub-program provides a three-step payment process, described
16 under "Delivery Mechanisms," below, to eliminate the facility owner's need to secure
17 a loan to fund the capital investment in energy efficiency upgrades before the project
18 begins. Coupled with on-bill repayment and generous repayment terms, the customer
19 is able to afford the energy efficiency investment, while at the same time recognizing
20 the associated energy efficiency benefits immediately upon installation before

1 repayments begin. The full cost of energy efficiency upgrades (including
2 engineering, the energy audit and cost of construction) are covered through a
3 combination of PSE&G's buy-down incentive and 0% on-bill repayment option. The
4 PSE&G on-bill repayment option is a critical component to the success of the
5 Hospital Sub-Program. This feature provides the participant with a manageable
6 repayment solution and acts as an additional incentive for sub-program participation.
7 Incentive payments to sub-program participants currently can be made in these three
8 steps or "progress payments": 1) execution of contract, 2) job 50% complete, and 3)
9 after final inspection.

10

11 ***Marketing - RGGI Section II-M***

12 All 52 hospitals in PSE&G service territory were contacted by their
13 PSE&G account manager about the sub-program and 43 submitted sub-program
14 applications. Twenty have completed their IGAs and are in various stages of
15 construction. The remaining 23 are on a waiting list pending funding availability.
16 Although the remaining nine hospitals, who have not applied to the sub-program to
17 date, as well as other health care facilities may still decide to apply for the sub-
18 program, there is no need to further market the sub-program in 2011.

1 ***Delivery Mechanisms - RGGI Section II-F(v) and Section II-I***

2 The Hospital Sub-Program services are provided through qualified audit
3 and engineering professionals employed by PSE&G and hired through a competitive
4 bid process. The sub-program delivery typically occurs in four steps:

- 5 • Step One: IGA of Healthcare Facility Building(s). The PSE&G sub-program
6 contractors perform a detailed IGA and prepare a customized audit report that
7 includes a list of recommended ECM upgrade options. PSE&G reviews the
8 potential ECM upgrades with the customer. (In the case of new construction
9 projects, the audit professionals employed by PSE&G will perform a design
10 review.)
- 11 • Step Two: Engineering Analysis of Project. Based on the IGA results, an
12 engineering analyses is performed, measures payback and project cost
13 effectiveness screening is conducted, and a set of approved ECMs is selected
14 for the project. The sub-program contractor then prepares bid-ready
15 documents for the customer to facilitate the preparation of a project Scope of
16 Work, which will be used by the customer to obtain contractor cost estimates
17 for ECM installation.
- 18 • Step Three: Scope of Work/Contractor Bids. The customer prepares a Scope
19 of Work for contractor bids. PSE&G and the customer review the contractor

1 bids/costs and select the contractor(s). At this time, the first progress payment
2 can be issued to the customer.

3 • Step Four: Measures Installation and Inspections. When approximately 50%
4 of the ECMs have been installed, PSE&G conducts an on-site inspection.
5 Upon the completion of a successful inspection, a second progress payment
6 can be issued. When the project is 100% complete, the final inspection takes
7 place. If the inspection is successful and approved, the final progress payment
8 is determined and issued. If the final costs are less than the original estimate,
9 the final payment will be adjusted down to reflect the actual costs. If the final
10 costs are more than the original estimate, the final payment will not be adjusted
11 and will be paid according to the original estimate. Project is now complete
12 and customer repayments begin.

13 PSE&G would like to propose a minor modification to the incentive
14 payment process based on the experiences and lessons learned in the current EEE
15 Hospital Sub-Program. PSE&G has found that the timing of the three progress
16 payments for the sub-program generally do not coincide with the timing of the
17 customer's need to pay their contractors. Because the Hospital Sub-Program is
18 targeted at a customer sector which traditionally has constraints on cash flow, PSE&G
19 is finding that the hospitals are having difficulty paying their contractors on a timely
20 basis. Further the contractors are unwilling to extend credit to this customer sector.

1 As a solution, PSE&G proposes that the initial Step One progress payment be equal to
2 30% of the total project cost. The Step Two progress payment then becomes a series
3 of smaller payments timed to better match the cash flow needs of the project. The
4 project cash flow needs will be monitored and verified by PSE&G's sub-program
5 operations manager. In total, the multiple Step Two payments would equal 50% of
6 the total project financial commitment. The Step Three progress payment would be as
7 described above, in "Delivery Mechanisms," except it would now represent a final
8 payment to the customer of 20% of the total project financial commitment. In
9 summary, PSE&G proposes to change the sub-program progress payment pattern to
10 Step One - 30%, Step Two - multiple payments totaling 50%, and Step Three 20%.

11

12 *Quality Assurance Provisions - RGGI Section II-F(iii)*

13 PSE&G will review and approve all projects and will conduct an on-site
14 visual inspection of each project when approximately 50% of the ECMs have been
15 installed prior to paying the second incentive payment. PSE&G will also conduct a
16 post-implementation inspection of each completed project prior to paying the final
17 financial incentive payment. Final inspections will be conducted by the audit firm
18 that conducted the original IGA or a third-party inspector hired by PSE&G.

1 ***Contracts - RGGI Section II-J***

2 The Hospital Sub-Program utilizes several documents throughout the
3 course of sub-program implementation to move the customer through the various sub-
4 program participation steps. Those documents are attached to this Testimony in
5 Schedule REB-1A and include:

- 6 • Hospital Sub-Program Application with Customer Participation Agreement;
- 7 • Hospital Sub-Program Limited Notice to Proceed Letter I for Project
8 Engineering;
- 9 • Hospital Sub-Program Limited Notice to Proceed Letter II for Contractor
10 Solicitation;
- 11 • Hospital Sub-Program Customer Repayment Agreement New Construction
12 with Exhibits A and B;
- 13 • Hospital Sub-Program Customer Repayment Agreement Retrofit with Exhibits
14 A and B;
- 15 • Hospital Sub-Program Exhibit D – Cost True-Ups.

16

17 ***Budgets, Administrative Costs, Savings, Benefits Section II-H***

18 An investment of \$50 million will be allotted to this sub-program.
19 Detailed budgets, including sub-program investment and administrative costs can be
20 found in Schedule REB-1D.

1 ***Goals, Energy Savings and Environment Benefits Section II-L and III-C***

2 • ***Energy Savings***

- 3 ○ Electric and Gas energy savings in kWh, KW, and therms can be found in
4 Schedule REB-1F.

5

6 ***Impact on Marketplace, Competition, Employment, Economic Development and***
7 ***New Business - RGGI Section III-A***

8

9 IGAs, design review, and technical assistance provide the impetus to
10 hospitals to implement energy efficiency measures, systems, and operational
11 improvements that may have been on-hold for years. This has the effect of providing
12 new opportunities for energy service companies that provide services to the health
13 care sector, opportunities to perform work that would not have been contracted
14 without the sub-program's technical assistance and economic incentives.

15

16 ***Green Jobs***

17 It is estimated that this sub-program will support approximately 215
18 FTEs during the implementation and construction phases of the sub-program. An
19 FTE is defined as 1,820 work hours. These jobs will be a combination of engineering
20 services to perform IGAs and engineering analyses, sub-program site inspections,
21 construction and construction management, contract administration, and
22 administrative functions that support the technical and skilled work.

1 ***Differences and Similarities to NJCEP - RGGI Section II-B***

2 The Hospital Sub-Program provides an integrated, whole building
3 approach to assessing energy efficiency potential and delivering energy efficiency
4 services to the healthcare sector. It's buy-down incentive structure provides unique
5 value to customers participating in the sub-program by providing the initial funding
6 for the capital projects during construction and allowing customers to repay their
7 portion of the costs over time, interest free on their PSE&G utility bill.

8 The NJCEP provides three program options for C&I projects: Direct
9 Install, SmartStart Buildings, and Pay for Performance. Direct Install is a turnkey
10 audit and installation program targeted to small businesses. SmartStart provides
11 design assistance, incentives for custom measures, and prescriptive rebates for
12 approved energy saving measures after the approved measure is installed. Pay for
13 Performance is a whole building approach to C&I retrofit projects that provides
14 incentives based on customer achievement of energy savings plans. Incentives are
15 paid in three steps: Energy Reduction Plan, Installation of Recommended Measures,
16 and Post Construction Benchmarking and True-up. See Schedule REB-1I for detailed
17 comparison to NJCEP programs.

1 ***Complement / Impact NJCEP - RGGI Section II-C***

2 The Hospital Sub-Program is complementary to the NJCEP portfolio. It
3 provides a focused sub-program approach to a key economic and employment sector.
4 The whole building approach coupled with the buy down and on-bill repayment
5 incentive model and the ability to provide incentive payments during the construction
6 cycle, augments the tools provided by the NJCEP in order to address all cost-effective
7 energy savings opportunities in this highly targeted sector.

8

9 ***Consistent / Different from Utility Programs - RGGI Section II-D***

10 The PSE&G Multi-Family Housing Sub-Program was based on the
11 Hospital Sub-Program design and provides similar benefits to different market
12 sectors.

13

14 ***Document any Similar Programs - RGGI Section III-D***

15 While hospitals are recognized nationally as among the most complex
16 and energy-intensive facilities, there are relatively few energy efficiency programs
17 specifically targeted to this sector. Some program managers, such as New York
18 Energy Research and Development Authority (NYSERDA) and Wisconsin's Focus
19 on Energy, provide healthcare facilities with a guide to services available from their
20 general programs targeted to commercial buildings. Southern California Edison and

1 San Diego Gas & Electric also offer a targeted healthcare energy efficiency program
2 in their service territories.

3 Southern California Edison and San Diego Gas & Electric
4 Healthcare Energy Efficiency Program (HEEP)

5
6 The Healthcare Energy Efficiency Program (HEEP) is a targeted
7 program of SCE and San Diego Gas & Electric Companies that offer cash incentives
8 for energy-saving retrofits of existing equipment/systems in healthcare facilities. The
9 HEEP program targets existing medical facilities, including hospitals, acute care
10 facilities, office buildings, service buildings, and central plants. Energy saving re-
11 commissioning projects are eligible for cash incentives, with SCE healthcare
12 customers receiving up to 50% of project costs. The program encompasses energy
13 efficiency opportunities with the following design features:

- 14 • Comprehensive energy audits covering all key end-uses and measures for
15 energy efficiency;
- 16 • Technical assistance including support for measures specification,
17 procurement, and project management;
- 18 • Retro-commissioning for large-space conditioning systems;
- 19 • Post-installation inspection to verify performance;
- 20 • Workforce training and education of facility staff;
- 21 • Incentives coordination with SCE's other programs.

1 Wisconsin Focus on Energy

2 Wisconsin's Focus on Energy Program (FOE) has identified hospitals,
3 outpatient facilities, and long-term care facilities (nursing homes) as the primary
4 healthcare segments. The FOE provides assistance in collecting and evaluating
5 energy usage and cost data, developing an energy management program, analysis of
6 project feasibility, and financial assistance through equipment rebates.

7

8 National Grid and NYSERDA Energy Efficiency For Health Partnership

9 In July 2010, National Grid and the NYSERDA announced "Energy
10 Efficiency For Health," a new partnership to help National Grid's hospital customers
11 across New York State reduce their energy usage, save on operating costs and cut
12 greenhouse gas emissions through more efficient use of electricity and natural gas.
13 Under this initiative, National Grid and NYSERDA agreed to work together to
14 provide hospitals with individualized and targeted technical assistance as well as up to
15 \$10 million in funding for energy efficiency initiatives.

16

17 **2011 Municipal Direct Install Sub-Program**

18 ***Sub-Program Description – RGGI Section II-A***

19 The Municipal Sub-Program is designed to reduce carbon emissions by
20 lowering the energy consumption of government and public buildings. It was

1 designed to provide seamless turnkey service to municipal customers, from
2 opportunity identification, to direct installation of measures, through financing of the
3 customer's share of the project cost as a part of their PSE&G utility bill. The
4 objective of the Municipal Sub-Program is to acquire durable savings in energy and
5 peak demand usage in government and institutional facilities including non-profit
6 entities, offices, corrections, and universities. Most of these entities, particularly in
7 older urban cities and towns, struggle to maintain aging facilities with under-funded
8 maintenance budgets and deferred building maintenance. Government contracting
9 procedures, lack of familiarity with efficiency options, and the requirement to seek
10 approval from the governing body for a capital budget item, make it difficult for
11 government officials to identify, and act on, opportunities to reduce energy costs.
12 Government also tends to diffuse and dilute responsibility for energy upgrades to the
13 individual department level, while payment of bills often resides at a central finance
14 office. There may be little incentive for departments to upgrade the energy efficiency
15 of their buildings because the reward for reduced energy bills may simply be a
16 reduced budget in the subsequent year.

17 Government buildings, from firehouses and libraries, to offices and
18 police stations, can benefit from targeted energy improvements. Space heating,
19 lighting, and water heating tend to consume the most energy in those buildings, and

1 replacement of old boilers, lighting systems, and other inefficient systems can reduce
2 energy usage significantly.

3 This sub-program will continue PSE&G's Municipal Sub-Program
4 approved in the EEE Program and first implemented in July 2009. The Municipal
5 Sub-Program was modeled on the PSE&G Small Business Direct Install Sub-Program
6 and was designed to identify and install energy savings measures in government
7 facilities. It differed from the Small Business Direct Install Sub-Program in that it
8 could also address larger projects on a case-by-case basis and was also offered to the
9 entire PSE&G service territory. The sub-program was designed to provide municipal
10 customers with an accessible avenue to identify the energy savings retrofit measures
11 by offering a free walk-through audit assessment. It also provided incentives and an
12 attractive financing structure to allow for investment opportunities. Prior to
13 introduction of the sub-program, this market segment had not been offered a program
14 of this type and the PSE&G Municipal Sub-Program proved to be very popular. The
15 sub-program experienced a huge surge in pent-up demand from government facilities,
16 including projects of all sizes, which lead to the full commitment of all sub-program
17 funding by the end of March 2010. There remained a substantial pipeline of sub-
18 program applications that had to be placed on a waiting list and deferred until
19 additional funding becomes available. In October 2010, following an assessment of

1 installed and committed projects, un-committed funding was identified and additional
2 projects were funded.

3

4 ***Target Market and Eligibility – RGGI Section II-F(i)***

5 The Municipal Sub-Program will target all government and non-profit
6 entities who receive natural gas and/or electricity from PSE&G.

7 Eligible facilities include municipal, local, state, and federal government
8 offices, courtrooms, town halls, police and fire stations, sanitation department
9 buildings, transportation department structures, regional authorities, correctional
10 facilities, schools, community centers, and non-profit facilities. County or regionally
11 structured bodies such as county colleges and regional utility authorities (water/sewer)
12 also are included. In addition, participants in the NJCEP Local Government Audit
13 program will be eligible for installation benefits under this sub-program.

14

15 ***Market Barriers - RGGI Section III-B***

16 Government and non-profit facilities have longer budget lead times and
17 face constrained budgets which force many entities to defer improvements.
18 Government contracting procedures, lack of familiarity with efficiency options, and
19 the requirement to seek approval from the governing body for a capital budget item or
20 to acquire bond funding, make it difficult for government officials to identify and act

1 on opportunities to reduce energy costs. Government also tends to diffuse and dilute
2 responsibility for energy upgrades to the individual department level, while payment
3 of bills often resides at a central finance office. There is little incentive for
4 departments to upgrade the energy efficiency of their buildings because the reward for
5 reduced energy bills may simply be a reduced budget in the subsequent budget period.

6

7 ***Sub-Program Offerings and Customer Incentives - RGGI Section II-F(ii)***

8 The Municipal Sub-Program will offer a walk-through energy
9 evaluation to eligible facilities and provide a report of recommended energy-savings
10 improvements.

11 The sub-program will initially provide 100% of the cost to install the
12 recommended energy-savings improvements. Upon completion of the work, the
13 customer must repay 20% of the total cost to PSE&G over two years, (or in a lump
14 sum if the customer prefers), interest free on the PSE&G utility bill. The PSE&G on-
15 bill repayment option provides the participant with a manageable repayment solution
16 and acts as an additional incentive for sub-program participation.

17 Energy-savings improvements available through this sub-program will
18 be primarily through lighting upgrades. Insulation, refrigeration upgrades and HVAC
19 upgrades and other energy-saving measures may be considered where appropriate.

1 Customers participating in this sub-program may not have received or
2 applied for incentives under the NJCEP program for the same measures.

3

4 ***Marketing - RGGI Section II-M***

5 Potential eligible facilities were identified originally by PSE&G's
6 Regional Public Affairs and Large Customer Support personnel. PSE&G
7 representatives contacted larger municipalities to brief them on the sub-program's
8 benefits and requirements. At the same time, PSE&G's sub-program primary vendor
9 and the vendor's sub-contractors also marketed the program to their contacts in
10 eligible government entities. Since there is a substantial waiting list for sub-program
11 services, no additional marketing is anticipated at this time.

12

13 ***Delivery Mechanisms - RGGI Section II-F(v) and Section II-I***

14 PSE&G will provide program administration functions and will manage
15 all activities required to support the delivery of services to customers, and to oversee
16 the sub-program operation, coordination with the NJCEP, other utilities' programs,
17 contractor oversight and trade ally relations. The current sub-program hired a primary
18 contractor through a competitive RFP to market and to deliver sub-program services
19 and coordinate a network of sub-contractors.

1 ***Quality Assurance Provisions - RGGI Section II-F(iii)***

2 Quality assurance is affected in two steps. First, the primary contractor
3 samples and inspects its own work and that of its sub-contractors. Second, PSE&G
4 hired a third-party engineering firm to perform inspections on 10% of all completed
5 projects.

6

7 ***Contracts - RGGI Section II-J***

8 The Municipal Sub-Program utilizes several documents throughout the
9 course of sub-program implementation to move the customer through the various sub-
10 program participation steps. Those documents are attached in Schedule REB-1A to
11 this Testimony and include:

- 12 • Municipal Sub-Program Customer Agreement (Permission to perform audit),
- 13 • Municipal Sub-Program Landlord Agreement (Permission to perform audit),
- 14 and
- 15 • Municipal Sub-Program Customer Contract – Terms and Conditions.

16

17 ***Budgets, Administrative Costs, Savings, Benefits Section II-H***

18 An investment of \$25 million will be allotted to this sub-program.
19 Detailed budgets, including sub-program investment and administrative costs can be
20 found in Schedule REB-1D.

1 ***Goals, Energy Savings and Environment Benefits Section II-L and III-C***

2 • ***Energy Savings***

- 3 ○ Electric and Gas energy savings in kWh, KW, and therms can be found in
4 Schedule REB-1F.

5

6 ***Impact on Marketplace, Competition, Employment, Economic Development and***
7 ***New Business - RGGI Section III-A***

8

9 Since the advent of the 2008-2010 economic recession, municipalities
10 and other government entities have faced reduced revenues, and constraints on their
11 ability to increase revenues through tax increases. Consequently they have had the
12 need to reduce expenses by reducing services and/or employment. The Municipal
13 Sub-Program can help alleviate this situation by reducing the operating costs of
14 government facilities and thereby help reduce the need for new taxation or employee
15 layoffs.

16

17 ***Green Jobs***

18 It is estimated that this sub-program will support approximately 107
19 FTEs during the implementation phases of the sub-program. An FTE is defined as
20 1,820 work hours. These jobs will be a combination of audit services and analyses,
21 installation, and administrative functions that support the technical and skilled work.

1 ***Differences and Similarities to NJCEP - RGGI Section II-B***

2 The Municipal Sub-Program is similar to the NJCEP Small Commercial
3 Direct Install Sub-Program. Both are based on the same program design that features
4 an energy audit and direct installation of measures. However, the Municipal Sub-
5 Program differs primarily in its ability to treat larger projects on a case-by-case basis
6 and to provide the on-bill repayment option that allows the participant to repay its
7 portion of the project costs over a two-year period on the PSE&G utility bill, interest
8 free. See Schedule REB-1I for detailed comparison to NJCEP programs.

9

10 ***Complement / Impact NJCEP - RGGI Section II-C***

11 Although very similar to the NJCEP Direct Install Program, the
12 Municipal Sub-Program complements and augments the NJCEP by providing
13 additional focused resources to a market sector that faces significant barriers to
14 implementing energy efficiency measures. The PSE&G sub-program can accept
15 referrals from the NJCEP Local Government Audit program for direct installation of
16 measures and can provide referrals to other NJCEP programs when opportunities are
17 identified that are outside PSE&G's Municipal Sub-Program's scope of work.

1 *Consistent / Different from Utility Programs - RGGI Section II-D*

2 Most of the similar programs implemented in multiple jurisdictions in
3 recent years (including the NJCEP Direct Install Program) have been modeled on the
4 National Grid Small Business Program.

5

6 National Grid Small Business Program

7 This is the original Direct Install Program targeted to both commercial
8 and government customers. It features a turnkey approach to small customer energy
9 efficiency needs by providing a free energy audit and a report of recommended
10 energy efficiency improvements. The program pays for the equipment and its'
11 installation, and customers repay their portion of the project costs interest free over 24
12 months.

13

14 Southern California Edison and San Diego Gas & Electric

15 The On-Bill Financing Program (OBF) offers qualified business
16 customers 0% financing for energy efficiency upgrades, from \$5,000 to \$100,000 per
17 meter, for qualifying electric and natural gas equipment. Government customers may
18 receive financing from \$5,000 to \$250,000 per meter.

19

20 The program is open to all non-residential customers, including tax
payer funded institutions and owners of multi-family units who do not live on

1 premises. Participants must have had an active utility account for the past two years,
2 no disconnect notices during the past 12 months, and no deposit on hand. The
3 program funds may be used for a wide variety of efficiency improvement projects,
4 and the monthly loan payments will be added directly to the customer's utility bill.
5 Monthly energy savings help to offset the monthly loan charges. Of the revolving
6 fund's \$16 million, \$4 million will go to business customers, and most of the rest of
7 the funds will go to local governments. Project funds are disbursed on a first-come,
8 first-served basis.

9

10 *Document any Similar Programs - RGGI Section III-D*

11 In general, local, state, and federal government facilities are eligible for
12 incentives under most commercial sector energy efficiency programs. This is true of
13 the NJCEP Direct Install program and the National Grid Direct Install program, as
14 well as most rebate programs. There are relatively few programs targeted specifically
15 to government entities and the programs that are identified below are not utility
16 administered programs.

17

18 Texas LoneSTAR Program

19 The Texas LoneSTAR Program was established in 1989 and is
20 administered by the State Energy Conservation Office (SECO) and the Texas

1 Comptroller of Public Accounts. This program enables state and local agencies,
2 including educational institutions, to acquire low-interest loans for energy efficiency
3 projects. State agencies repay the loan from energy cost savings realized as a result of
4 reduced energy consumption and costs.

5

6 New York Power Authority (NYPA) Energy Services Program (ESP)

7 New York Power Authority (NYPA) Energy Services Program (ESP)
8 implements energy efficiency projects at public schools and other government
9 facilities. NYPA works with facility managers to identify, design, and install various
10 energy conservation measures. The projects are financed by NYPA and the costs are
11 recovered from the resulting electric bill savings. The facility retains all the savings
12 once the loan is repaid.

13

14 Massachusetts State Facilities

15 In Massachusetts, a combination of funds from utilities and state bonds
16 were used to implement 36 projects in state government facilities. All of these energy
17 efficiency projects were typically small and focused on a few measures or a single end
18 use. In the last two decades the total investment in such projects has been
19 approximately \$27 million.

20

This concludes my testimony at this time.

ATTACHMENT 1

SCHEDULE INDEX

Schedule REB -1	-	Qualifications
Schedule REB – 1A	-	Contracts
Schedule REB – 1B	-	Marketing Materials
Schedule REB – 1C	-	Budgets and Repayments
Schedule REB – 1D	-	Budget Categories
Schedule REB – 1E	-	Participants
Schedule REB – 1F	-	Energy Savings
Schedule REB – 1G	-	Emissions Savings
Schedule REB – 1H	-	Complaint Process
Schedule REB – 1I	-	NJCEP Program Comparison
Schedule REB – 1J	-	Cost Benefit Analysis

ELECTRONIC WORKPAPER INDEX

WP_REB-1.xls

1 **QUALIFICATIONS**
2 **OF**
3 **ROBIN ELAINE BRYANT**
4 **MANAGER – MARKET STRATEGY AND PLANNING**
5

6 **WORK EXPERIENCE**

7 I am the Manager of Market Strategy and Planning in the Renewables
8 and Energy Solutions Group at Public Service Electric and Gas Company in New
9 Jersey with over 12 years of experience in the energy industry. In my current
10 position, I am leading the development of energy efficiency programs.

11 I joined the Marketing Department of PSEG Energy Technologies in
12 1998 as a marketing manager responsible for identifying new business opportunities
13 and developing new product lines. Late in 1999, I was transferred to the team
14 employed by PSEG Services Corporation to develop and market PSE&G's Energy
15 Efficiency and Renewable Energy Programs. In 2000 I was reassigned to PSE&G in
16 the same capacity, where I managed the marketing and implementation of the
17 renewable and efficient product programs for the NJ Clean Energy Programs, which
18 at that time were delivered by the utilities. From 2004-2007, I managed the PSE&G
19 electric sales and revenue forecasting group. During this time I also managed the
20 program design and evaluation functions for PSE&G's myPower pilot program,
21 which tested the use of technologies to enable the reduction of energy demand. At the

**ATTACHMENT 1
SCHEDULE REB-1
PAGE 2 OF 2**

1 end of 2007 I was reassigned to the Renewables and Energy Solutions Group to
2 develop and implement new energy efficiency programs.

3 In June 2010, I was elected to the Program Advisory Committee for the
4 Consortium for Energy Efficiency, a non-profit national coalition formed to pursue
5 strategies to encourage more energy efficiency products and services and thereby
6 reduce adverse impacts upon the environment in the consumption of electricity,
7 natural gas, water and other basic resources.

8 Prior to joining PSE&G, I worked in the telecommunications industry
9 where I held a series of positions of increasing responsibility in operations and
10 marketing at Southwestern Bell Telephone (1970-1983) and AT&T (1983-1998). In
11 1993, I earned a Certificate in General Management from the Wharton School of
12 Business. I am a graduate of the University of Oklahoma.

INDEX

Residential Multi-Family Housing Sub-Program

- Multifamily Program Application – Master Metered Facilities
- Multifamily Program Application – Individually Metered Facilities
- Multifamily Program Limited Notice to Proceed I – Project Engineering
- Multifamily Program Limited Notice to Proceed II – Contractor Solicitation
- Multifamily Program Customer Repayment Agreement

Hospital Efficiency Sub-Program

- Hospital Program Application
- Hospital Limited Notice to Proceed I – Project Engineering
- Hospital Limited Notice to Proceed II – Contractor Solicitation
- Hospital Program Customer Repayment Agreement – New Construction
- Hospital Program Customer Repayment Agreement – Retrofit
- Hospital Program – Cost True-ups

Municipal Direct Install Sub-Program

- Municipal Program Customer Agreement (Permission to perform audit)
- Municipal Program Landlord Agreement
- Municipal Program Customer Contract – Terms and Conditions



PSE&G Energy Efficiency Economic Stimulus Initiative
Residential Multifamily Housing Program
Program Application and Building Owner Agreement
For Master Metered Buildings

As part of its NJ Board of Public Utilities approved **Energy Efficiency Economic Stimulus Initiative (EEE)**, Public Service Electric and Gas Company (“Company” or PSE&G”) is introducing the **Residential Multifamily Housing Program** (the “Program”). The Program is designed to increase energy efficiency and reduce carbon emissions of existing residential multifamily housing developments.

This Program will focus on providing cost effective retrofit energy opportunities to building owners of multifamily housing in PSE&G’s electric and/or, gas service territory. All multifamily housing is eligible for program participation; however **funding priority will be given to New Jersey Housing and Mortgage Finance Agency (NJHMFA) financed projects with special focus on their Affordable Housing Portfolio.**

The Program will provide eligible building owners (the “Customer”) with a free investment grade audit (IGA) of their property to determine whether the Customer may benefit from participating in the program. The IGA is comprised of on-site energy audit and an analysis of the building’s current energy use. Results of the IGA will be used to determine what energy efficiency measures/retrofits are needed, along with the potential energy savings to be derived from the installation of those measures for the energy efficiency installation project (The “Project”). The IGA will also determine whether or not those measures would qualify for incentives under the program. **Customer will be responsible to identify and contract with a contractor(s) to perform the specified work.**

Energy efficiency measures with a payback of fifteen (15) years or less, as recommended by the IGA, will be considered for incentives under this program. PSE&G will provide an incentive by buying down the payback by a maximum of seven (7) years, to a level of not fewer than two (2) years. For example:

- A Project with a 15-year payback will receive an incentive which will effectively reduce the payback to 8 years by PSE&G buying down the payback by 7 years.
- A Project with a payback of 5 years will receive an incentive which will effectively reduce the payback to 2 years.

For NJHMFA financed Projects, the energy efficiency upgrade plan will be reviewed and approved by PSE&G and NJHMFA.

The full cost of energy efficiency upgrades including engineering, design, architectural and cost of construction and installation will be covered through a combination of PSE&G’s buy-down grant and zero-percent (0%) financing repayable as an additional charge on the Customer's monthly PSE&G electric or, if the Customer is not a PSE&G electric customer, the Customer's monthly PSE&G gas bill **Provided that the Customer's participation in the program is approved by PSE&G before any work is begun or any expenditures are made** PSE&G will release the full cost of the energy efficiency upgrades following the completion of each of the three follows stages:

- **Stage One: Execution of Contract:** Stage one will be completed when (i) the IGA has been complete, (ii) the IGA results and the estimated buy-down amount has been reviewed with the Customer, and the Customer has selected a contractor(s) to perform the work, and signed a binding contract with the contractor(s) to install the h Energy Conservation Measures (ECMs), . **Once Stage One as been completed and the Customer has a quantified financial commitment to the Project one-third of the agreed-upon financial commitment will be paid to the Customer to begin the Project.**
- **Stage Two: Job 50% Complete:** Stage two will be completed when one half of the ECMs have been installed and verified in the field by the PSE&G’s authorized program representative through visual inspection. **Once Stage Two has been completed one-third of the agreed-upon financial commitment will be paid to the Customer.**
- **Stage Three: Balance on Final Inspection:** Stage three will be completed when all ECMs have been installed and commissioned by the Customers contractor(s) and (fired-up and operating according to manufacturer specifications). Post-commission, PSE&G’s authorized program representative will inspect the completed Project. **If the Project passes the final inspection, the remaining one-third of Project costs will be paid to the Customer.**

- **Following the release of the final one-third of Project costs to Project is now complete and Customer repayments begin.**

In the event the Customer fails to complete Stage Three or fails the final inspection, the Stage Three progress-payment will not be paid and the Customer will have six months to complete the Project and/or pass the final inspection. If the Customer fails to comply, the repayment of the amounts owed to PSE&G will become immediately due and payable. Should the property be sold, the remaining balance shall be payable by the Customer upon transfer of the property.

The intent of the **Program Application** is to provide PSE&G with:

- a.) Ownership, management and financing details necessary to verify qualification for the program;
- b.) Facility location and PSE&G electric and or gas account numbers;
- c.) Point of Contact (Owner/Agent) for subsequent scheduling and PSE&G and owner/manager interaction;
- d.) A basic description of the facility, and its mechanical and electrical systems to guide planning for the investment grade audit (IGA) integral to this Program;
- e.) Any previous energy audits and resulting actions.

A completed Program Application does not automatically qualify or disqualify interested participants. All Applications are subject to review and approval by PSE&G in its absolute discretion.

Please work with your PSE&G Program Representative to complete the application OR return the attached application form to:

By mail: PSE&G Multifamily Housing Program
 Attn: John Giattino
 80 Park Plaza, T8
 Newark, NJ 07102

By e-mail: John.Giattino@pseg.com

Applicant:

Date:		Phone:	
Applicant Name:		Fax:	
Title:		Mobile:	
Address:		E-Mail:	
City/State:		Zip:	

Ownership:

Facility Owner:		Type (LLC, LLP, Corporation):	
Point of Contact:		Phone:	
Title:		Fax:	
Address:		E-Mail:	
City/State:		Zip:	

Management:

Facility Manager:		Type (LLC, LLP, Corporation):	
Point of Contact:		Phone:	
Title:		Fax:	
Address:		E-Mail:	
City/State:		Zip:	

Financing:

First Mortgage Holder:	
Address:	
City/State:	

Second Mortgage Holder:	
Address:	
City/State:	

All information below, through the end of this application, must be provided for each individual building. Attach multiple sheets if necessary

Facility:

Project Name:		Year Built:	
Address:		PSE&G Elect Acct #	
City/Zip:		PSE&G Gas Acct #	
Is this property: Market Rate <input type="checkbox"/> Affordable <input type="checkbox"/> Explain:			
Does this property have any "special use"? (For example: Senior Housing, Assisted Living, Section 8 Housing, etc.) If so describe:			

Type of Construction:		Number of Buildings:	Number of Floors:
-----------------------	--	----------------------	-------------------

Gross Sq Ft		Common Area Sq Ft	
Electric Metering	Master <input type="checkbox"/>	Sub <input type="checkbox"/>	Individual <input type="checkbox"/>
Gas Metering	Master <input type="checkbox"/>	Sub <input type="checkbox"/>	Individual <input type="checkbox"/>
Space Heating	Tenant pay <input type="checkbox"/>	Included <input type="checkbox"/>	
Air Conditioning	Tenant pay <input type="checkbox"/>	Included <input type="checkbox"/>	
Water/Sewer	Tenant pay <input type="checkbox"/>	Included <input type="checkbox"/>	

Dwelling Units:

Type	Number	Sq Ft Each

Mechanical Systems:

Service/Zone	Gas	Electric	Other, specify	Individual	Central Plant
Space Heat, Dwelling Units					
Space Heat, Common Areas					
DHW Dwelling Units					
DHW Common Areas					
Air Conditioning Dwelling Units					
Air Conditioning Common Areas					

Briefly describe the heating system including its age, general condition and who maintains it
Briefly describe the Domestic Hot Water (DHW) system including its age, general condition and who maintains it

Briefly describe the air conditioning system including its age, general condition and who maintains it

Lighting:

Predominant type

Have any energy conservation retrofits been previously completed?

Notes:

Envelope:

Briefly describe the exterior doors including their age and general condition

Briefly describe the roof including its age, general condition, and any specific problems

Briefly describe the windows including their age and general condition

Previous Audits:

Has there been any previous energy audits conducted on this facility, if so when and what action was taken to implement recommendations? Attach copy.

Additional Notes:

Residential Multifamily Housing Program Building Owner Access Consent Agreement

Building Owner Name: _____

Street Address: _____

City: _____ State: N.J. Zip Code: _____

Complete the following information if different than owner address:

Project Name: _____

Project Street Address: _____

City: _____ State: N.J. Zip Code: _____

Project Manager Name: _____ Phone: _____

In consideration of the mutual promises contained herein, the parties have entered into this agreement (this "Agreement"):

- A. The Building Owner (the "Customer") requests PSE&G to perform an IGA on Customer's Residential Multifamily Housing property (the "Property") to determine whether Customer may benefit from participating in PSE&G's Energy Efficiency Economic Stimulus Initiative Residential Multifamily Housing Program (the "Program"); and
- B. The Customer authorizes PSE&G directly or through its subcontractor(s) to enter the Property to conduct the IGA subject to the terms and conditions set forth in this agreement and PSE&G or its subcontractor(s) will conduct the IGA.
 1. The Customer grants PSE&G and its subcontractor(s) reasonable access to the Property to perform the IGA at such date and time as the Parties shall mutually agree. The IGA shall be performed at no cost to the Customer.
 2. PSE&G will deliver a copy of the IGA results to Customer as soon as practicable. The IGA results will identify whether the Property may be suitable for some or all of the following energy savings measures: Lighting upgrades; Insulation upgrades; Refrigeration upgrades and/or heating/ventilation/air conditioning upgrades. PSE&G does not promise that the IGA will identify any or all energy savings measures that may be suitable for the Property. PSE&G does not warrant that the Customer will realize any energy savings if the Customer agrees to implement the recommendations of the IGA.
 3. The Customer agrees to indemnify, defend, and hold harmless PSE&G, its officers, directors, employees and subcontractors (each an "Indemnified Person") from and against any claim, dispute, complaint, suit, demand, judgment, liability, loss, injury, accident, fine, expense, penalty, damage, action, fee, cost, or charge of any kind or nature (including reasonable attorney fees) that may be imposed on, incurred by, or asserted against such Indemnified Person in any way relating to, arising out of or resulting from this Agreement except to the extent of gross negligence or intentional misconduct by the Indemnified Person.
 4. Customer represents, covenants and agrees that (i) it is the owner of the Property and that it possesses all requisite power and authority to enter into and perform this Agreement and to carry out the transactions contemplated herein; (ii) the execution, delivery, and performance of this Agreement have been duly authorized by, or are in accordance with, its organizational documents; (iii) this Agreement has been duly executed and delivered; (iv) this Agreement constitutes the legal, valid, binding, and enforceable agreement of Customer; and (v) the performance of this Agreement will not contravene any organizational documents, agreement, mortgage, security agreement or the terms of any financing and will not require the consent of any third party.
 5. Customer has obtained, to the extent it has deemed necessary or prudent, legal counsel to advise it on this Agreement. Customer agrees that this Consent constitutes the full, complete, and only agreement between the Parties and supersedes any previous representations or agreements, and this Consent shall not be amended except in writing signed by duly authorized representatives of both Parties.
 6. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW JERSEY. ANY DISPUTE ARISING UNDER THIS AGREEMENT SHALL BE LITIGATED IN A FEDERAL OR STATE COURT LOCATED IN THE STATE OF NEW JERSEY. TO THE MAXIMUM EXTENT PERMITTED BY LAW LANDLORD WAIVES THE RIGHT TO A TRIAL BY JURY.
 7. In the event any provision of this Consent shall for any reason be held to be invalid, illegal or unenforceable in any respect, the remaining provisions of this Consent shall remain in full force and effect to the maximum extent possible.
 8. This Consent is neither intended to create, nor shall it be construed as creating, a joint venture, partnership or other form of Residential Multifamily Housing Property association between the Parties, or an agreement to enter into any business relationship.

9. Limitation of Liability: PSE&G's total liability to Customer for all actions, claims, or suits of any kind, whether based upon warranty, contract, tort (including negligence and strict liability) or otherwise, for any losses, damages, costs or expenses of any kind whatsoever arising out of, resulting from, or related to the performance or breach of this Agreement shall, under no circumstances, exceed the cost of the IGA. PSE&G shall not, under any circumstances, be liable for any special, indirect, incidental, punitive or consequential losses, damages, costs, or expenses whatsoever (including for lost profits, time or revenue) for anything arising out of the performance or nonperformance of this Agreement, whether claims for said losses or damages are premised on warranty, negligence, strict liability, contract or otherwise. Any action against PSE&G arising out of, resulting from, or related to the performance or breach of this Agreement shall be filed no later than one (1) year after the cause of action has occurred. The provisions of this paragraph 9 shall survive termination or expiration of this Letter Agreement.
10. PSE&G may subcontract all or a portion of its obligations under this Agreement without the prior written consent of Customer. This Agreement may not be assigned or delegated in whole or in part by Customer without the written consent PSE&G.
11. The Company shall have the right to issue written clarifications should it deem necessary. Under no circumstances shall Company be liable for any oral clarifications, instructions, or interpretations. All determinations, decisions, instructions, judgments, interpretations, or clarifications of the Company regarding the Program or the Program Rules shall be final, binding, and conclusive unless determined to have been made in bad faith. The Company shall have the right to issue written clarifications should it deem necessary. Under no circumstances shall Company be liable for any oral clarifications, instructions, or interpretations. All determinations, decisions, instructions, judgments, interpretations, or clarifications of the Company regarding the Program or the Program Rules shall be final, binding, and conclusive unless determined to have been made in bad faith.

Authorized Signature of Customer:

BUILDING ADDRESS WHERE IGA WILL BE CONDUCTED:

By signing below, the Customer agrees to the applicability of the terms and conditions described above.

By: _____

Title: _____

Date: _____



PSE&G Energy Efficiency Economic Stimulus Initiative
Residential Multifamily Housing Program
Program Application and Building Owner Agreement
For Individually Metered Buildings

As part of its NJ Board of Public Utilities approved **Energy Efficiency Economic Stimulus Initiative (EEE)**, Public Service Electric and Gas Company (“Company” or PSE&G”) is introducing the **Residential Multifamily Housing Program** (the “Program”). The Program is designed to increase energy efficiency and reduce carbon emissions of existing residential multifamily housing developments.

This Program will focus on providing cost effective retrofit energy opportunities to building owners of multifamily housing in PSE&G’s electric and/or, gas service territory. All multifamily housing is eligible for program participation; however **funding priority will be given to New Jersey Housing and Mortgage Finance Agency (NJHMFA) financed projects with special focus on their Affordable Housing Portfolio.**

The Program will provide eligible building owners (the “Customer”) with a free investment grade audit (IGA) of their property to determine whether the Customer may benefit from participating in the program. The IGA is comprised of on-site energy audit and an analysis of the building’s current energy use. Results of the IGA will be used to determine what energy efficiency measures/retrofits are needed, along with the potential energy savings to be derived from the installation of those measures for the energy efficiency installation project (The “Project”). The IGA will also determine whether or not those measures would qualify for incentives under the program. **Customer will be responsible to identify and contract with a contractor(s) to perform the specified work.**

Energy efficiency measures with a payback of fifteen (15) years or less, as recommended by the IGA, will be considered for incentives under this program. PSE&G will provide an incentive by buying down the payback by a maximum of seven (7) years, to a level of not fewer than two (2) years. For example:

- A Project with a 15-year payback will receive an incentive which will effectively reduce the payback to 8 years by PSE&G buying down the payback by 7 years.
- A Project with a payback of 5 years will receive an incentive which will effectively reduce the payback to 2 years.

For NJHMFA financed Projects, the energy efficiency upgrade plan will be reviewed and approved by PSE&G and NJHMFA.

The full cost of energy efficiency upgrades including engineering, design, architectural and cost of construction and installation will be covered through a combination of PSE&G’s buy-down grant and zero-percent (0%) financing repayable as an additional charge on the Customer's monthly PSE&G electric or, if the Customer is not a PSE&G electric customer, the Customer's monthly PSE&G gas bill **Provided that the Customer's participation in the program is approved by PSE&G before any work is begun or any expenditures are made** PSE&G will release the full cost of the energy efficiency upgrades following the completion of each of the three follows stages:

- **Stage One: Execution of Contract:** Stage one will be completed when (i) the IGA has been complete, (ii) the IGA results and the estimated buy-down amount has been reviewed with the Customer, and the Customer has selected a contractor(s) to perform the work, and signed a binding contract with the contractor(s) to install the h Energy Conservation Measures (ECMs), . **Once Stage One as been completed and the Customer has a quantified financial commitment to the Project one-third of the agreed-upon financial commitment will be paid to the Customer to begin the Project.**
- **Stage Two: Job 50% Complete:** Stage two will be completed when one half of the ECMs have been installed and verified in the field by the PSE&G’s authorized program representative through visual inspection. **Once Stage Two has been completed one-third of the agreed-upon financial commitment will be paid to the Customer.**
- **Stage Three: Balance on Final Inspection:** Stage three will be completed when all ECMs have been installed and commissioned by the Customers contractor(s) and (fired-up and operating according to manufacturer specifications). Post-commission, PSE&G’s authorized program representative will inspect the completed Project. **If the Project passes the final inspection, the remaining one-third of Project costs will be paid to the Customer.**

Following the release of the final one-third of Project costs to Project is now complete and Customer repayments begin.

In the event the Customer fails to complete Stage Three or fails the final inspection, the Stage Three progress-payment will not be paid and the Customer will have six months to complete the Project and/or pass the final inspection. If the Customer fails to comply, the repayment of the amounts owed to PSE&G will become immediately due and payable. Should the property be sold, the remaining balance shall be payable by the Customer upon transfer of the property.

The intent of the **Program Application** is to provide PSE&G with:

- a.) Ownership, management and financing details necessary to verify qualification for the program;
- b.) Facility location and PSE&G electric and or gas account numbers for owner controlled accounts; (Signed releases for a minimum of 10% of tenant controlled electric and or gas accounts MAY be required at a later date;
- c.) Point of Contact (Owner/Agent) for subsequent scheduling and PSE&G and owner/manager interaction;
- d.) A basic description of the facility, and its mechanical and electrical systems to guide planning for the investment grade audit (IGA) integral to this Program;
- e.) Any previous energy audits and resulting actions.

A completed Program Application does not automatically qualify or disqualify interested participants. All Applications are subject to review and approval by PSE&G in its absolute discretion.

Please work with your PSE&G Program Representative to complete the application OR return the attached application form to:

By mail: PSE&G Multifamily Housing Program
 Attn: John Giattino
 80 Park Plaza, T8
 Newark, NJ 07102

By e-mail: John.Giattino@pseg.com

Applicant:

Date:		Phone:	
Applicant Name:		Fax:	
Title:		Mobile:	
Address:		E-Mail:	
City/State:		Zip:	

Ownership:

Facility Owner:		Type (LLC, LLP, Corporation):	
Point of Contact:		Phone:	
Title:		Fax:	
Address:		E-Mail:	
City/State:		Zip:	

Management:

Facility Manager:		Type (LLC, LLP, Corporation):	
Point of Contact:		Phone:	
Title:		Fax:	
Address:		E-Mail:	
City/State:		Zip:	

Financing:

First Mortgage Holder:	
Address:	
City/State:	

Second Mortgage Holder:	
Address:	
City/State:	

All information below, through the end of this application, must be provided for each individual building. Attach multiple sheets if necessary

Facility:

Project Name:		Year Built:	
Address:		PSE&G Elect Acct #	
City/Zip:		PSE&G Gas Acct #	
Is this property: Market Rate <input type="checkbox"/> Affordable <input type="checkbox"/> Explain:			
Does this property have any "special use"? (For example: Senior Housing, Assisted Living, Section 8 Housing, etc.) If so describe:			

Type of Construction:		Number of Buildings:	Number of Floors:
Gross Sq Ft		Common Area Sq Ft	
Electric Metering	Master <input type="checkbox"/>	Sub <input type="checkbox"/>	Individual <input type="checkbox"/>
Gas Metering	Master <input type="checkbox"/>	Sub <input type="checkbox"/>	Individual <input type="checkbox"/>
Space Heating	Tenant pay <input type="checkbox"/>	Included <input type="checkbox"/>	
Air Conditioning	Tenant pay <input type="checkbox"/>	Included <input type="checkbox"/>	
Water/Sewer	Tenant pay <input type="checkbox"/>	Included <input type="checkbox"/>	

Dwelling Units (please distinguish where possible by floor plan, end or interior, and by floor):

Type	Number	Sq Ft Each

Mechanical Systems:

Service/Zone	Gas	Electric	Other, specify	Individual	Central Plant
Space Heat, Dwelling Units					
Space Heat, Common Areas					
DHW Dwelling Units					
DHW Common Areas					
Air Conditioning Dwelling Units					
Air Conditioning Common Areas					

Briefly describe the heating system including its age, general condition and who maintains it
Briefly describe the Domestic Hot Water (DHW) system including its age, general condition and who maintains it

Briefly describe the air conditioning system including its age, general condition and who maintains it

Lighting:

Predominant type
Have any energy conservation retrofits been previously completed?
Notes:

Envelope:

Briefly describe the exterior doors including their age and general condition
Briefly describe the roof including its age, general condition, and any specific problems
Briefly describe the windows including their age and general condition

Previous Audits:

Has there been any previous energy audits conducted on this facility, if so when and what action was taken to implement recommendations? Attach copy.

Additional Notes:

Residential Multifamily Housing Program Building Owner Access Consent Agreement

Building Owner Name: _____

Street Address: _____

City: _____ State: N.J. Zip Code: _____

Complete the following information if different than owner address:

Project Name: _____

Project Street Address: _____

City: _____ State: N.J. Zip Code: _____

Project Manager Name: _____ Phone: _____

In consideration of the mutual promises contained herein, the parties have entered into this agreement (this "Agreement"):

- A. The Building Owner (the "Customer") requests PSE&G to perform an IGA on Customer's Residential Multifamily Housing property (the "Property") to determine whether Customer may benefit from participating in PSE&G's Energy Efficiency Economic Stimulus Initiative Residential Multifamily Housing Program (the "Program"); and
- B. The Customer authorizes PSE&G directly or through its subcontractor(s) to enter the Property to conduct the IGA subject to the terms and conditions set forth in this agreement and PSE&G or its subcontractor(s) will conduct the IGA.
 1. The Customer grants PSE&G and its subcontractor(s) reasonable access to the Property to perform the IGA at such date and time as the Parties shall mutually agree. The IGA shall be performed at no cost to the Customer.
 2. PSE&G will deliver a copy of the IGA results to Customer as soon as practicable. The IGA results will identify whether the Property may be suitable for some or all of the following energy savings measures: Lighting upgrades; Insulation upgrades; Refrigeration upgrades and/or heating/ventilation/air conditioning upgrades. PSE&G does not promise that the IGA will identify any or all energy savings measures that may be suitable for the Property. PSE&G does not warrant that the Customer will realize any energy savings if the Customer agrees to implement the recommendations of the IGA.
 3. The Customer agrees to indemnify, defend, and hold harmless PSE&G, its officers, directors, employees and subcontractors (each an "Indemnified Person") from and against any claim, dispute, complaint, suit, demand, judgment, liability, loss, injury, accident, fine, expense, penalty, damage, action, fee, cost, or charge of any kind or nature (including reasonable attorney fees) that may be imposed on, incurred by, or asserted against such Indemnified Person in any way relating to, arising out of or resulting from this Agreement except to the extent of gross negligence or intentional misconduct by the Indemnified Person.
 4. Customer represents, covenants and agrees that (i) it is the owner of the Property and that it possesses all requisite power and authority to enter into and perform this Agreement and to carry out the transactions contemplated herein; (ii) the execution, delivery, and performance of this Agreement have been duly authorized by, or are in accordance with, its organizational documents; (iii) this Agreement has been duly executed and delivered; (iv) this Agreement constitutes the legal, valid, binding, and enforceable agreement of Customer; and (v) the performance of this Agreement will not contravene any organizational documents, agreement, mortgage, security agreement or the terms of any financing and will not require the consent of any third party.
 5. Customer has obtained, to the extent it has deemed necessary or prudent, legal counsel to advise it on this Agreement. Customer agrees that this Consent constitutes the full, complete, and only agreement between the Parties and supersedes any previous representations or agreements, and this Consent shall not be amended except in writing signed by duly authorized representatives of both Parties.
 6. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW JERSEY. ANY DISPUTE ARISING UNDER THIS AGREEMENT SHALL BE LITIGATED IN A FEDERAL OR STATE COURT LOCATED IN THE STATE OF NEW JERSEY. TO THE MAXIMUM EXTENT PERMITTED BY LAW LANDLORD WAIVES THE RIGHT TO A TRIAL BY JURY.
 7. In the event any provision of this Consent shall for any reason be held to be invalid, illegal or unenforceable in any respect, the remaining provisions of this Consent shall remain in full force and effect to the maximum extent possible.

8. This Consent is neither intended to create, nor shall it be construed as creating, a joint venture, partnership or other form of Residential Multifamily Housing Property association between the Parties, or an agreement to enter into any business relationship.
9. Limitation of Liability: PSE&G's total liability to Customer for all actions, claims, or suits of any kind, whether based upon warranty, contract, tort (including negligence and strict liability) or otherwise, for any losses, damages, costs or expenses of any kind whatsoever arising out of, resulting from, or related to the performance or breach of this Agreement shall, under no circumstances, exceed the cost of the IGA. PSE&G shall not, under any circumstances, be liable for any special, indirect, incidental, punitive or consequential losses, damages, costs, or expenses whatsoever (including for lost profits, time or revenue) for anything arising out of the performance or nonperformance of this Agreement, whether claims for said losses or damages are premised on warranty, negligence, strict liability, contract or otherwise. Any action against PSE&G arising out of, resulting from, or related to the performance or breach of this Agreement shall be filed no later than one (1) year after the cause of action has occurred. The provisions of this paragraph 9 shall survive termination or expiration of this Letter Agreement.
10. PSE&G may subcontract all or a portion of its obligations under this Agreement without the prior written consent of Customer. This Agreement may not be assigned or delegated in whole or in part by Customer without the written consent PSE&G.
11. The Company shall have the right to issue written clarifications should it deem necessary. Under no circumstances shall Company be liable for any oral clarifications, instructions, or interpretations. All determinations, decisions, instructions, judgments, interpretations, or clarifications of the Company regarding the Program or the Program Rules shall be final, binding, and conclusive unless determined to have been made in bad faith. The Company shall have the right to issue written clarifications should it deem necessary. Under no circumstances shall Company be liable for any oral clarifications, instructions, or interpretations. All determinations, decisions, instructions, judgments, interpretations, or clarifications of the Company regarding the Program or the Program Rules shall be final, binding, and conclusive unless determined to have been made in bad faith.

Authorized Signature of Customer:

BUILDING ADDRESS WHERE IGA WILL BE CONDUCTED:

By signing below, the Customer agrees to the applicability of the terms and conditions described above.

By: _____

Title: _____

Date: _____



**Residential Multifamily Housing Program
IMPORTANT INFORMATION - LIMITED NOTICE TO PROCEED**

[Insert Date]

Residential Multifamily Facility __ [Insert Project Name] __
Address __ [Insert Address] __

Dear [Applicant Name]:

[Insert Building Name], (the "Customer") has applied to Public Service Electric and Gas Company ("PSE&G") to participate in PSE&G's **Residential Multifamily Housing Program** (the "Program").

This letter (the "Letter Agreement") is to inform you, the Customer, that PSE&G has completed our review of the Investment Grade Audit (the "IGA") that we recently performed at Customer's residential multifamily facility under PSE&G's Multifamily Housing Program. Based on our review of the IGA report, including the energy conservation measure ("ECM") simple payback period, based on construction cost estimates amortized on a straight line basis, and ECM cost effectiveness calculations, we have identified those ECMs which qualify for the next step of the project; the engineering phase (the "Engineering Phase"). Those ECMs are described in **Attachment I** to this letter.

This Letter Agreement is subject to the terms and conditions set forth in the Program Application and Building Owner Agreement dated [insert date] and submitted by the Customer.

In the Engineering Phase of the project, PSE&G's engineering firm will develop the engineering and design drawings and documents (bid-ready- documents) required in order to develop a scope of work (the "Scope of Work") for contractor bids. The Engineering Phase of the project is critical in determining the final ECMs to be installed/constructed at the Customer's residential multifamily facility. PSE&G will work with the Customer through this process. Once the Engineering Phase has been completed, PSE&G and the New Jersey Housing and Mortgage Finance Agency (NJHMFA) will review all recommendations and costs to determine which ECMs shall be included in Customer's Scope of Work to obtain bids for actual ECM installation. Please note that the NJHMFA requires that NJHMFA funded projects participating in PSE&G's program obtain a minimum of three (3) contractor bids. Therefore projects funded by NJHMFA must adhere to the 3-bid minimum requirement. In addition, following the completion of the Engineering Phase, and after bids have been solicited, PSE&G and Customer will enter into an agreement (the "Owner Reimbursement Agreement"); which will specify how PSE&G will fund the overall project costs and how the Customer will repay the Customer's share of the overall project costs through a charge on the Customer's monthly PSE&G utility bill.

PSE&G will determine if a construction manager/general contractor is required for the Customer's project based on the breadth and scope of the project. If PSE&G determines that a general contractor is required for the project, the Scope of Work will specify the general contractor's role and responsibilities. In general, however, the construction manager/general contractor will provide on-site coordination and management, including responsibility for addressing safety issues, directly interface with Customer's facility staff, and oversee other day-to-day activities. The cost for the construction manager/general contractor will be included in the overall project cost and will become part of the total cost used to determine your repayment amount. You may select your construction manager/general contractor and submit a bid proposal to PSE&G for review and approval. **However, if the cost of the construction manager/general contractor exceeds \$15,000, NJHMFA requires that NJHMFA funded projects obtain a minimum of three (3) contractor bids to be reviewed by both NJHMFA and PSE&G.**

ATTACHMENT 1
SCHEDULE REB-1A
PAGE 19 OF 76

The Scope of Work must be issued, bids evaluated and a contractor(s) selected in order to provide firm ECM pricing for the program "Owner Reimbursement Agreement" that you, the Customer will be required to sign prior to commencing installation work at your residential multifamily facility.

The Multifamily Housing Program will not cover costs associated with abatement and remediation of any hazardous materials (including, but not limited to: asbestos, lead paint, decommissioned oil tank removal, mold, etc.). This becomes the responsibility of the facility owner.

Please sign Attachment I to this letter indicating your understanding and agreement to proceed with the Engineering Phase of the program as outlined above.

Thank you for your participation in PSE&G's Multifamily Housing Program. If you have any additional questions, please contact me at 973-912-3338.

Sincerely,

Bonnie S. Graziano
Manager, Business Development
Energy Efficiency Solutions & Renewables



**PSE&G Energy Efficiency Economic Stimulus Initiative
Residential Multifamily Housing Program**

**Attachment I
Energy Conservation Measures (ECMs)**

[Insert Date]

Residential Multifamily Facility ___

Address ___

Based on PSE&G’s review of the IGA report, including energy conservation measure (the "ECM") “payback” and ECM cost effectiveness calculations, we have identified those ECMs which qualify for the next step of the project; the engineering phase (“Engineering Phase”). A comprehensive list of qualified and approved ECMs will be detailed in the Final IGA report to be completed after the Engineering Phase of the program.

Based on the initial IGA report, the estimated engineering costs for your project are \$[Insert Amount]. **Please be advised that PSE&G may change this amount if issues are discovered during the course of the Engineering Phase which require additional effort or analysis.**

Also, those costs associated with the project engineering for the development of a project scope of work (the "Scope of Work"), which will be used to prepare the bid-ready documents, construction administration (review and oversight) and system-wide commissioning (prior to the final inspection), which are part of the overall project, will be paid by PSE&G on behalf of its Residential Multifamily Housing Program, and will be incorporated into the overall project costs and will be subject to the project payback schedule. The cost for the construction manager/general contractor retained are to be paid directly by the multifamily facility, but will also be incorporated into the overall project costs and disbursed to you through the progress payments as specified in the Owner Reimbursement Agreement and subject to the project payback schedule.

Residential Multifamily Signature:

For New Jersey Housing and Mortgage Finance Agency financed projects, the building owners will have thirty (30) days to review this letter before signing.

I have read and understand the Limited Notice to Proceed Letter, including Attachment I, I have been informed that the estimated engineering costs for the project are \$[Insert Amount] and agree to proceed with the Engineering Phase of the program as described. I also understand that, if at any time, a conflict exists or arises (legal or otherwise) which restricts or impedes the project, PSE&G may consider cancelling or terminating this project if PSE&G may become a party to the conflict.

Building Owner:

Signature _____

Title _____

Date _____

PSE&G:

Signature _____

Title _____

Date _____



**Residential Multifamily Efficiency Program
IMPORTANT INFORMATION - LIMITED NOTICE TO PROCEED II**

September __, 2010

Dear []:

This Limited Notice to Proceed Letter II (LNTP II) is to inform you that PSE&G has completed the Engineering Phase of your project under PSE&G's Multifamily Efficiency Program. This Letter continues to be subject to the Terms and Conditions as set forth in the original Limited Notice to Proceed Letter I (LNTP I) dated [Insert Date]. Capitalized terms used but not defined in the LNTP II shall have the meanings given to them in the LNTP I. In the Engineering Phase of the project, PSE&G's engineering firm developed the engineering and design drawings and documents (bid-ready-documents) required in order to develop a description of work (Scope of Work) to be used to solicit contractor bids. The Engineering Phase of the project was critical in determining the final energy conservation measures (ECMs) eligible for installation/construction at your residential multifamily facility. Now that the Engineering Phase has been completed, PSE&G and the New Jersey Housing and Mortgage Finance Agency (NJHMFA) have reviewed all recommendations and costs to determine which ECMs shall be included in your Scope of Work to obtain bids for actual ECM installation. Those ECMs are described in **Attachment I** to this letter along with a revised, final Investment Grade Audit (IGA) and engineering report.

The next phase of the program is the development of the project Scope of Work and solicitation of contractor bids. The Scope of Work must be issued by you, bids evaluated and a contractor(s) selected in order to provide firm ECM pricing for the program "Owner Reimbursement Agreement" that you will be required to sign prior to commencing installation work at your residential multifamily facility. Please note the NJHMFA requires that NJHMFA funded projects participating in PSE&G's program obtain a minimum of three (3) contractor bids. Therefore NJHMFA projects participating in the Program must adhere to the 3-bid minimum requirement.

In addition, PSE&G will require that the role of a construction manager/general contractor be specified in the Scope of Work, if it is deemed necessary based on the breadth and scope of the project. This construction manager/general contractor will be responsible to provide on-site coordination and management, including addressing safety issues, direct interface with the facility staff, and other day-to-day activities. The cost for the construction manager/general contractor will be included in the overall project cost and will become part of the total cost used to determine your repayment amount. You may select your construction manager/general contractor and submit a bid proposal to PSE&G for review and approval. **However, if the cost of the construction manager/general contractor exceeds \$15,000, NJHMFA requires that**

NJHMFA funded projects obtain a minimum of three (3) contractor bids to be reviewed by both NJHMFA and PSE&G.

The Multifamily Efficiency Program will not cover costs associated with abatement and remediation of any hazardous materials (including, but not limited to: asbestos, lead paint, decommissioned oil tank removal, mold, etc.). This becomes the responsibility of the Owner.

Please proceed with the development of the Scope of Work to solicit potential installation contractors for your project. If you require assistance we will work with you. You have thirty (30) days to manage the process of developing a Scope of Work and soliciting bids from independent, qualified contractors. Once you have received at least three (3) bids, you must submit copies of all bids to both NJHMFA and PSE&G for review; along with your recommendations and justification for the selection of one of the contractors. PSE&G and NJHMFA have two (2) weeks to review the bids and will work with you to determine the most cost-effective approach for the installation at your multifamily facility.

Please sign Attachment I to this letter indicating your understanding and agreement to proceed with the “Scope of Work and Solicitation of Contractor Bids Phase” of the program as outlined above.

Thank you for your participation in PSE&G’s Multifamily Efficiency Program. If you have any additional questions, please contact me at 973-912-3338.

Sincerely,

Bonnie S. Graziano
Manager, Business Development
Energy Efficiency Solutions & Renewables



**PSE&G Energy Efficiency Economic Stimulus Initiative
Residential Multifamily Efficiency Program**

**Attachment I – Scope of Work and Solicitation of Contractor Bids Phase
Energy Conservation Measures (ECMs)**

September __, 2010

Residential Multifamily Facility __ __
Address _____

Based on PSE&G and NJHMFA’s review of the Engineering Report, including energy conservation measure (ECM) “payback” and ECM cost effectiveness calculations, we have identified those ECMs which qualify for the next step of the project; the “Scope of Work and Solicitation of Contractor Bids Phase”. **A comprehensive list of the qualified and approved ECMs is attached hereto in the Final IGA report.**

Based on the final Engineering Report, the actual engineering costs for your project are \$**XX,000**. Those costs associated with the project engineering for the development of a project Scope of Work (to prepare the bid-ready documents), Construction Administration (review and oversight) and System-wide Commissioning (prior to the Final Inspection), which are part of the overall project, will be incorporated into the overall project costs and will be subject to the project payback schedule. The cost for the construction manager/general contractor will also be incorporated into the overall project costs subject to the project payback schedule.

Residential Multifamily Signature: Please sign and return this letter to PSE&G within 7 business days of receipt. For NJHMFA financed projects, the building owners will have thirty (30) days from the date of the letter to develop a Scope of Work and solicit a minimum of three (3) contractor bids for ECM installation. If the cost of the construction manager/general contractor exceeds \$15,000, that work is also subject to the three (3) bid process as required by NJHMFA.

I have read and understand the Limited Notice to Proceed Letter II and agree to proceed with the “**Scope of Work and Solicitation of Contractor Bids Phase**” of the program as described. I understand that, if at any time, a conflict exists or arises (legal or otherwise) which restricts or impedes the project, PSE&G may consider cancelling or terminating this project if PSE&G may become a party to the conflict. I also understand that this Letter continues to be subject to the Terms and Conditions as set forth in the original Limited Notice to Proceed Letter I (LNTP I) dated [**Insert Date**]

Building Owner:

Signature _____

Title _____

Date _____

PSE&G:

Signature _____

Title _____

Date _____



**PSE&G Residential Multifamily Housing Program
Building Owner Repayment Agreement
NJHMFA Funded Projects**

Date: _____

BUILDING OWNER'S FULL NAME AND ADDRESS

Dear _____:

Public Service Electric & Gas Company ("PSE&G") has performed a review of a Program Application ("Application") submitted under the PSE&G Multifamily Housing Program by: _____ (the "Owner") for the Owner's premises and facilities located at

_____. (collectively, the "Premises"). PSE&G has performed an Investment Grade Audit (the "IGA") for the IGA Project to determine whether Owner may benefit from participating in PSE&G's Residential Multifamily Housing Program (the "Program"). The IGA has identified cost savings that are likely to be realized through the implementation of specific energy cost reduction strategies, measures and technologies to improve the efficiency of lighting, HVAC, steam system, insulation (roof and/or duct), humidification, building envelope, motor, refrigeration and other energy efficiency measures that are appropriate and cost effective (collectively, "ECMs"). PSE&G is providing this Multifamily Housing Program Repayment Agreement (the "Letter Agreement") as a result of the IGA work performed.

a) Evaluation of Operating Systems: PSE&G has conducted a detailed review and, where cost effective, proposed alternative service arrangements and/or capital improvements for the operating systems at the IGA Project; the scope of this review is more fully set forth in **Exhibit A, Energy Efficiency Opportunities – the "IGA Report"**, attached hereto and made a part hereof.

b) Operations and Maintenance Practices: PSE&G has evaluated the Owner's operation and maintenance practices, where applicable, for each operating system at the IGA Project.

1. During the course of conducting the IGA, PSE&G performed an on-site detailed inspection of the Project to establish a base usage ("Baseline") against which energy savings to be obtained from implementation of the ECMs shall be measured. During the IGA, Owner confirms that it provided for PSE&G's review and analysis all documentation and data including, without limitation, utility bills and historic operating equipment data reasonably requested by PSE&G to evaluate the Owner's current operations and the cost effectiveness of the implementation of various energy efficiency strategies. Any withholding or misrepresentation of such documentation and data may result in an inaccurate Baseline. PSE&G's evaluation activities included, without limitation, a detailed visual inspection of the IGA Project and operating systems and such other activities or measurements including kWh, temperature and flow rate as PSE&G determined to be needed to establish a Baseline for the IGA Project.

2. PSE&G has reviewed and submitted the IGA Report to Owner, and a copy to the New Jersey Housing and Mortgage Finance Agency (NJHMFA) identifying those ECMs that PSE&G proposes to fund. PSE&G, Owner and NJHMFA have met to review the IGA and have agreed upon the proposed ECMs (the "IGA Project") that will be constructed and installed. If applicable, Owner has executed a "Limited Notice to Proceed" Letter I agreeing to proceed with the "Engineering Phase" of the Program. PSE&G has provided technical assistance in the form of an engineering analysis to determine the final ECMs eligible for project installation/construction and has developed the engineering and design drawings and documents (bid-ready-documents) required in order to develop a description of the work to be performed ("Scope of Work") needed to obtain price quotations for implementation of the agreed upon ECM options. If applicable, Owner has executed a "Limited Notice to Proceed" Letter II agreeing to proceed with the "Scope of Work and Solicitation of Contractor Bids Phase" of the Program. **NJHMFA funded projects are required by NJHMFA to obtain a minimum of three (3) bids.**

3. The Owner has submitted the proposals (the "Proposal") to PSE&G and NJHMFA for construction of the IGA Project, which specifies the ECMs options Owner proposes to construct and install, and the proposed costs to be incurred in construction of the IGA Project. PSE&G and NJHMFA, have evaluated the cost effectiveness of the Proposal by determining the simple payback period (the "Payback Period") based on construction cost estimates submitted by Owner and approved the cost estimates (the "Approved IGA Project Costs") and the annual energy savings determined by PSE&G in its sole discretion to be produced by the IGA Project. PSE&G, at its sole discretion, has determined which ECMs option it will fund through this Program.

4. PSE&G has approved the IGA Project and PSE&G and Owner will enter into an owner reimbursement agreement ("**Form of Owner Reimbursement Agreement**") in the form of **Exhibit B** for energy efficiency measures attached hereto.

- a. **The Owner will need to receive NJHMFA approval prior to signing the Owner Reimbursement Agreement.**

- b. **The Owner shall have two (2) weeks from the date of the Owner Reimbursement Agreement to review and sign the Owner Reimbursement Agreement.**
5. Following execution of the Owner Reimbursement Agreement and subject to the terms and conditions of Paragraph 4 of this Letter Agreement, PSE&G shall provide funding for the approved project costs which satisfy the conditions of this Letter Agreement. PSE&G will provide financial incentives that will reduce the Owner's Payback Period for the IGA Project by buying down the payback by seven (7) years, to a level not less than two (2) years. PSE&G will pay to the Owner such portion of the Approved IGA Project Costs equal to the IGA Project incentive, (the "PSE&G Permanent Financial Incentive") as determined by PSE&G in its sole discretion. All approved IGA Project Costs in excess of the PSE&G Permanent Financial Incentive (the "Owner's Share") shall be recaptured by PSE&G from the Owner over a ten (10) year period (the "Recovery Period") by means of an additional charge added to the Owner's monthly PSE&G bill as a separate item in an amount sufficient to fully amortize repayment of the principle amount of the Owner's Share over the Recovery Period. PSE&G shall not charge and the Owner shall not pay any interest on the Owner's Share. Owner shall construct and own the IGA Project.
6. The Owner shall notify PSE&G when the Owner has signed a construction contract (the "Construction Contract") with the Owner's contractor, and shall provide a copy of the signed Construction Contract to PSE&G. The Construction Contract shall be provided to PSE&G within two (2) weeks of executing the Form of Owner Reimbursement Agreement.
7. The Owner will be paid in three stages or "progress payments" during the course of Program participation (as long as pre-approval for the Program was granted prior to any work done or expenditures made). The three stages of the Program progress payments are:
- **Stage One: Execution of Contract:** The Investment Grade Audit (IGA) completed and the results of the audit have been discussed with the Owner; including a review of eligible measures and costs. Once the Owner commits to install the agreed-upon ECMs, selects their contractor(s), and signs a contract with their contractor(s) to install the ECMs, the Owner enters into this Letter Agreement with PSE&G. PSE&G will review the Construction Contract to determine if the ECMs to be constructed pursuant to the terms of the Construction Contract conform and are consistent with the ECMs identified in the final IGA and construction costs proposed in the formal proposal. If PSE&G is satisfied in PSE&G's sole discretion that the ECMs and related costs do so conform, and that the construction costs set forth in the Construction Agreement are less than or equal to the proposed PSE&G Financial Incentive, PSE&G shall pay to the Owner the initial progress payment for the initial upfront costs of the IGA Project, as specified in **Exhibit B**, and Owner will begin to construct the IGA Project.
 - **Stage Two: Job 50% Complete:** After 50% of the ECMs have been installed and inspected by PSE&G (or its agent) and PSE&G is satisfied in its sole discretion that

installation of the ECMS is satisfactorily complete, the second progress payment of the IGA Project costs will be paid to the Owner as specified in **Exhibit B**.

- **Stage Three: Balance on Final Inspection:** After all ECMs have been installed and commissioned (fired up and operating according to manufacturer specifications), PSE&G (or its agent) will perform a final inspection on all work performed. **If the IGA Project passes the final inspection, all project funded costs will be “true-up” based on actual project costs, if the final project costs are less than the original Approved IGA Project Costs, the final payment will be adjusted down to reflect the actual costs. If the final costs are equal to or greater than the original Approved IGA Project Costs, the final payment will not be adjusted and will be paid according to the original Approved IGA Project Costs. Once the cost true-up is complete, PSE&G will pay the remaining progress payment to the Owner. The parties acknowledge and agree that PSE&G shall not under any circumstances be required to make an aggregate payment in excess of the original Approved IGA Project Costs. The Cost True-Up includes, but is not limited to the review of all IGA Project associated invoices, contracts, agreements, receipts and inventory and such documents or other information as deemed necessary by the Company in its sole discretion to identify and calculate all actual Project expenditures.** At this time, the IGA Project is considered complete and the Owner repayments will begin.

8. The Owner shall notify PSE&G when construction of the IGA Project is commenced. At its discretion, PSE&G may, upon reasonable notice to the Owner, inspect the IGA Project site during various construction intervals. This inspection shall be conducted at a time mutually agreeable to PSE&G and the Owner. The Owner shall notify PSE&G when construction of the IGA Project is approximately 50% complete, so that PSE&G may inspect construction at that time to determine eligibility for the Stage Two progress payment. The Owner shall also notify PSE&G when construction of the IGA Project is 100% complete so that PSE&G may inspect and approve the IGA Project for the purpose of establishing the Owner's eligibility to receive the final PSE&G Financial Incentive. PSE&G shall make a reasonable effort to perform the final inspection (the "Final Inspection") for the IGA identified energy efficiency measures within thirty (30) business days after the Owner serves notice on PSE&G that the IGA Project is ready for the inspection. The Final Inspection shall be performed at a time or times mutually agreeable to PSE&G and the Owner. The Final Inspection may be conducted in a single or a series of on-site, detailed inspections of the IGA Project as determined by PSE&G in its discretion, and shall include, without limitation, a visual inspection of all areas and systems associated with the IGA Project, and other measurements as determined by PSE&G. PSE&G shall maintain records of energy usage and inspection results for the purpose of evaluating the effectiveness of the IGA Project, and for calculation of the Payback Period. In the event that after conducting the Final Inspection PSE&G approves the IGA Project construction, PSE&G shall pay the PSE&G Financial Incentive as applicable to the Owner within thirty (30) days following approval of the IGA Project construction by PSE&G. In the event that after conducting the Final Inspection, PSE&G disapproves the IGA Project construction, PSE&G shall provide the Owner and NJHMFA (as the first mortgage lien holder on the IGA Project), with written

notice specifying the reasons for its disapproval. The Owner shall have fourteen (14) days to submit a written plan to PSE&G, with a copy to NJHMFA, to remedy (the "Remedial Plan") the deficiencies specified by PSE&G. PSE&G shall have fourteen (14) days following receipt of Owner's Remedial Plan to review and approve or disapprove the Remedial Plan. If PSE&G disapproves the Remedial Plan, PSE&G may terminate this Letter Agreement in writing to Owner with a copy to NJHMFA and have no further liability hereunder. PSE&G shall provide the Owner with written notice specifying the reasons for its disapproval. Any monies (progress payments) previously paid to Owner shall become immediately due and payable to PSE&G.

9. If the Remedial Plan is approved by PSE&G, the Owner shall implement and complete the Remedial Plan within six (6) months following approval thereof by PSE&G. If the Remedial Plan is not susceptible of being implemented and completed within six (6) months, the Owner shall undertake diligent efforts in good faith within such six (6) month period to implement and complete the Remedial Plan; and the Owner shall continue to actively implement and complete the Remedial Plan; provided, however, that notwithstanding any provisions contained in this Letter Agreement to the contrary, PSE&G may terminate this Letter Agreement in writing to Owner with a copy to NJHMFA and have no further liability hereunder if the Remedial Plan is not fully implemented and completed within six (6) months following approval thereof by PSE&G. The Final Progress Payment shall not be payable by PSE&G unless and until the IGA Project is one hundred (100%) complete and the IGA Project shall have reached the date of commercial operation. Notice shall be provided by certified or registered mail, postage prepaid, return receipt requested, or by facsimile to the Owner at the address noted on the first page of this Letter Agreement, and to NJHMFA at: New Jersey Housing and Mortgage Finance Agency, P.O. Box 18550, Trenton, New Jersey 08650-2085, Attention: Executive Director.

10. All labor provided by or on behalf of the Owner in connection with work on IGA Projects that qualify as a "public work" under the New Jersey State Prevailing Wage Act, N.J.S.A. 34:11-56.25 et seq. (the "Act"), shall be performed by union craft or will be provided in compliance with all aspects of the Act. All Labor provided by or on behalf of the Owner in connection with work on IGA Projects that do not qualify as a "public work" as defined by the Act, shall be performed by union craft paid in accordance with the union contract or by non-union employees paid at a rate equivalent of the prevailing wages for the county in which the work is to be performed.

Assembly Bill 3372 ("Act"), concerns prevailing wage for certain construction contracts undertaken in connection with Board of Public Utilities financial assistance and supplementing Title 48 of the Revised Statutes. PSE&G may, in its sole and exclusive discretion, require that the terms of these contracts only as they relate to services provided in PSE&G's service territory where PSE&G supplies both gas and electric service, be revised to reflect the requirements of the new Act, (or similar proposed legislation) irrespective of whether the Act, or regulations implemented pursuant thereto, will mandate compliance with the Act's requirements during the term of the contracts.

Terms and Conditions

1. INCENTIVES: Owner confirms they have not received incentives or services for the same services from another utility, state, or local program. Owner agrees not to apply or receive incentives for the same services from another utility, state, or local program.
2. PROPERTY RIGHTS: Owner represents that it has the right to perform the energy saving measures on the property on which those measures are to be performed and that any necessary consents have been obtained.

TERM AND TERMINATION:

- A. Term. The term of this Agreement shall not exceed the term of the Program, or the availability of funds provided by PSE&G to pay for the Program services.
 - B. Termination without cause. Either the Owner or PSE&G may terminate this Agreement at any time by providing the other party with 30 days advance written notification, provided however, **that if the Owner terminates participation, Owner shall reimburse PSE&G in full for all project costs PSE&G has incurred to date of Owner's termination.**
 - C. If PSE&G terminates this Agreement without cause and Owner determines to complete construction of the IGA Project PSE&G will continue to provide the progress payments provided for pursuant to this Agreement and Owner will repay the Owner's Share during the Recovery Period.
3. The relationship of PSE&G and Owner shall be that of independent parties and neither this Letter Agreement nor anything done pursuant to this Letter Agreement shall be deemed to create any partnership, joint venture, agency or other relationship between the parties.
 4. This Letter Agreement is intended for the sole benefit of the parties and there are not third party beneficiaries, express or implied, to this Agreement.
 5. The parties hereto agree that the information furnished to PSE&G by the Owner in connection with the performance of its obligations hereunder is confidential unless and until the Owner either (i) submits a Proposal to PSE&G or (ii) chooses not to submit a Proposal to PSE&G within thirty (30) days of the delivery of the IGA Report. PSE&G shall consider all information furnished by Owner to be confidential and shall not disclose any such information to any other person, or use such information itself for any purpose other than in connection with this Letter Agreement without the Owner's prior written consent. The Owner shall consider all information furnished by PSE&G to be confidential and shall not disclose any such information to any other person, or use such information itself for any purpose other than in connection with this Letter Agreement and any subsequent agreements contemplated by the parties hereunder, without PSE&G's prior written consent. Provided, however, either party may disclose such information as may be required to be disclosed by law or court order from a court of competent jurisdiction provided further that, unless otherwise prohibited by law, the party whose information is required to be disclosed is given reasonable time to take legal action to quash such action and seek other protection. Provided further it is expressly understood and agreed that this Letter Agreement is entered into in connection with and is subject to

PSE&G's Multifamily Efficiency Program (the "Program"), and upon completion of the Program PSE&G may be required to prepare a Program evaluation report (the "Program Evaluation Report") and submit it to the NJ Board of Public Utilities (the "BPU"). The Program Evaluation Report may among other participant information identify the Program participants by name and Project address, identify the ECMs implemented by each Program participant and the savings achieved by each Program participant.

6. Owner will provide PSE&G with any existing information concerning the IGA Project, the operational systems and costs, Owner's operation and maintenance practices and other available information which reasonably relates to the services to be undertaken by PSE&G ("PSE&G's Services") pursuant to this Letter Agreement. Owner will also provide PSE&G with access to the IGA Project and the operating systems upon reasonable advance notice. Owner will be the primary contact for assisting PSE&G in connection with PSE&G's Services, and PSE&G will rely on, the accuracy and completeness of the information furnished by Owner as contemplated herein. PSE&G and Owner will otherwise cooperate with each other in connection with PSE&G's Services.

7. This Letter Agreement shall not be amended, modified or otherwise altered, except pursuant to a written agreement signed by the parties.

8. This Letter Agreement constitutes the full, complete and only agreement between the parties hereto with respect to the foregoing and supersedes any previous agreements, representations or undertakings, either oral or written. This Letter Agreement may be executed by the parties hereto on separate counterparts each of which when executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

9. **This Letter Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New Jersey.**

10. PSE&G may subcontract all or a portion of its obligations under this Letter Agreement without the prior written consent of Owner. This Letter Agreement may not be assigned or delegated in whole or in part by Owner without the written consent PSE&G.

11. **Limitation of Liability:** In no event will PSE&G or its subcontractors be liable for any losses, damages, cost or expenses however caused, arising from this Letter Agreement. PSE&G's total liability to Owner for all actions, claims, or suits of any kind, whether based upon warranty, contract, tort (including negligence and strict liability) or otherwise, for any losses, damages, costs or expenses of any kind whatsoever arising out of, resulting from, or related to the performance or breach of this Letter Agreement shall, under no circumstances, exceed the Cost of the IGA. PSE&G shall not, under any circumstances, be liable for any special, indirect, incidental, punitive or consequential losses, damages, costs, or expenses whatsoever (including for lost profits, time or revenue) for anything arising out of the performance or nonperformance of this Letter Agreement, whether claims for said losses or damages are premised on warranty,

negligence, strict liability, contract or otherwise. Any action against PSE&G arising out of, resulting from, or related to the performance or breach of this Letter Agreement shall be filed no later than one (1) year after the cause of action has occurred. The provisions of this paragraph 12 shall survive termination or expiration of this Letter Agreement.

12. OWNER SHALL DEFEND AND HOLD PSE&G HARMLESS FOR ALL NEGLIGENT OR INTENTIONAL ACTS OF THIRD PARTIES.

13. IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT PSE&G MAKES NO WARRANTY AND ASSUMES NO RESPONSIBILITY, EXPRESSED OR IMPLIED, FOR THE CONDITION, PERFORMANCE, MAINTENANCE, MANUFACTURE, OR DESIGN OF THE IGA, THE ECMs, THE CONSTRUCTION OF THE IGA PROJECT OR THE CALCULATION OF PAYBACK PERIODS. PSE&G MAKES NO REPRESENTATIONS AND DISCLAIMS ANY WARRANTY, WHETHER STATUTORY, WRITTEN, ORAL, EXPRESS, OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ARISING OUT OF ANY COURSE OF DEALING OR USAGE OF TRADE. ANY INFORMATION PROVIDED BY PSE&G, WHICH RELATES TO THE IGA, THE ECMs, THE IGA PROJECT, OR THE CALCULATION OF PAYBACK PERIODS, SHALL BE FOR INFORMATIONAL PURPOSES ONLY AND SHALL NOT BE GUARANTEED OR WARRANTED.

Signatures on the following page.

If you agree to the terms set forth in this Letter Agreement, please so indicate by signing and returning to PSE&G the additional copy of this Letter Agreement provided for that purpose.

Sincerely,

Public Service Electric & Gas Company

By: _____

Name: _____

Title: _____

Acknowledged, accepted and agreed

This _____ day of, _____, 2010

OWNER'S FULL LEGAL NAME _____

By: _____

Printed Name: _____

Title: _____



Exhibit A
Energy Efficiency Opportunities
PSE&G Energy Efficiency Economic Stimulus Initiative
Multifamily Housing Program

Energy Efficiency Opportunities
Final Investment Grade Audit Report
(to be attached hereto and made part thereof)

Exhibit B
PSE&G Energy Efficiency Economic Stimulus Initiative
Multifamily Housing Program
Form of Owner Reimbursement Agreement
For Energy Efficiency Upgrades

RECITALS:

WHEREAS Public Service Electric & Gas Company ("PSE&G") and _____ (the "Owner") have entered into a Letter Agreement, dated _____ for the purpose of providing certain financial incentives to the Owner in connection with implementation of specific energy efficiency cost reduction strategies, measures and technologies to improve the efficiency of lighting, HVAC, humidification, steam system, building envelope motor, refrigeration and other energy consuming equipment (collectively "Energy Conservation Measures") at Owner's _____ premises _____ and _____ building _____ located _____ at _____

_____ (collectively, the "Project");

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Parties hereto agree as follows:

1. This Owner Reimbursement Agreement is made expressly subject to the Letter Agreement which is incorporated herein by reference. All terms capitalized herein and not otherwise defined shall have the meanings ascribed thereto in the Letter Agreement.
2. It is expressly understood and agreed that:
 - (a) the total amount of the Approved Project Costs to be advanced by PSE&G is estimated at, and will not exceed \$ _____; payable as follows:
 - **Stage One: Execution of Contract:** PSE&G will pay first Progress payment based on actual project costs in the amount of \$ _____ to the Owner and the Owner will begin the IGA Project.
 - **Stage Two: Job 50% Complete:** After 50% of the ECMs have been installed and inspected by PSE&G (or its agent), PSE&G will pay the second progress payment in the amount of \$ _____ to the Owner.
 - **Stage Three: Balance on Final Inspection:** After all ECMs have been installed and commissioned (fired up and operating according to manufacturer specifications) and PSE&G (or its agent) has performed a successful ("passing") final inspection on all work performed, and **PSE&G has performed a cost true-up of all project funded costs, (if the final project costs are less than the original estimate, the final payment will be adjusted down to reflect the actual costs. If the final costs are more than the original estimate, the final payment will not be adjusted and will be paid according to the original estimate), based on the actual installed project costs; not to exceed the IGA Project cost estimates as approved by**

PSE&G; PSE&G will pay the final progress payment of the Program, in an amount to be determined. The Cost True-Up includes, but is not limited to the review of all IGA Project associated invoices, contracts, agreements, receipts and inventory and such documents or other information as deemed necessary by the Company in its sole discretion to identify and calculate all actual Project expenditures. In the event the Owner fails to complete Stage Three or fails the final inspection, the Stage Three progress-payment will not be paid and the Owner will have six (6) months to complete the IGA Project and/or pass the final inspection. If the Owner fails to comply, the repayment of the amounts owed to PSE&G will become immediately due and payable.

(b) the amount of the PSE&G Permanent Financial Incentive, is estimated at, and will not exceed \$ _____;

(c) the amount of the Owner's Share that the Owner shall reimburse to PSE&G is estimated at \$ _____;

(d) the Owner 's Share shall be reimbursed to PSE&G by the Owner through an additional charge added to the Owner's monthly PSE&G electric bill as a separate charge in an amount estimated at \$ _____ for one hundred twenty (120) months, which shall be paid by Owner;

IN WITNESS WHEREOF, the Parties hereto have caused this Owner Reimbursement Agreement to be executed by their duly authorized representatives as of the day and year first above written.

Public Service Electric & Gas Company

By: _____

Name: _____

Title: _____

Acknowledged, accepted and agreed this ____ day of _____, 2010

INSERT OWNER'S FULL LEGAL NAME _____

By: _____

Printed Name: _____

Title: _____





PSE&G Carbon Abatement Hospital Efficiency Program

Hospital Application

As part of its Board of Public Utilities approved **Carbon Abatement Program (CAP) Initiative**, Public Service Electric and Gas Company (PSE&G) is introducing the **Hospital Efficiency Program (Program)**. The Hospital Efficiency Program is designed to reduce carbon emissions by lowering the energy consumption of hospitals and to **provide hospitals with up-front financing of the cost of eligible efficiency installations.**

This Program will provide eligible hospitals in the PSE&G service territory with an investment grade audit of their hospital at no cost. Hospitals considering a new building or significant expansion are also eligible for funding under PSE&G's Program. The Program will provide new construction proposal review for energy efficiency upgrades for proposed new hospital construction. The Program is limited to in-patient hospitals and other in-patient medical facilities that operate twenty-four hours a day, seven days a week (24-7) in PSE&G's electric and/or, gas service territory. **Funding priority will be given to non-profit organizations and hospitals located in municipalities that contain Urban Enterprise Zones (UEZ's).**

Program Application

The intent of the **Hospital Efficiency Program Application** is to provide PSE&G with: a.) enough basic building information to determine best opportunities for a comprehensive energy audit, (investment grade audit) and subsequent technical and financial program support for retrofit projects and possible installations of combined heat and power systems for existing hospitals, and b.) initial information about new hospital construction projects to determine best opportunities for technical and financial support in high efficiency lighting, HVAC, controls, and building envelope measures. Any and all completed submissions do not automatically qualify or disqualify interested participants.

Please work with your PSE&G Large Customer Support Representative to complete the application OR return the attached application form to:

By mail: PSE&G
Attn: Bonnie Graziano
80 Park Plaza, T7
Newark, NJ 07102

By e-mail: Bonnie.Graziano@pseg.com

Program Incentives

Energy efficiency measures with a payback of fifteen (15) years or less will be considered for incentives under this program. PSE&G will provide an incentive by buying down the payback by seven (7) years, to a level not less than two (2) years. For example:

- A project with a 15-year payback will receive an incentive which will effectively reduce the payback to 8 years by PSE&G buying down the payback by 7 years.
- A project with a payback of 5 years will receive an incentive which will effectively reduce the payback to 2 years.

Application

Applicant Information:		
Applicant - Name	Applicant - Title	
Building Operations - Lead	Building Operations Lead - Title	
Company:		
Building Name <i>(if applicable)</i> :		
PSE&G Account Number (s) <i>(if applicable)</i>		
Building Address:		
Mailing Address <i>(if different than above)</i> :		
City:	State:	Zip:
Email:	Telephone #	Fax #
Check one: <input type="checkbox"/> For-profit ownership <input type="checkbox"/> Not-for-profit or government owned facility		

Additional Project Information

Please complete the following information for Hospital New Construction:

A. Building Information	
1. Square footage: 1a. Gross: _____ SF 1b. Conditioned: _____ SF 1c. Garage? <input type="checkbox"/> Y <input type="checkbox"/> N > IF YES > _____ SF	2. Construction Type: <input type="checkbox"/> New Building <input type="checkbox"/> Change of Use OR Major Reconstruction
3. Project Delivery Method <i>(Please check one)</i> : <input type="checkbox"/> Design, bid, build <input type="checkbox"/> Design/build <input type="checkbox"/> Guaranteed Maximum Price	4. Occupancy: Est. no. of full time staff: ____

<input type="checkbox"/> Construction manager <input type="checkbox"/> Other (write in): _____	Projected no. of beds: _____
5. Schedule – Please list all dates, whether past, current planned, or estimated. a. Schematic design: _____ b. Design development: _____ c. Construction documents: _____ IF ABOVE IS A PAST DATE > Already submitted to the local jurisdiction? <input type="checkbox"/> No <input type="checkbox"/> Yes d. Project bid date: _____ e. Construction complete date: _____	
6. <i>Design Intentions - please check all that apply:</i> <input type="checkbox"/> LEED certified On-site power generation > <input type="checkbox"/> PV <input type="checkbox"/> Cogen <input type="checkbox"/> Other: _____ <input type="checkbox"/> Advanced daylighting	

Please complete the following information for Hospital Retrofits:

A. Building Information			
1. Square footage: 1a. Gross: _____ SF 1b. Conditioned: _____ SF 1c. Garage? <input type="checkbox"/> Y <input type="checkbox"/> N > IF YES > _____ SF		Major Additions: 1. Year: _____ SF: _____ 2. Year: _____ SF: _____ 3. Year: _____ SF: _____	
2. Approximate yearly electric consumption (kWh and cost): 2a. kWh: _____ 2b. Cost: _____		3. Approximate yearly gas consumption (therms and cost): 3a. Therms: _____ 3b. Cost: _____	
4. Building – year built: _____ 4b. Year of last major/whole building renovation: _____		5a. No. of full time staff: _____ 5b. No. of beds: _____	
6. Utility Account Number(s) – attach separate sheet if needed (Move to top section of application)			
7. Interior lighting: <input type="checkbox"/> Primarily T8 <input type="checkbox"/> Partially T8, Partially T12 <input type="checkbox"/> Primarily T12			
HVAC Information – Feel free to attach a separate sheet for items 10 and 11			
9. Control type (check one)	<input type="checkbox"/> Entirely DDC	<input type="checkbox"/> DDC/pneumatic hybrid	<input type="checkbox"/> Entirely pneumatic
10. Please briefly describe your HVAC system configuration, including type and number of units (for example: built up air handlers, package units, boilers, chillers-centrifugal, absorption, cooling towers, etc.)			
11. HVAC system – Brand and age of major components (heating systems, pumps, air handlers, chillers, etc.)			

Please complete the following information for all projects as applicable:

B. Available Documentation		
Are these documents available for review at your facility?	Yes	No
1. Utility bills		
2. Control system architecture drawings		
3. Control system sequence of operations		
4. Control system points lists		
5. Architectural design drawings and specifications		
6. HVAC design drawings and specifications		
7. Electrical design drawings and specifications		
8. Benchmarking score and facility summary report (US EPA or other source)		
IF YES to No. 8 > What is your last or latest score:		
IF YES to No. 8 > Identify the source of your score (US EPA or other source):		

C. Program Participation Items – These will be reviewed afterwards with a Utility Representative			
Building owner >	Date:		Name:
Utility Representative >	Date:		Name:
	Building Owner:		Utility Rep: confirmation and notes
Answering “yes” certifies that the statement is true.	Yes	No	
1. The building owner is responsible for all operating expenses.			
2. The building owner is willing to commit senior building staff time to assist, as needed, with the audit walkthroughs and necessary data.			
3. There are no planned major renovations or retrofits within the next three years.			
4. The building owner is willing to sign a release for energy bills.			
5. The building owner can allow the energy auditor (i.e. the engineering firm that would do the initial audit) to walk through and assess ALL spaces.			
5 a. Will the visiting engineering firm need special security clearance above normal visitor protocol?			
6. Does the building owner use a software package for maintenance planning and assignments?			
7. The company that owns the building has an energy efficiency, sustainability, or environmental impact mission statement or policy.			
8. The building owner can dedicate and empower one point of contact for all communications, decision making, and for moving internal decisions forward			

D. Controls Verification and Trending			
EMS Description (Age, type of system, software version)			
3 rd party controls vendor? <input type="checkbox"/> Y <input type="checkbox"/> N IF YES > Brief description of business relationship (full operations, service contract, etc.)			
Controls Check Off Questions	Building Owner:		Utility Rep: confirmation and notes
	Yes	No	
"Yes" certifies that the statement is true.			
1. Does the EMS cover the entire facility?			
2. Is there more than one EMS system?			
3. Are "local controls" prevalent within the facility?			
4. Have EMS hardware (head-end, sensors, etc.) been installed or upgraded within the last 5 years?			
5. Has the EMS program been upgraded or installed within the last five years?			
6. Does the building owner or controls contractor have the ability to add/modify trending to the existing software?			
7. Does the head-end computer have sufficient capacity to store trend data?			
8. Are trend reports currently being run on the existing EMS?			
9. Does the EMS report alarms from the field?			
10. Can operators identify units in manual bypass operation from the EMS?			
11. Does a site technician have access to the system and has full knowledge of EMS operation?			
12. Is the control system maintained and operated by a third party vendor?			
13. Are system screens comprehensive and cover multiple monitoring points?			
14. Does a review of system screens identify any problems with the system?			



**PSE&G Hospital Efficiency Program
IMPORTANT INFORMATION - LIMITED NOTICE TO PROCEED**

[Insert Date]

Hospital Facility __ [Insert Project Name] __
Address __ [Insert Address] __

Dear [Insert Customer Name]:

[Insert Customer name] (the "Customer") has applied to Public Service Electric and Gas Company ("PSE&G") to participate in PSE&G's **Hospital Efficiency Program** (the "Program").

This letter (the "Letter Agreement") is to inform you, the Customer, that PSE&G has completed our review of the Investment Grade Audit (the "IGA") that we recently performed at Customer's hospital facility under PSE&G's Hospital Efficiency Program. Based on our review of the IGA report, including the energy conservation measure ("ECM") simple payback period, construction cost estimates amortized on a straight line basis, and ECM cost effectiveness calculations, we have identified those ECMs which qualify for the next step of the project; the engineering phase (the "Engineering Phase"). Those ECMs are described in **Attachment I** to this letter.

This Letter Agreement is subject to the terms and conditions set forth in the Program Application and Building Owner Agreement dated [insert date] and submitted by the Customer.

In the Engineering Phase of the project, the engineering firm will develop the engineering and design drawings and documents (bid-ready documents) required in order to develop a description of work to be performed by your winning construction contractor bidder (the "Scope of Work") for contractor bids. The Engineering Phase of the project is critical in determining the final ECMs to be installed/constructed at the Customer's hospital facility. PSE&G will work the Customer through this process. Following the completion of the Engineering Phase and after bids have been solicited, PSE&G and the Customer will enter into an agreement (the "Customer Reimbursement Agreement"); which will specify how PSE&G will fund the overall project costs and how the Customer will repay the Customer's share of the overall project costs through a charge on the Customer's monthly PSE&G utility bill.

The Scope of Work must be issued, bids evaluated and a contractor(s) selected in order to provide firm ECM pricing for the program "Customer Reimbursement Agreement" that you, the Customer will be required to sign prior to commencing installation work at your hospital facility.

The Hospital Efficiency Program will not cover costs associated with abatement and remediation of any hazardous materials (including, but not limited to: asbestos, lead paint,

decommissioned oil tank removal, mold, etc.). This becomes the responsibility of the facility owner.

By signing this letter, please be advised that once the Engineering Phase has been completed and bid-ready documents are complete, **if you choose not to continue your participation in this program, you will incur the full cost of the associated engineering fees described in Attachment I to this letter.** However, if you continue to participate in this program, these costs will remain included in the overall implementation cost of each ECM.

Please sign Attachment I to this letter indicating your understanding and agreement to proceed with the Engineering Phase of the program as outlined above.

Thank you for your participation in PSE&G's Hospital Efficiency Program. If you have any additional questions, please me at 973-912-3338.

Sincerely,

Bonnie S. Graziano
Manager, Business Development
Energy Efficiency Solutions & Renewables



PSE&G Energy Efficiency Economic Stimulus Initiative
Hospital Efficiency Program

Attachment I
Energy Conservation Measures (ECMs)

[Insert Date]

Hospital Facility __ __
Address __

Based on PSE&G’s review of the IGA report, including energy conservation measure (the "ECM") “payback” and ECM cost effectiveness calculations, we have identified those ECMs which qualify for the next step of the project; the engineering phase (“Engineering Phase”). A comprehensive list of qualified and approved ECMs will be detailed in the Final IGA report to be completed after the Engineering Phase of the program.

Based on the initial IGA report, the estimated engineering costs for your project are \$[Insert Amount]. **Please be advised that PSE&G may change this amount if issues are discovered during the course of the Engineering Phase which require additional effort or analysis.**

Also, those costs associated with the project engineering for the development of a project "Scope of Work, which will be used to prepare the bid-ready documents, to determine the construction administration (review and oversight) and system-wide commissioning (prior to the final inspection) appropriate for the project, and which are part of the overall project, will be paid by PSE&G on behalf of its Hospital Efficiency Program, and will be incorporated into the overall project costs and subject to the project payback schedule.

Hospital Efficiency Program Signatures:

I have read and understand the Limited Notice to Proceed Letter, including Attachment I, I have been informed that the estimated engineering costs for the project are \$[Insert Amount] and agree to proceed with the Engineering Phase of the program as described. I understand that if I choose not to proceed with program participation after the Engineering Phase of the program has begun or been completed, I will be responsible to pay all costs associated with that work. Those costs will become immediately due and payable along with any progress payments which may have been made by PSE&G to date. I further understand that if PSE&G determines not to move forward with the project because it determines that completion of the Project will not make a sufficient contribution toward achieving the Hospital Efficiency Program goals, PSE&G will be responsible to pay all costs associated with that engineering work. I also understand that, if at any time, a conflict exists or arises (legal or otherwise) which restricts or impedes the project, PSE&G may consider cancelling or terminating this project if PSE&G may become a party to the conflict.

Hospital Facility Owner:

Signature _____

Title _____

Date _____

PSE&G:

Signature _____

Title _____

Date _____



**PSE&G Energy Efficiency Economic Stimulus Initiative
Hospital Efficiency Program**

**Attachment I - Scope of Work and Solicitation of Contractor Bids Phase
Energy Conservation Measures (ECMs)**

September __, 2010

Hospital Facility __ __

Address __

Based on PSE&G's review of the Engineering Report, including energy conservation measure (ECM) "payback" and ECM cost effectiveness calculations, we have identified those ECMs which qualify for the next step of the project; the "Scope of Work and Solicitation of Contractor Bids Phase". **A comprehensive list of the qualified and approved ECMs is attached hereto in the Final IGA report.**

Based on the final Engineering Report, the actual engineering costs for your project are \$XX,000. Those costs associated with the project engineering for the development of a project Scope of Work (to prepare the bid-ready documents), which are part of the overall project, will be paid by PSE&G on behalf of the Hospital Efficiency Program, and will be incorporated into the overall project costs and will be subject to the project payback schedule.

Hospital Signature: Please sign and return this letter to PSE&G within 10 business days of receipt.

I have read and understand the Limited Notice to Proceed Letter II and agree to proceed with the "Scope of Work and Solicitation of Contractor Bids Phase" of the program as described. I understand that, if at any time, a conflict exists or arises (legal or otherwise) which restricts or impedes the project, PSE&G may consider cancelling or terminating this project if PSE&G may become a party to the conflict. I also understand that this Letter continues to be subject to the Terms and Conditions as set forth in the original Limited Notice to Proceed Letter I (LNTP I) dated [Insert Date]

Hospital Facility Owner:

Signature _____

Title _____

Date _____

PSE&G:

Signature _____

Title _____

Date _____



**PSE&G Hospital Efficiency Program
New Construction - Customer Agreement**

Date { Fix this – re: incentive structure }

CUSTOMER'S FULL CORPORATE NAME AND ADDRESS

Dear _____:

Public Service Electric & Gas Company ("PSE&G") is offering an energy conservation program designed to reduce carbon emissions by lowering the energy consumption of hospitals in PSE&G's electric and gas service territory. PSE&G is offering a new construction incentive program that promotes the construction by hospitals of highly efficient and environmentally friendly energy measures and technologies (the "Energy Conservation Measures"). The program will provide financial incentives for those Energy Conservation Measures that exceed the efficiency requirements of current applicable codes. PSE&G and _____ (the "Customer") have entered into preliminary discussions regarding a project (the "Project") for new construction of

at premises and facilities located at (collectively, the "Facility") that the Customer is evaluating. Based on the preliminary discussions between the Parties, the Customer has determined that it will develop and submit a new construction proposal (the "Proposal") for evaluation and approval by PSE&G.

NOW, THEREFORE, in consideration of the mutual promises and obligations contained herein, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. PSE&G will evaluate the Proposal to determine that (a) the Energy Conservation Measures that the Customer proposes to construct exceed the efficiency requirements codes applicable to the Energy Conservation Measures (b) the simple pay back period (the "Payback Period") will not exceed fifteen (15) years, based on construction cost estimates submitted by Customer and approved by PSE&G (the "Approved Project Costs") and the annual energy savings determined by PSE&G in its sole discretion to be produced by the Project. Any Energy Conservation Measures proposed by the Customer

that based upon PSE&G's calculations shall require a Payback Period in excess of fifteen (15) years or less than two (2) years, shall not be eligible to receive PSE&G's financial incentive. PSE&G will buy down the payback by seven (7) years, to a level not less than two (2) years. If PSE&G approves the Project, PSE&G and Customer will enter into a construction cost allocation agreement ("Form of Customer Reimbursement Agreement") in the form or **Exhibit A** hereto, and subject to the terms and conditions of Paragraph 2 of this letter agreement, PSE&G will pay to the Customer such portion of the Approved Project Costs equal to the amount required, (the "PSE&G Financial Incentive") as determined by PSE&G in its sole discretion. Customer shall construct and own the Project.

2. The Customer shall notify PSE&G when construction of the Project is commenced. At its discretion, PSE&G may, upon reasonable notice to the Customer, inspect the Project site during construction. This inspection shall be conducted at a time mutually agreeable to PSE&G and the Customer. The Customer shall notify PSE&G when construction of the Project is approximately fifty percent complete, so that PSE&G may, at its option, inspect construction at that time. The Customer shall notify PSE&G when construction of the Project is complete so that PSE&G may inspect and approve the Project for the purpose of establishing the Customer's eligibility to receive the PSE&G Financial Incentive. PSE&G shall make a reasonable effort to perform the final inspection (the "Final Inspection") within thirty (30) business days after the Customer serves notice on PSE&G that the Project is ready for the Final Inspection. The Final Inspection shall be performed at a time or times mutually agreeable to PSE&G and the Customer. The Final Inspection may be conducted in a single or a series of on-site, detailed inspections of the Project as determined by PSE&G in its discretion, and shall include, without limitation, a visual inspection of all areas and systems associated with the Project, and other measurements as determined by PSE&G. PSE&G shall maintain inspection results for the purpose of evaluating the effectiveness of the Project, and for calculation of the Payback Period. In the event that after conducting the Final Inspection PSE&G approves the Project construction, PSE&G shall pay the PSE&G Financial Incentive to the Customer within thirty (30) days. In the event that after conducting the Final Inspection PSE&G disapproves the Project construction, PSE&G shall provide the Customer with written notice specifying the reasons for its disapproval. The Customer shall have fourteen (14) days to submit a written plan to remedy (the "Remedial Plan") the deficiencies specified by PSE&G. PSE&G shall have fourteen (14) days following receipt of Customer's Remedial Plan to review and approve or disapprove the Remedial Plan. If PSE&G disapproves the Remedial Plan, PSE&G may terminate this Letter Agreement and have no further liability hereunder. If the Remedial Plan is approved by PSE&G, the Customer shall implement and complete the Remedial Plan within thirty (30) days following approval thereof by PSE&G or if the Remedial Plan is not susceptible of being implemented and completed within thirty (30) days, the Customer shall undertake diligent efforts in good faith within such thirty (30) day period to implement and complete the Remedial Plan, and the Customer shall continue to actively implement and complete the Remedial Plan; provided, however, that notwithstanding any provisions contained in this Letter Agreement to the contrary, PSE&G may terminate this Letter Agreement and have no further liability hereunder if the Remedial Plan is not fully

implemented and completed within ninety (90) days following approval thereof by PSE&G.

3. All labor provided by or on behalf of the Customer in connection with work on Projects that qualify as a "public work" under the New Jersey State Prevailing Wage Act, N.J.S.A. 34:11-56.25 et seq. (the "Act"), shall be performed by union craft or will be provided in compliance with all aspects of the Act. All Labor provided by or on behalf of the Customer in connection with work on Projects that do not qualify as a "public work" as defined by the Act, shall be performed by union craft paid in accordance with the union contract or by non-union employees paid at a rate equivalent of the prevailing wages for the county in which the work is to be performed.

Assembly Bill 3372 ("Act"), currently pending before the New Jersey Legislature concerns prevailing wage for certain construction contracts undertaken in connection with Board of Public Utilities financial assistance and supplementing Title 48 of the Revised Statutes. Should the Act (or similar proposed legislation) become law during the term of these contracts, PSE&G may, in its sole and exclusive discretion, require that the terms of these contracts only as they relate to services provided in PSE&G's service territory where PSE&G supplies both gas and electric service, be revised to reflect the requirements of the new Act, irrespective of whether the Act, or regulations implemented pursuant thereto, will mandate compliance with the Act's requirements during the term of the contracts.

4. The relationship of PSE&G and Customer shall be that of independent parties, and neither this Letter Agreement nor anything done pursuant to this Letter Agreement shall be deemed to create any partnership, joint venture, agency or other relationship between the parties.

5. This Letter Agreement is intended for the sole benefit of the parties and there are not third party beneficiaries, express or implied, to this Agreement.

6. The parties hereto agree that the information furnished to PSE&G by the Customer in connection with the performance of its obligations hereunder is confidential unless and until the Customer either (i) submits a Proposal to PSE&G or (ii) chooses not to submit a Proposal to PSE&G within thirty (30) days of the execution of this Letter Agreement. PSE&G shall consider all information furnished by Customer to be confidential and shall not disclose any such information to any other person, or use such information itself for any purpose other than in connection with this Letter Agreement without the Customer's prior written consent. The Customer shall consider all information furnished by PSE&G to be confidential and shall not disclose any such information to any other person, or use such information itself for any purpose other than in connection with this Letter Agreement and any subsequent agreements contemplated by the parties hereunder, without PSE&G's prior written consent. Provided, however, either party may disclose such information as may be required to be disclosed by law or court order from a court of competent jurisdiction provided further that, unless otherwise prohibited by law, the party whose information is required to be disclosed is given reasonable time to take legal action to quash such action and seek other protection.

Provided further it is expressly understood and agreed that this Letter Agreement is entered into in connection with and is subject to PSE&G's Hospital New Construction Program (the "Program"), and upon completion of the Program, PSE&G may be required to prepare a program evaluation report (the "Program Evaluation Report") and submit it to the NJ Board of Public Utilities (the "BPU"). The Program Evaluation Report may among other participant information identify the Program participants by name and Facility address, identify the Energy Conservation Measures constructed by each Program participant and the savings achieved and amount of incentive paid for Program participant.

7. Customer will provide PSE&G with any existing information concerning the Facility, the operational systems and costs, Customer's operation and maintenance practices and other available information which reasonably relates to the services to be undertaken by PSE&G ("PSE&G's Services") pursuant to this Letter Agreement. Customer will also provide PSE&G with access to the Facility and the Energy Conservation Measures upon reasonable advance notice. Customer will designate a senior employee with appropriate authority who will be the primary contact for assisting PSE&G in connection with PSE&G's Services, and PSE&G will rely on, the accuracy and completeness of the information furnished by Customer as contemplated herein. PSE&G and Customer will otherwise cooperate with each other in connection with PSE&G's Services.

8. This Letter Agreement shall not be amended, modified or otherwise altered, except pursuant to a written agreement signed by the parties.

9. This Letter Agreement constitutes the full, complete and only agreement between the parties hereto with respect to the foregoing and supersedes any previous agreements, representations or undertakings, either oral or written. This Letter Agreement may be executed by the parties hereto on separate counterparts each of which when executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

10. This Letter Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New Jersey.

11. PSE&G may subcontract all or a portion of its obligations under this Letter Agreement without the prior written consent of Customer. This Letter Agreement may not be assigned or delegated in whole or in part by Customer without the written consent PSE&G.

12. Limitation of Liability: In no event will PSE&G or its subcontractors be liable for any losses, damages, costs or expenses however caused, arising from this Letter Agreement. PSE&G's total liability to Customer for all actions, claims, or suits of any kind, whether based upon warranty, contract, tort (including negligence and strict liability) or otherwise, for any losses, damages, costs or expenses of any kind whatsoever arising out of, resulting from, or related to the performance or breach of this Letter Agreement shall, under no circumstances, exceed the Cost to evaluate the Proposal. PSE&G shall not, under any circumstances, be liable for any special, indirect, incidental,

punitive or consequential losses, damages, costs, or expenses whatsoever (including for lost profits, time or revenue) for anything arising out of the performance or nonperformance of this Letter Agreement, whether claims for said losses or damages are premised on warranty, negligence, strict liability, contract or otherwise. Any action against PSE&G arising out of, resulting from, or related to the performance or breach of this Letter Agreement shall be filed no later than one (1) year after the cause of action has occurred. The provisions of this paragraph 16 shall survive termination or expiration of this Letter Agreement.

13. CUSTOMER SHALL DEFEND AND HOLD PSE&G HARMLESS FOR ALL NEGLIGENT OR INTENTIONAL ACTS OF THIRD PARTIES.

14 IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT PSE&G MAKES NO WARRANTY AND ASSUMES NO RESPONSIBILITY, EXPRESSED OR IMPLIED, FOR THE CONDITION, PERFORMANCE, MAINTENANCE, MANUFACTURE, OR DESIGN OF THE PROJECT, THE ENERGY CONSERVATION MEASURES, THE CONSTRUCTION OF THE PROJECT OR THE CALCULATION OF PAYBACK PERIODS. PSE&G MAKES NO REPRESENTATIONS AND DISCLAIMS ANY WARRANTY, WHETHER STATUTORY, WRITTEN, ORAL, EXPRESS, OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ARISING OUT OF ANY COURSE OF DEALING OR USAGE OF TRADE. ANY INFORMATION PROVIDED BY PSE&G, WHICH RELATES TO THE PROJECT, THE ENERGY CONSERVATION MEASURES OR THE CALCULATION OF PAYBACK PERIODS, SHALL BE FOR INFORMATIONAL PURPOSES ONLY AND SHALL NOT BE GUARANTEED OR WARRANTED.

[Signatures are on the following page]

If you agree to the terms set forth in this Letter Agreement, please so indicate by signing and returning to me the additional copy of this Letter Agreement provided for that purpose.

Sincerely,

Public Service Electric & Gas Company

By: _____

Name: _____

Title: _____

Acknowledged, accepted and agreed

This _____ day of, _____, 2009

CUSTOMER'S FULL LEGAL NAME _____

By: _____

Printed Name: _____

Title: _____



Exhibit A
Form of Customer Reimbursement Agreement

RECITALS:

WHEREAS Public Service Electric & Gas Company ("PSE&G") and _____ (the "Customer") have entered into a Letter Agreement, dated _____ for the purpose of providing certain financial incentives to the Customer in connection with implementation of specific energy cost reduction strategies, measures and technologies to improve the efficiency of lighting, HVAC, humidification, building envelope, motor, refrigeration and other energy consuming equipment (collectively "Energy Conservation Measures") at Customer's premises and facilities located at _____ (collectively, the "Facility");

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Parties hereto agree as follows:

1. This Customer Reimbursement Agreement is made expressly subject to the Letter Agreement which is incorporated herein by reference. All terms capitalized herein and not otherwise defined shall have the meanings ascribed thereto in the Letter Agreement.

It is expressly understood and agreed that:

(a) the total amount of the Approved Project Costs to be advanced by PSE&G is estimated at, and will not exceed \$ _____; payable as follows:

- **Stage One: Execution of Contract:** PSE&G will pay first Progress payment based on actual project costs in the amount of \$ _____ to the Owner and the Owner will begin the IGA Project.
- **Stage Two: Job 50% Complete:** After 50% of the ECMs have been installed and inspected by PSE&G (or its agent), PSE&G will pay the second progress payment in the amount of \$ _____ to the Owner.
- **Stage Three: Balance on Final Inspection:** After all ECMs have been installed and commissioned (fired up and operating according to manufacturer specifications) and PSE&G (or its agent) has performed a successful ("passing") final inspection on all work performed, and PSE&G has performed a cost true-up of all project funded costs, (if the final project costs are less than the original estimate, the final payment will be adjusted down to reflect the actual costs. If the final costs are more than the original estimate, the final payment will not be adjusted and will be paid according to the original estimate), based on the actual installed project costs; not to exceed the IGA Project cost estimates as approved by PSE&G; PSE&G will pay the final progress payment of the Program, in an amount to be determined. The Cost True-Up includes, but is not limited to the review of all IGA Project associated invoices, contracts, agreements, receipts and inventory and such documents or other

information as deemed necessary by the Company in its sole discretion to identify and calculate all actual Project expenditures. In the event the Owner fails to complete Stage Three or fails the final inspection, the Stage Three progress-payment will not be paid and the Owner will have six (6) months to complete the IGA Project and/or pass the final inspection. If the Owner fails to comply, the repayment of the amounts owed to PSE&G will become immediately due and payable.

(b) the amount of the PSE&G Permanent Financial Incentive, is estimated at, and will not exceed \$ _____;

(c) the amount of the Owner's Share that the Owner shall reimburse to PSE&G is estimated at \$ _____;

(d) the Owner 's Share shall be reimbursed to PSE&G by the Owner through an additional charge added to the Owner's monthly PSE&G electric bill as a separate charge in an amount estimated at \$ _____ for thirty six (36) months, which shall be paid by Owner;

2. _____

(b) the amount of the PSE&G Permanent Financial Incentive is \$ _____;

2. It is expressly understood and agreed that:

(a) the amount of the Approved Project Costs to be advanced by PSE&G is \$ _____;

(b) the amount of the PSE&G Financial Incentive is \$ _____;

(c) the amount of the Approved Project Costs to be paid by the Customer is \$ _____;

[Signatures are on the following page]

IN WITNESS WHEREOF, the Parties hereto have caused this Customer Reimbursement Agreement to be executed by their duly authorized representatives as of the day and year first above written.

Public Service Electric & Gas Company

By: _____

Name: _____

Title: _____

Acknowledged, accepted and agreed

This _____ day of, _____, 2009

CUSTOMER'S FULL LEGAL NAME _____

By: _____

Printed Name: _____

Title: _____





**PSE&G Hospital Efficiency Program
Existing Facilities - Customer Agreement**

Date _____

CUSTOMER'S FULL CORPORATE NAME AND ADDRESS

Dear _____:

Public Service Electric & Gas Company ("PSE&G") has performed a review of a Program Application ("Application") submitted under the Hospital Efficiency Program by:

premises and facilities located at _____ (collectively, the "Facility"). Based on the results of PSE&G's Application review, PSE&G has determined, and Customer agrees, that there is an opportunity for energy and/or operational savings based on current operations and energy rates to be realized at the Customer's Facility through the implementation of various cost containment and reduction strategies. The cost effectiveness of such strategies, however, may only be determined through a more in-depth analysis of Customer's costs of operation, maintenance and energy usage at the Facility.

1. The purpose of this letter agreement (the "Letter Agreement") is to set forth the understanding we have reached regarding the performance by PSE&G of an Investment Grade Audit (the "IGA") for the Facility. The IGA will identify cost savings that are likely to be realized through the implementation of specific energy cost reduction strategies, measures and technologies to improve the efficiency of lighting, HVAC, steam system, insulation (roof and/or duct), humidification, building envelope, motor, refrigeration and other energy consuming equipment (collectively "Energy Conservation Measures"). The IGA will include without limitation an evaluation of the following systems and practices:

- a) Evaluation of Operating Systems: PSE&G will conduct a detailed review and, where cost effective, propose alternative service arrangements and/or capital

improvements for the operating systems at the Facility; the scope of this review is more fully set forth in **Exhibit A**, Energy Efficiency Opportunities, attached hereto and made a part hereof.

b) Operations and Maintenance Practices: PSE&G will evaluate the Customer's operation and maintenance practices, where applicable, for each operating system at the Facility. ~~including the feasibility of CHP.~~

During the course of conducting the IGA, PSE&G shall perform an on-site detailed inspection of the Customer's facility to establish a base usage ("Baseline") against which energy savings to be obtained from implementation of the Energy Conservation Measures shall be measured. During the IGA, Customer shall provide for PSE&G's review and analysis all documentation and data including, without limitation, utility bills and historic operating equipment data reasonably requested by PSE&G to evaluate the Customer's current operations and cost effectiveness of the implementation of various cost containment and reduction strategies. PSE&G's evaluation activities shall include, without limitation, a detailed visual inspection of the Facility and operating systems and such other activities or measurements including kWh, temperature and flow rate as PSE&G determines to be needed to establish a Baseline for the Facility. The IGA shall be performed at a time mutually agreeable to PSE&G and the Customer.

2. The IGA will be completed on or before _____ (subject to extension for force majeure events beyond the reasonable control of PSE&G) and the results thereof will be set forth in a detailed written report setting forth proposed energy efficiency measures for the Facility (the "IGA Report") which PSE&G will deliver to Customer.

3. The IGA Project: After PSE&G has submitted the IGA Report to Customer, PSE&G and Customer will meet to review the IGA, if based on the IGA Report, Customer determines to construct and install all or a portion of the Energy Conservation Measures identified by the IGA (the "IGA Project"), the Customer shall submit a proposal (the "Proposal") to PSE&G for construction of the IGA Project, which shall specify the Energy Conservation Measures Customer proposes to construct and install, and the proposed costs to be incurred in construction of the IGA Project. PSE&G will evaluate the Proposal to determine the simple pay back period (the "Payback Period") based on construction cost estimates submitted by Customer and approved by PSE&G (the "Approved IGA Project Costs"), and the annual energy savings determined by PSE&G in its sole discretion to be produced by the IGA Project and confirm that all Energy Conservation Measures contained in the Proposal are as identified by the IGA and have a Payback Period not in excess of fifteen (15) years or less than two (2) years. Any Energy Conservation Measures proposed by Customer that based upon PSE&G's calculations shall require a Payback Period in excess of fifteen (15) years shall not be eligible to receive PSE&G's financial incentive. If PSE&G approves the IGA Project, PSE&G and Customer will enter into a customer reimbursement agreement ("Form of Customer Reimbursement Agreement") in the form of **Exhibit B** for energy efficiency measures. ~~and/or Exhibit C ("Form of Customer Reimbursement Agreement for CHP Incentives") for CHP hereto.~~ Following execution of the Customer Reimbursement Agreement(s) and subject to the terms and conditions of Paragraph 5 of this Letter

Agreement, PSE&G shall provide funding for the approved project costs which satisfy the conditions of this Letter Agreement. PSE&G will provide financial incentives that will reduce the Customer's Payback Period for the IGA Project by buying down the payback by seven (7) years, to a level not less than two (2) years. PSE&G will pay to the Customer such portion of the Approved IGA Project Costs equal to the amount required, (the "PSE&G Permanent Financial Incentive") as determined by PSE&G in its sole discretion. All approved IGA Project Costs in excess of the PSE&G Permanent Financial Incentive (the "Customer's Share") shall be recaptured by PSE&G from the Customer over a three (3) year period (the "Recovery Period") by means of an additional charge added to the Customers monthly PSE&G bill as a separate item in an amount sufficient to fully amortize repayment of the principle amount of the Customer's Share over the Recovery Period. PSE&G shall not charge and the Customer shall not pay any interest on the Customer's Share. Customer shall construct and own the Project.

4. ~~The CHP Project: Customer may also include a separate Proposal (the "CHP Proposal") to install Combined Heat and Power ("CHP") equipment (the "CHP Project", together with the IGA Project, the "Project").~~

~~To encourage the use of CHP, PSE&G will coordinate with available programs from the State, including the NJCEP or other new draft EMP program. Incentives will be provided in the following areas:~~

- ~~1. CHP Base incentives of 30% of installed cost but not to exceed \$450 per kW (\$100 per kW paid after the plant is tested and meets the required efficiency. The remaining \$350 per kW incentive may be paid by PSE&G under this sub-program or through other available programs in a manner consistent with the draft EMP) of installed system with minimum of 70% of overall efficiency.~~
- ~~2. CHP using advanced technologies (advanced engines with 40% and above mechanical efficiencies, etc.) to improve CHP system efficiency (Electrical and Thermal) above 80%. The total incentive will be limited to 35% of the installed cost but not to exceed \$550 per kW (\$200 per kW paid after the plant is tested and meets the required efficiency. The remaining \$350 per kW incentive may be paid by PSE&G under this sub-program or through other available programs in a manner consistent with the draft EMP.)~~
- ~~3. CHP installed in the company's focused area of sub-station congestion with a minimum of 70% overall efficiency will be eligible for a total incentive limited to 40% of the installed cost but not to exceed \$600 per kW (\$250 per kW paid after the plant is tested and meets the required efficiency. The remaining \$350 per kW incentive may be paid by PSE&G under this sub-program or through other available programs in a manner consistent with the draft EMP). PSE&G will enter into an agreement with the customer regarding operation of the plant during congestion periods, which may include penalties if the plant does not operate during the critical congestion periods. Any penalties collected shall be credited to ratepayers.~~

PSE&G will evaluate the CHP Proposal for satisfaction of the following criteria:

- A. The installation must comply with the provisions of the National Electrical Code and all other applicable local, state, and federal codes or practices.
- B. All required permits must be properly obtained and posted.
- C. All required inspections must be performed including without limitation Electrical/NEC inspections performed by a state licensed electrical inspector and Local Building Codes Enforcement Office inspections.
- D. A minimum overall system efficiency rating as defined in the paragraph labeled # 4 above.
- E. Equipment must be new, commercially available, and permanently installed. The following items do not qualify for incentives under the CHP program; used equipment, refurbished, temporary, pilot, demonstration, diesel or back-up generation equipment.
- F. The installation must comply with manufacturer's instructions.
- G. The installation must comply with the interconnection and protection requirements of the local electric distribution company.
- H. The installation must comply with the provisions of the following standards as applicable: NFPA 853-Statutory Fuel Cell and all codes governing the installation of Combined Heat and Power equipment; Power Plants, IEEE 519-Recommended Practices and Requirements for Harmonic Control in Electrical Systems; ANSI Z21.83-1999 Fuel Cell Power Plants, and input and output protection functions should be in compliance with ANSI C37.2 Device Function Number specifications.
- I. The system shall be equipped with the following capabilities, indicators and/or controls:
 - On/off control on site
 - Operating mode setting indication—parallel vs. stand-alone
 - AC & DC overcurrent protection or equivalent
 - Operating status indication
 - Remote control and data acquisition capable
 - Electric load following capable
- J. Warning labels must be posted on the control panels and junction boxes indicating that the circuits are energized by an alternate power source independent of utility provided power.

~~K. All interconnecting wires must be copper. (Some provisions may be made for aluminum wiring; approval must be received from utility engineering departments prior to acceptance.)~~

~~L. All wiring splices must be contained in UL-approved workboxes.~~

~~M. Operating instructions must be posted on or near the system, or on file with facilities operation and maintenance documents.~~

~~N. Such other criteria as PSE&G in its discretion shall require.~~

5. The Customer shall notify PSE&G when construction of the Project is commenced. At its discretion, PSE&G may, upon reasonable notice to the Customer, inspect the Project site during construction. This inspection shall be conducted at a time mutually agreeable to PSE&G and the Customer. The Customer shall notify PSE&G when construction of the Project is approximately fifty percent complete, so that PSE&G may, at its option, inspect construction at that time. ~~If the Customer is installing CHP as well as energy efficiency measures, the Customer shall notify PSE&G of the construction schedules for each of the projects as they may differ.~~ The Customer shall notify PSE&G when construction of the Project is complete for the energy efficiency measures ~~alone, CHP alone or both,~~ so that PSE&G may inspect and approve the Project for the purpose of establishing the Customer's eligibility to receive the PSE&G Financial Incentive. PSE&G shall make a reasonable effort to perform the final inspection (the "Final Inspection") for the IGA identified energy efficiency measures within thirty (30) business days after the Customer serves notice on PSE&G that the Project is ready for the audit. The Final Inspection shall be performed at a time or times mutually agreeable to PSE&G and the Customer. The Final Inspection may be conducted in a single or a series of on-site, detailed inspections of the Project as determined by PSE&G in its discretion, and shall include, without limitation, a visual inspection of all areas and systems associated with the Project, and other measurements as determined by PSE&G. ~~Separate inspection may be completed for the project to accommodate the installation schedules for energy efficiency measures and CHP if construction schedule timelines differ.~~ PSE&G shall maintain records of energy usage and inspection results for the purpose of evaluating the effectiveness of the Project, and for calculation of the Payback Period. In the event that after conducting the Final Inspection PSE&G approves the Project construction, PSE&G shall pay the PSE&G Financial Incentive ~~and/or the CHP Incentive~~ as applicable to the Customer within thirty (30) days following approval of the Project construction by PSE&G. In the event that after conducting the Final Inspection, PSE&G disapproves the Project construction, PSE&G shall provide the Customer with written notice specifying the reasons for its disapproval. The Customer shall have fourteen (14) days to submit a written plan to remedy (the "Remedial Plan") the deficiencies specified by PSE&G. PSE&G shall have fourteen (14) days following receipt of Customer's Remedial Plan to review and approve or disapprove the Remedial Plan. If PSE&G disapproves the Remedial Plan, PSE&G may terminate this Letter Agreement and have no further liability hereunder. If the Remedial Plan is approved by PSE&G, the Customer shall implement and complete the Remedial Plan within thirty (30) days following approval

thereof by PSE&G or if the Remedial Plan is not susceptible of being implemented and completed within thirty (30) days, the Customer shall undertake diligent efforts in good faith within such thirty (30) day period to implement and complete the Remedial Plan, and the Customer shall continue to actively implement and complete the Remedial Plan; provided, however, that notwithstanding any provisions contained in this Letter Agreement to the contrary, PSE&G may terminate this Letter Agreement and have no further liability hereunder if the Remedial Plan is not fully implemented and completed within ninety (90) days following approval thereof by PSE&G.

6. All labor provided by or on behalf of the Customer in connection with work on Projects that qualify as a "public work" under the New Jersey State Prevailing Wage Act, N.J.S.A. 34:11-56.25 et seq. (the "Act"), shall be performed by union craft or will be provided in compliance with all aspects of the Act. All Labor provided by or on behalf of the Customer in connection with work on Projects that do not qualify as a "public work" as defined by the Act, shall be performed by union craft paid in accordance with the union contract or by non-union employees paid at a rate equivalent of the prevailing wages for the county in which the work is to be performed.

Assembly Bill 3372 ("Act"), currently pending before the New Jersey Legislature concerns prevailing wage for certain construction contracts undertaken in connection with Board of Public Utilities financial assistance and supplementing Title 48 of the Revised Statutes. Should the Act (or similar proposed legislation) become law during the term of these contracts, PSE&G may, in its sole and exclusive discretion, require that the terms of these contracts only as they relate to services provided in PSE&G's service territory where PSE&G supplies both gas and electric service, be revised to reflect the requirements of the new Act, irrespective of whether the Act, or regulations implemented pursuant thereto, will mandate compliance with the Act's requirements during the term of the contracts.

7. PSE&G will undertake the preparation of IGA and the IGA Report utilizing its professional knowledge and judgment, according to sound work practices and accepted professional and industry standards, in a well-managed, organized and efficient manner.

8. The relationship of PSE&G and Customer shall be that of independent parties, and neither this Letter Agreement nor anything done pursuant to this Letter Agreement shall be deemed to create any partnership, joint venture, agency or other relationship between the parties.

9. This Letter Agreement is intended for the sole benefit of the parties and there are not third party beneficiaries, express or implied, to this Agreement.

10. The parties hereto agree that the information furnished to PSE&G by the Customer in connection with the performance of its obligations hereunder is confidential unless and until the Customer either (i) submits a Proposal to PSE&G or (ii) chooses not to submit a Proposal to PSE&G within thirty (30) days of the delivery of the IGA Report. PSE&G shall consider all information furnished by Customer to be confidential and shall not disclose any such information to any other person, or use such information itself for any purpose other than in connection with this Letter Agreement without the Customer's

prior written consent. The Customer shall consider all information furnished by PSE&G to be confidential and shall not disclose any such information to any other person, or use such information itself for any purpose other than in connection with this Letter Agreement and any subsequent agreements contemplated by the parties hereunder, without PSE&G's prior written consent. Provided, however, either party may disclose such information as may be required to be disclosed by law or court order from a court of competent jurisdiction provided further that, unless otherwise prohibited by law, the party whose information is required to be disclosed is given reasonable time to take legal action to quash such action and seek other protection. Provided further it is expressly understood and agreed that this Letter Agreement is entered into in connection with and is subject to PSE&G's Hospital Retrofit Program (the "Program"), and upon completion of the Program PSE&G may be required to prepare a program evaluation report (the "Program Evaluation Report") and submit it to the NJ Board of Public Utilities (the "BPU"). The Program Evaluation Report may among other participant information identify the Program participants by name and Facility address, identify the Energy Conservation Measures implemented by each Program participant and the savings achieved by each Program participant.

11. Customer will provide PSE&G with any existing information concerning the Facility, the operational systems and costs, Customer's operation and maintenance practices and other available information which reasonably relates to the services to be undertaken by PSE&G ("PSE&G's Services") pursuant to this Letter Agreement. Customer will also provide PSE&G with access to the Facility and the operating systems upon reasonable advance notice. Customer will designate a senior employee with appropriate authority who will be the primary contact for assisting PSE&G in connection with PSE&G's Services, and PSE&G will rely on, the accuracy and completeness of the information furnished by Customer as contemplated herein. PSE&G and Customer will otherwise cooperate with each other in connection with PSE&G's Services.

12. This Letter Agreement shall not be amended, modified or otherwise altered, except pursuant to a written agreement signed by the parties.

13. This Letter Agreement constitutes the full, complete and only agreement between the parties hereto with respect to the foregoing and supersedes any previous agreements, representations or undertakings, either oral or written. This Letter Agreement may be executed by the parties hereto on separate counterparts each of which when executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

14. **This Letter Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New Jersey.**

15. PSE&G may subcontract all or a portion of its obligations under this Letter Agreement without the prior written consent of Customer. This Letter Agreement may not be assigned or delegated in whole or in part by Customer without the written consent PSE&G.

16. Limitation of Liability: In no event will PSE&G or its subcontractors be liable for any losses, damages, cost or expenses however caused, arising from this Letter Agreement. PSE&G's total liability to Customer for all actions, claims, or suits of any kind, whether based upon warranty, contract, tort (including negligence and strict liability) or otherwise, for any losses, damages, costs or expenses of any kind whatsoever arising out of, resulting from, or related to the performance or breach of this Letter Agreement shall, under no circumstances, exceed the Cost of the IGA. PSE&G shall not, under any circumstances, be liable for any special, indirect, incidental, punitive or consequential losses, damages, costs, or expenses whatsoever (including for lost profits, time or revenue) for anything arising out of the performance or nonperformance of this Letter Agreement, whether claims for said losses or damages are premised on warranty, negligence, strict liability, contract or otherwise. Any action against PSE&G arising out of, resulting from, or related to the performance or breach of this Letter Agreement shall be filed no later than one (1) year after the cause of action has occurred. The provisions of this paragraph 16 shall survive termination or expiration of this Letter Agreement.

17. CUSTOMER SHALL DEFEND AND HOLD PSE&G HARMLESS FOR ALL NEGLIGENT OR INTENTIONAL ACTS OF THIRD PARTIES.

18 IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT PSE&G MAKES NO WARRANTY AND ASSUMES NO RESPONSIBILITY, EXPRESSED OR IMPLIED, FOR THE CONDITION, PERFORMANCE, MAINTENANCE, MANUFACTURE, OR DESIGN OF THE IGA, THE ENERGY CONSERVATION MEASURES, ~~THE CHP~~, THE CONSTRUCTION OF THE PROJECT OR THE CALCULATION OF PAYBACK PERIODS. PSE&G MAKES NO REPRESENTATIONS AND DISCLAIMS ANY WARRANTY, WHETHER STATUTORY, WRITTEN, ORAL, EXPRESS, OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ARISING OUT OF ANY COURSE OF DEALING OR USAGE OF TRADE. ANY INFORMATION PROVIDED BY PSE&G, WHICH RELATES TO THE IGA, THE ENERGY CONSERVATION MEASURES, ~~THE CHP~~ THE PROJECT OR THE CALCULATION OF PAYBACK PERIODS, SHALL BE FOR INFORMATIONAL PURPOSES ONLY AND SHALL NOT BE GUARANTEED OR WARRANTED.

[Signatures are on the following page]

If you agree to the terms set forth in this Letter Agreement, please so indicate by signing and returning to me the additional copy of this Letter Agreement provided for that purpose.

Sincerely,

Public Service Electric & Gas Company

By: _____

Name: _____

Title: _____

Acknowledged, accepted and agreed

This _____ day of, _____, 2009

CUSTOMER'S FULL LEGAL NAME _____

By: _____

Printed Name: _____

Title: _____



Exhibit A
Energy Efficiency Opportunities

- Lighting Systems:
- HVAC Systems:
- Steam System:
- Insulation (roof and/or duct):
- Humidification:
- Building Envelope
- Motor:
- Refrigeration:
- Other Energy Consuming Equipment or Systems:

Exhibit B
Form of Customer Reimbursement Agreement
For Energy Efficiency Upgrades

RECITALS:

WHEREAS Public Service Electric & Gas Company ("PSE&G") and _____ (the "Customer") have entered into a Letter Agreement, dated _____ for the purpose of providing certain financial incentives to the Customer in connection with implementation of specific energy efficiency cost reduction strategies, measures and technologies to improve the efficiency of lighting, HVAC, humidification, steam system, building envelope motor, refrigeration and other energy consuming equipment (collectively "Energy Conservation Measures") at Customer's premises and facilities located at _____ (collectively, the "Facility");

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Parties hereto agree as follows:

1. This Customer Reimbursement Agreement is made expressly subject to the Letter Agreement which is incorporated herein by reference. All terms capitalized herein and not otherwise defined shall have the meanings ascribed thereto in the Letter Agreement.

It is expressly understood and agreed that:

(a) the total amount of the Approved Project Costs to be advanced by PSE&G is estimated at, and will not exceed \$ _____; payable as follows:

- **Stage One: Execution of Contract:** PSE&G will pay first Progress payment based on actual project costs in the amount of \$ _____ to the Owner and the Owner will begin the IGA Project.
- **Stage Two: Job 50% Complete:** After 50% of the ECMs have been installed and inspected by PSE&G (or its agent), PSE&G will pay the second progress payment in the amount of \$ _____ to the Owner.
- **Stage Three: Balance on Final Inspection:** After all ECMs have been installed and commissioned (fired up and operating according to manufacturer specifications) and PSE&G (or its agent) has performed a successful ("passing") final inspection on all work performed, and PSE&G has performed a cost true-up of all project funded costs, (if the final project costs are less than the original estimate, the final payment will be adjusted down to reflect the actual costs. If the final costs are more than the original estimate, the final payment will not be adjusted and will be paid according to the original estimate), based on the actual installed project costs; not to exceed the IGA Project cost estimates as approved by PSE&G; PSE&G will pay the final progress payment of the Program, in

an amount to be determined. The Cost True-Up includes, but is not limited to the review of all IGA Project associated invoices, contracts, agreements, receipts and inventory and such documents or other information as deemed necessary by the Company in its sole discretion to identify and calculate all actual Project expenditures. In the event the Owner fails to complete Stage Three or fails the final inspection, the Stage Three progress-payment will not be paid and the Owner will have six (6) months to complete the IGA Project and/or pass the final inspection. If the Owner fails to comply, the repayment of the amounts owed to PSE&G will become immediately due and payable.

(b) the amount of the PSE&G Permanent Financial Incentive, is estimated at, and will not exceed \$ _____;

(c) the amount of the Owner's Share that the Owner shall reimburse to PSE&G is estimated at \$ _____;

(d) the Owner 's Share shall be reimbursed to PSE&G by the Owner through an additional charge added to the Owner's monthly PSE&G electric bill as a separate charge in an amount estimated at \$ _____ for thirty six (36) months, which shall be paid by Owner;

2. ~~It is expressly understood and agreed that:~~

~~(a) the amount of the Approved Project Costs to be advanced by PSE&G is \$ _____;~~

~~(b) the amount of the PSE&G Permanent Financial Incentive (not including CHP incentive if applicable) is \$ _____;~~

~~(c) the amount of the Customer's Share that the Customer shall reimburse to PSE&G is \$ _____;~~

~~(d) the Customer's Share shall be reimbursed to PSE&G by the Customer through an additional charge added to the Customers monthly PSE&G electric bill as a separate charge in an amount of \$ _____ for thirty six (36) months commencing _____ and which shall be paid by Customer;~~

[Signatures are on the following page]

IN WITNESS WHEREOF, the Parties hereto have caused this Customer Reimbursement Agreement to be executed by their duly authorized representatives as of the day and year first above written.

Public Service Electric & Gas Company

By: _____

Name: _____

Title: _____

Acknowledged, accepted and agreed

this ___ day of, _____, 2009

INSERT CUSTOMER'S FULL LEGAL NAME _____

By: _____

Printed Name: _____

Title: _____



Exhibit C
**Form of Customer Reimbursement Agreement
For CHP Incentives**

RECITALS:

~~WHEREAS Public Service Electric & Gas Company ("PSE&G") and _____ (the "Customer") have entered into a Letter Agreement, dated _____ for the purpose of providing certain financial incentives to the Customer in connection with implementation of specific energy cost reduction strategies, i.e. Combined heat and Power systems (CHP) to improve the efficiency of HVAC energy consumption at Customer's premises and facilities located at _____~~

~~_____ (collectively, the "Facility");~~

~~NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Parties hereto agree as follows:~~

~~1. This Customer Reimbursement Agreement is made expressly subject to the Letter Agreement which is incorporated herein by reference. All terms capitalized herein and not otherwise defined shall have the meanings ascribed thereto in the Letter Agreement.~~

~~2. It is expressly understood and agreed that:~~

~~(a) the amount of the Approved Project Costs for CHP to be advanced by PSE&G is \$ _____;~~

~~(b) the amount of the PSE&G CHP Permanent Financial Incentive (excluding energy efficiency measures incentive if applicable) is \$ _____;~~

~~(c) the amount of the CHP Incentive which shall be paid to the Customer by PSE&G and which is not subject to reimbursement is \$ _____.~~

[Signatures are on the following page]

~~IN WITNESS WHEREOF, the Parties hereto have caused this Customer Reimbursement Agreement to be executed by their duly authorized representatives as of the day and year first above written.~~

~~Public Service Electric & Gas Company~~

~~By: _____~~

~~Name: _____~~

~~Title: _____~~

~~Acknowledged, accepted and agreed~~

~~this ___ day of, _____, 2009~~

~~INSERT CUSTOMER'S FULL LEGAL NAME _____~~

~~By: _____~~

~~Printed Name: _____~~

~~Title: _____~~





Exhibit D
PSE&G Hospital Efficiency Program
Form of Customer Cost True-Up Agreement For Energy Efficiency Upgrades

RECITALS:

WHEREAS Public Service Electric & Gas Company ("PSE&G") and _____ (the "Customer") have entered into a Letter Agreement along with its attachments Exhibit A (the "Energy Efficiency Opportunities" and Exhibit B (the "Customer Reimbursement Agreement"), dated _____ for the purpose of providing certain financial incentives to the Customer in connection with implementation of specific energy efficiency cost reduction strategies, measures and technologies (collectively "Energy Conservation Measures") to improve the energy efficiency at Customer's premises and facilities _____ located _____ at _____

_____ (collectively, the "Facility");

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Parties hereto agree as follows:

1. The Customer Reimbursement Agreement was made expressly subject to the Letter Agreement.
2. This Form of Customer Cost True-Up Agreement For Energy Efficiency Upgrades is made expressly subject to the actual Investment Grade Audit (IGA) Project costs incurred during the course of the implementation and installation of the approved Energy Conservation Measures ("ECMs") otherwise known as the "Approved IGA Project Costs", as approved by PSE&G in its sole discretion.
3. It is expressly understood and agreed that:
 - (a) The Customer has notified PSE&G that construction of the IGA Project is 100% complete so that PSE&G may inspect and approve the IGA Project for the purpose of establishing the Customer's eligibility to receive the Stage Three progress payment. After all ECMs have been installed and commissioned (fired up and operating according to manufacturer specifications), PSE&G (or its agent) will perform a final inspection on all work performed.
 - (b) PSE&G shall make a reasonable effort to perform the final inspection (the "Final Inspection") for the IGA identified energy efficiency measures within thirty (30) business days after the Customer serves notice on PSE&G that the IGA Project is ready for the inspection. The Final Inspection shall be performed at a time, or times mutually agreeable to PSE&G and the Customer. The Final

Inspection may be conducted in a single or a series of on-site, detailed inspections of the IGA Project as determined by PSE&G in its discretion, and shall include, without limitation, a visual inspection of all areas and systems associated with the IGA Project, and other measurements as determined by PSE&G.

(c) If the IGA Project passes the final inspection, all IGA Project funded costs will be “trued-up” based on final actual IGA Project costs. If the final Project costs are less than the original Approved IGA Project Costs, the final payment will be adjusted down to reflect the actual costs. If the final costs are equal to or greater than the original Approved IGA Project Costs, the final payment will not be adjusted and will be paid according to the original Approved IGA Project Costs. Once the cost true-up is complete, PSE&G will pay the remaining progress payment to the Customer. The parties acknowledge and agree that PSE&G shall not under any circumstances be required to make an aggregate payment in excess of the original Approved IGA Project Costs.

(d) The Cost True-Up includes, but is not limited to the review of all IGA Project associated invoices, contracts, agreements, receipts and inventory and such documents or other information as deemed necessary by PSE&G in its sole discretion to identify and calculate all actual Project expenditures.

(e) Customer will be required to submit to PSE&G (or its agent) all ECM related invoices for both materials and labor to be used for the Cost True-Up process.

(f) Customer confirms they have not received incentives or services for the same services from another utility, state, or local program. Customer agrees they have not applied to or received incentives for the same services from another utility, state, or local program.

Incentives:

(a) The original amount of the PSE&G Permanent Financial Incentive was estimated at \$_____;

(b) The Stage One Progress Payment made to the Customer was \$_____;

(c) The Stage Two Progress Payment made to the Customer was \$_____;

(d) The Stage Three Final Progress Payment to be made to the Customer upon completion of the Program Cost True-Up process, based on actual program cost and invoices for ECM measures and labor, will not exceed \$_____, however the Final Progress Payment may be adjusted down to reflect the actual Project costs.

(e) The Customer's Share shall be reimbursed to PSE&G by the Customer through an additional charge added to the Customers monthly PSE&G utility bill as a separate charge in an amount to be determined after the Cost True-Up has taken place, but in an amount not to exceed \$ _____ for thirty-six (36) months which shall be paid by Customer;

IN WITNESS WHEREOF, the Parties hereto have caused this Form of Customer Cost True-Up Agreement for Energy Efficiency Upgrades to be executed by their duly authorized representatives as of the day and year first above written.

Public Service Electric & Gas Company

By: _____

Name: _____

Title: _____

Acknowledged, accepted and agreed this _____ day of, _____, 2010

CUSTOMER'S FULL LEGAL NAME _____

By: _____

Printed Name: _____

Title: _____



PSE&G Direct Install Program for Government Facilities
Audit Access Agreement
AUDIT CONSENT

Installation Address:

Government Facility Name:

Name: _____

Street: _____ Floor/Apt: _____

Municipality: _____

Facility Phone: _____ Cell Phone: _____

PSE&G Account Number: _____

Type of Governmental Facility: _____

Billing Information:

Same as Installation Address

Owner

Tenant (Landlord Permission Required)

Landlord

Bill to:

Name: _____

Street: _____ Floor/Apt: _____

Municipality: _____

Account Number: _____

- A. The Customer desires Public Service Electric and Gas Company (the "Company") to perform a "walk through" energy audit (the "Audit") on Customer's government facility (the "Facility") to determine whether Customer may benefit from participating in the Company's Direct Install Program for Government Facilities (the "Program"); and
- B. The Customer agrees to authorize and permit the Company or its designee to enter the Facility to conduct the Audit subject to the terms and conditions below:
1. Customer grants the Company or its designee reasonable access to the Facility to perform the Audit at such date and time as the Parties shall mutually agree. The Audit shall be performed at no cost to the Customer. **In the event that Customer is not the owner of the building in which the Facility is located, Customer will obtain the consent of the owner or landlord as set forth in Attachment 1 - Audit Access Agreement for Landlord Consent.**
 2. The Company will deliver a copy of the Audit results to the Customer as soon as practicable. The Audit results will identify whether the Facility may be suitable for some or all of the following energy savings measures: lighting upgrades, refrigeration upgrades or heating/ventilation/air condition upgrades. The Company does not promise that the Audit will identify any or all energy savings measures that may be suitable for the Facility. The Company does not warrant that, if the Customer agrees to implement the recommendations of the Audit, the Customer will realize energy savings.
 3. Customer agrees to indemnify, defend, and hold harmless The Company, its employees and designees (each an "Indemnified Person") from and against any claim, dispute, complaint, suit, demand, judgment, liability, loss, injury, accident, fine, expense, penalty, damage, action, fee, cost, or charge of any kind or nature (including reasonable attorney fees) that may be imposed on, incurred by, or asserted against such Indemnified Person in any way relating to, arising out of or resulting from this Agreement except to the extent of gross negligence or intentional misconduct by the Indemnified Person.
 4. Customer agrees that (i) it possesses all requisite power and authority to enter into and perform this Consent and to carry out the transactions contemplated herein; (ii) the execution, delivery, and performance of this Consent have been duly authorized by, or are in accordance with, its organizational documents; (iii) this Agreement has been duly executed and delivered; and (iv) this Consent constitutes the legal, valid, binding, and enforceable agreement of Customer.
 5. Customer has obtained, to the extent it has deemed necessary or prudent, legal counsel to advise it on this Consent. Customer agrees that this Consent constitutes the full, complete, and only agreement between the Parties and supersedes any previous representations or agreements, and this Consent shall not be amended except in writing signed by duly authorized representatives of both Parties.
 6. CUSTOMER AGREES (A) THAT THE LAWS OF THE STATE OF NEW JERSEY SHALL GOVERN THIS CONSENT, AND ANY DISPUTE ARISING HEREUNDER SHALL BE LITIGATED IN A FEDERAL OR STATE COURT LOCATED IN THE STATE OF NEW JERSEY, (B) TO WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW THE RIGHT TO A TRIAL BY JURY.
 7. In the event any provision of this Consent shall for any reason be held to be invalid, illegal or unenforceable in any respect, the remaining provisions of this Consent shall remain in full force and effect to the maximum extent possible.
 8. This Consent is neither intended to create, nor shall it be construed as creating, a joint venture, partnership or their form of business association between the Parties, or an agreement to enter into any business relationship.

Authorized Signature of Customer:

CUSTOMER ADDRESS WHERE MEASURES WILL BE INSTALLED:

By signing below, the Customer agrees to the applicability of the Terms and Conditions described above.

By: _____

Title: _____

Date: _____ **PSE&G Program Representative Name:** _____

PSE&G Direct Install Program for Government Facilities Audit Access Agreement for Landlord Consent

Attachment 1

Owner/Landlord Consent to Conduct Audit

I, the owner or landlord of the Premises (defined below), do hereby give my consent to Public Service Electric and Gas Company (the "Company") (or its designee) to enter the Premises to conduct a free energy audit ("Audit"). I acknowledge that the purpose of the Audit is to identify potential measures that, if implemented, may result in energy savings to the owner, landlord or tenant occupying the Premises. In consideration thereof, I agree to indemnify, defend, and hold harmless the Company or its designee from all claims arising under or pursuant to the Audit.

Tenant (Customer) Name: _____

Street Address: _____

City: _____ State: N.J. Zip Code: _____

Landlord Signature: _____ Date: _____

Company Name: (if appropriate) _____

Landlord Name: _____ Landlord Telephone: (____) _____

Landlord Address: _____

City: _____ State: _____ Zip: _____

Landlord: If you do not wish to participate, in the Program, please complete the information above and check the box below.

I do not wish to participate in the Program.

PSE&G Program Representative Name: _____



**PSE&G Direct Install Installation Program for Government Facilities
Customer Contract (Terms & Conditions)**

Customer Name: _____	Date: _____
Facility Address: _____	PSE&G Account #: _____
Town, State, and Zip Code: _____	
Phone: _____	Phone # 2: _____
Audit Date: _____	
Facility Sq. Footage: _____	Auditing Firm: _____
Auditor: _____	

Public Service Electric and Gas Company (the "Company") is offering an energy conservation program (the "Program") to certain commercial and industrial customers ("Customers") that are government entities with annual peak demands of less than 200 kW. Governmental Facility Customers with annual peak demand in excess of 200 kW will be considered for this program on a case-by-case basis. Under the Program, the Company is arranging the installation of certain energy conservation measures ("Measures") at the governmental facilities of eligible customers. Customer agrees (a) to have the Company or its designee install the Measures and (b) to pay a portion of the installation cost as described in Section Six listed below. The following are Terms and Conditions that govern the Program and the installation of the Measures:

- 1. Measures to be Installed**
Company, (or the Company through its designated Contractor) will install at Customer's property the conservation Measures described in Section Six below. The Company shall permanently disable all lamps replaced pursuant to this Agreement (make them unfit for reuse). The disposal of all materials including fluorescent ballasts and lamps, old fixtures and HVAC/refrigeration equipment will be the responsibility of the Company.
- 2. Installation Date**
The Company will attempt to install the Measures within thirty (30) days of Customer signing this Agreement.
- 3. Warranty and Disclaimers**
 - (a) The Company will provide a one-time replacement free of charge for any equipment that fails to operate according to manufacturer's specifications for a period of one (1) year after the date of the original installation.
 - (b) Customer may have other warranty rights that may have been provided by the manufacturer of the devices installed under this Agreement. Customer, however, may exercise such rights only against the manufacturer, and not against the Company or its affiliates.
 - (c) OTHER THAN THE REPLACEMENT WARRANTY STATED IN SUBPARAGRAPH 3(a) ABOVE, NEITHER THE COMPANY NOR ITS AFFILIATES MAKE ANY WARRANTIES OF ANY KIND, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.
 - (d) The Company does not guarantee that the Measures will, in fact, save any level of energy or results in a lowering of the customer's electric utility bill.
 - (e) Neither the Company nor its affiliates shall be liable to Customer for consequential or incidental damages arising out of the Program, whether in contract, tort (including negligence) or any other theory of recovery.
- 4. Access to Property**
 - (a) Customer will provide reasonable access to Customer's property during normal business hours for the Company to perform the installation work. If Customer's facility requires work to be performed during off-business hours, arrangements may be made for off hour's installation. In all instances, Customer will be responsible for costs arising from failure to grant access as arranged. These costs will not be included with the Installation Costs, Savings Analysis, or Customer Contribution.
 - (b) In addition, the Customer will allow the Company to make a reasonable number of follow-up visits during the twenty-four months following installation, with advance notice and at a time convenient to the Customer. The purpose of the follow-up visits is to provide the Company with an opportunity to review the operation of the Measures for program education purpose. During the follow-up visits, the Company may make suggestions to the Customer regarding operation of the Measures, but the Customer is under no obligation to follow any such suggestions. If the Customer does follow any instructions, the Company will not be liable to the Customer in tort (including negligence) for the Customer's reliance on the suggestions.
- 5. Discretion of Company**
When undertaking the installation, the Company (at their sole discretion) may choose not to make the installations specified below for reasons related to safety, discovery of unforeseen conditions or the complete utilization of Company's program budget.
- 6. Equipment and Customer Contribution**
 - (a) The Company or its designee will install the equipment listed in the **Contractor Proposal (Proposal) to be attached to this Agreement**. The estimated cost of the installation including the estimated cost of the Customer's contribution shall also be itemized on the Proposal. **The Customer may choose to pay its cost contribution over twenty-four (24) months or may choose to pay it in one lump sum within thirty days of installation on their PSE&G bill.** If a Customer who chooses to pay its cost contribution over twenty-four (24) months occupies the Customer's property under a lease and the Customer terminates its lease or vacates the Customer's property before making its final payment, in addition to all other remedies available to the Company, the Company may declare all of the unpaid balance immediately due and payable, and the Customer shall immediately pay all of the unpaid amount to the Company.

The Customer opts to pay its cost contribution via their PSE&G bill by (check one):
 One lump sum payment of \$ _____ OR Twenty four (24) monthly payments of \$ _____.
 - (b) The Customer shall pay no more than the estimated cost shown on the Proposal. If the actual cost of the installation is less than the estimated cost or if the Company chooses not to make an Installation in accordance with Section 5, the Company shall adjust the Customer's contribution and advise the Customer. Customer further represents that it has not and will not receive incentives under the New Jersey Clean Energy Program for the same measures.
- 7. Authorized Signature of Customer:**
By signing below, the Customer agrees that the address as it appears above is the address where measures will be installed and to the applicability of the Terms and Conditions described above.
 Customer Signature: _____ PSE&G Name _____
 Customer Name (Print) _____ PSE&G Signature _____
 Cust. Date: _____ PSE&G Title _____ PSE&G Date _____

ONCE EXECUTED BY THE COMPANY, THIS BECOMES A BINDING CONTRACT.



INDEX

- Multifamily Program Overview HMFA Projects
- Multifamily Program Overview Non-HMFA Projects
- Multifamily Marketing Letter HMFA
- Multifamily Marketing Letter Non-HMFA
- EEE Direct Install Government Brochure
- EEE Direct Install Non-Profit Brochure



PSE&G Residential Multifamily Housing Program New Jersey Housing and Mortgage Finance Agency Projects

As part of its New Jersey Board of Public Utilities approved **Energy Efficiency Economic Stimulus Initiative**, Public Service Electric and Gas Company (PSE&G) is offering the **Residential Multifamily Housing Program** (Program). The Program is designed to increase energy efficiency and reduce carbon emissions of residential multifamily housing developments and to provide building owners **with up-front financing for the cost of eligible energy efficiency installations.**

Under the Program, building owners will receive an on-site investment grade energy audit of their building(s) **at no cost.** All energy efficiency measures identified by the audit as having a simple payback of fifteen years or less will be eligible for installation under the program and for Program incentives. The energy efficiency measures recommended by the audit may include lighting, HVAC, humidification, building envelope, windows, doors, motors, and other energy consuming equipment. **PSE&G will provide incentives to help pay for the cost of installing the energy efficiency measures. Building owners will repay their share of the cost over a ten-year period, interest free, on their PSE&G bill.**

Program eligibility includes residential multifamily buildings where natural gas and/or electricity is provided by PSE&G. The buildings can be master metered or individually metered and include garden apartments, low-rise, mid-rise and high-rise facilities with five or more units in PSE&G's service territory. **PSE&G is working with the New Jersey Housing and Mortgage Finance Agency (NJHMFA) to offer the program to NJHMFA-financed housing developments for the initial stage of this program, however non-HMFA buildings are also eligible for program funding.**

How the Program Works

PSE&G is working with the NJHMFA to identify potential housing developments for the Program. The program audit is free to building owners and will be provided through a qualified audit professional employed by PSE&G. Building owners will receive a written audit report detailing the energy savings opportunities and recommended energy efficiency measures for installation, along with associated payback information. PSE&G will review the housing facility audit results with the building owner and **both PSE&G and NJHMFA must approve the energy efficiency measures the building owner wishes to install.** Based on the audit results, PSE&G will provide funding to the building owner to pay for the installation of the eligible energy efficiency measures. **Note: the building owner will be responsible for the selection of a contractor(s) to install the energy efficiency measures and will enter into all contracts and agreements directly with that contractor. HMFA written approval will be required for all contracts.**

Program Incentives

For eligible energy efficiency measures identified by the free investment grade energy audit, PSE&G will “buy-down” costs by 7 years, but not to fewer than 2 years. **PSE&G will pay the total costs of the project in three stages (see below). The Building Owner (the Customer) will be responsible for payment to their contractor. At the conclusion of the Project, the Customer will repay their contribution (total cost of the Project minus the PSE&G incentive amount) interest-free, over a period of 10 years on their PSE&G energy bill.** Should the property be sold, the remaining balance will be payable upon transfer of property.

Note: For NJHMFA-financed projects, PSE&G’s 0% financing will be subordinate to NJHMFA’s permanent mortgage(s). NJHMFA-financed projects will follow NJHMFA bidding practices.

Program Payments

The Customer will be paid in three stages during the course of program participation (as long as pre-approval for the program was granted prior to any work done or expenditures made). The three stages of program payments are:

- **Stage One: Execution of Contract:** The Investment Grade Audit (IGA) is completed and the results of the audit have been discussed with the Customer; including a review of eligible measures and costs. Once the Customer commits to install the agreed-upon Energy Conservation Measures (ECMs), selects their contractor(s), and signs a contract with their contractor(s) to install the ECMs, the Customer executes a Repayment Agreement with PSE&G. Upon receipt and approval of the Agreement, PSE&G will pay one-third of the project costs to the Customer and the Customer will begin the project.
- **Stage Two: Job 50% Complete:** After 50% of the ECMs have been installed and inspected by PSE&G (or its agent), the second third of the project costs will be paid to the Customer.
- **Stage Three: Balance on Final Inspection:** After all ECMs have been installed and commissioned (fired up and operating according to manufacturer specifications), PSE&G (or its agent) will perform a final inspection on all work performed. If the Project passes the final inspection, the remaining one-third of project costs will be paid to the Customer. At this time, the Project is considered complete and the Customer repayments will begin.

In the event the Customer fails to complete Stage Three or fails the final inspection, the Stage Three progress-payment will not be paid and the Customer will have six months to complete the project and/or pass the final inspection. If the Customer fails to comply, the repayment of the amount owed to PSE&G will become immediately due and payable.

Coordination of Program Funding

Energy efficiency measures eligible for incentives under this program are NOT eligible for incentives under the New Jersey Clean Energy Program. Similarly, energy efficiency measures which have been incented under the New Jersey Clean Energy Program are NOT eligible for the PSE&G Residential Multifamily Housing program.

For More Information

For additional program information, please contact John Giattino at 973-430-7214 or John.Giattino@pseg.com



PSE&G Residential Multifamily Housing Program

As part of its New Jersey Board of Public Utilities approved **Energy Efficiency Economic Stimulus Initiative**, Public Service Electric and Gas Company (PSE&G) is offering the **Residential Multifamily Housing Program** (Program). The Program is designed to increase energy efficiency and reduce carbon emissions of residential multifamily housing developments and to provide building owners **with up-front financing for the cost of eligible energy efficiency installations.**

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Program eligibility includes residential multifamily buildings where natural gas and/or electricity is provided by PSE&G. The buildings can be master metered or individually metered and include garden apartments and high rise facilities with five or more units in PSE&G's service territory.

How the Program Works

The program audit is free to building owners and will be provided through a qualified audit professional employed by PSE&G. Building owners will receive a written audit report detailing the energy savings opportunities and recommended energy efficiency measures for installation, along with associated payback information. PSE&G will review the housing facility audit results with the building owner and **must approve the energy efficiency measures the building owner wishes to install.** Based on the audit results, PSE&G will provide funding to the building owner to pay for the installation of the eligible energy efficiency measures. **Note: the building owner will be responsible for the selection of a contractor(s) to install the energy efficiency measures and will enter into all contracts and agreements directly with that contractor.**

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IMPORTANT INFORMATION FOR YOUR HOUSING DEVELOPMENT!

January 8, 2010

As part of its New Jersey Board of Public Utilities approved **Energy Efficiency Economic Stimulus Initiative**, Public Service Electric and Gas Company (PSE&G) is offering the **Residential Multifamily Housing Program**. The Program is designed to increase energy efficiency and reduce carbon emissions of residential multifamily housing developments and to provide multifamily building owners **with up-front financing for the cost of eligible energy efficiency installations**.

PSE&G is working with the New Jersey Housing and Mortgage Finance Agency (NJHMFA) to offer the program to NJHMFA-financed housing developments for the initial stage of this program, however non-HMFA buildings are also eligible for program funding.

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Please read the enclosed detailed program information to see if your multifamily property might qualify for this program. You must have a satisfactory record of bill payment with PSE&G to qualify for program participation.

You must submit a completed program application (enclosed) to PSE&G to be considered for program financing. Applications will be considered on a first-come, first served basis.

Return the application to:

John Giattino
PSE&G, T8
80 Park Plaza
Newark NJ, 07102

If you have any questions, please contact John Giattino at 973-430-7214 or John.Giattino@pseg.com



IMPORTANT INFORMATION FOR YOUR HOUSING DEVELOPMENT!

Dear Building Owner:

As part of its New Jersey Board of Public Utilities approved **Energy Efficiency Economic Stimulus Initiative**, Public Service Electric and Gas Company (PSE&G) is offering the **Residential Multifamily Housing Program**. The Program is designed to increase energy efficiency and reduce carbon emissions of residential multifamily housing developments and to provide multifamily building owners **with up-front financing for the cost of eligible energy efficiency installations**.

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John Giattino
PSE&G, T8
80 Park Plaza

Newark NJ, 07102

If you have any questions, please contact John Giattino at 973-430-7214 or John.Giattino@pseg.com



Questions you may have about the PSE&G Direct Install Program for Government Facilities

Q. Who is eligible to participate?

A. Eligible facilities include municipal, local, and state government offices, courtrooms, town halls, police and fire stations, sanitation department buildings, transportation department structures, regional authorities, schools, and community centers. County or regionally structured bodies such as county colleges and regional utility authorities (water/sewer) also are included. In addition, participants in New Jersey's Clean Energy Program™ (NJCEP) Local Government Energy Audit Program will be eligible for Direct Install benefits under this sub-program. PSE&G will accept audits performed under the NJCEP Local Government Energy Audit Program to determine which energy efficiency measures are eligible for installation in this program.

Q. Where is the program being offered?

A. The program is being offered to all qualifying government entities who are industrial or commercial customers located within PSE&G's service territory and who receive natural gas and/or electricity from PSE&G.

Q. Who will perform my FREE energy audit and the resulting energy efficiency work?

A. Your energy audit and energy efficiency upgrades will be performed by skilled, experienced contractors selected by PSE&G specifically for this program. You (and your landlord if you rent/lease your facility's space) will be asked to sign a form authorizing PSE&G to perform the audit and energy efficiency upgrades.

To schedule your **FREE** energy audit, or if you have additional questions, contact your PSE&G Program Representative today:

1-877-533-7387



For more information about the PSE&G Direct Install Program for Government Facilities or PSE&G's efforts to help the environment, visit:

pseg.com/directinstall



Affordable, energy-saving solutions to help your government facility lower its energy costs!



PSE&G Direct Install Program for Government Facilities





Want to control your energy usage and start saving money?

Take the first step today by contacting PSE&G for a **FREE** energy audit!

The PSE&G Direct Install Program for Government Facilities can help you cut your energy costs by up to 30% by offering:

- A **FREE**, on-site energy audit of your facility's electric and gas equipment.
- A written proposal, with recommended energy efficiency measures, based on your audit.
- Energy-saving equipment installation at your convenience.

Eligible energy efficiency equipment upgrades may include:

- Lighting retrofits, including sensors and controls
- Motors
- HVAC
- Site-specific custom projects

PSE&G makes the investment in energy efficiency upgrades easy for you by initially covering 100% of the cost to install the recommended measures.

You will repay **ONLY 20%** of the total cost to install the energy efficiency measures – interest free – over two years on your PSE&G energy bill OR in one lump sum payment within 30 days of the work being completed.



Spend less on energy and more where it counts for your government facility!
Schedule your **FREE**, on-site energy audit today.



To get started now, contact your PSE&G Program Representative at **1-877-533-7387**.



ATTACHMENT SCHEDULE REB-1B
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SCHEDULE REB-1B
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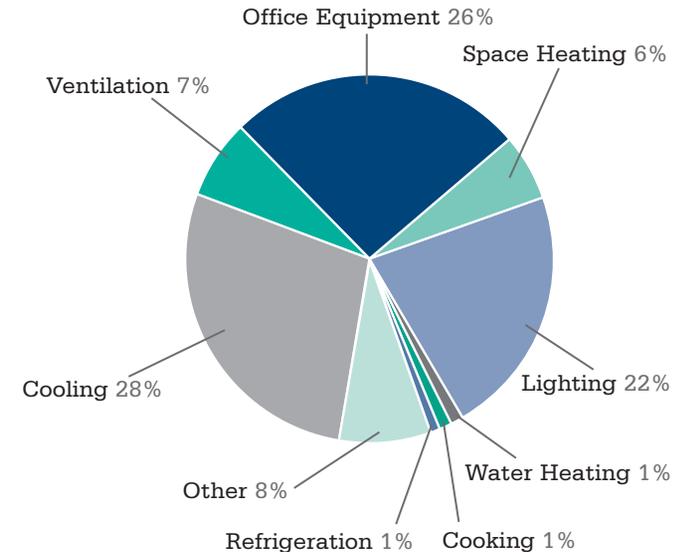
Energy-Saving Improvements to Consider:

- Replace older fluorescent tubes with newer generation lighting to save up to 40% in electricity costs.
- To conserve energy and reduce internal heat gain, turn off computers, monitors, printers, and copiers during non-business hours.
- When old motors fail, replace them with premium efficiency motors that operate at a lower annual cost. Ensure you specify the proper-sized motor for the application.
- Install an ENERGY STAR® programmable thermostat to automate your HVAC system. A programmable thermostat can optimize HVAC operation 24x7 based on your needs, and it could cut your HVAC costs by about 30%.

Compare Your Office Space With the National Averages

The following graphic represents typical electric energy use for an office building.

Electricity end-use consumption in office buildings by activity:



Source: Department of Energy, Energy Information Administration, Building End-Use Consumption Survey, 1999.



Questions you may have about the PSE&G Direct Install Program for Non-Profit Facilities

Q. Who is eligible to participate?

A. To be eligible for this program, you must be a registered non-profit, tax-exempt entity under section 501(c)(3) of the Internal Revenue Code, as well as a PSE&G customer with annual peak electric demands of less than 200 kilowatts. Non-profit customers with annual peak electric demands in excess of 200 kW will be considered for this program on a case-by-case basis. Landlord permission is required for program participation.

Q. Where is the program being offered?

A. The program is open to all 501(c)(3) entities in PSE&G's service territory that are electric and/or gas customers of PSE&G.

Q. Does signing up for the free audit obligate my organization to purchase and install the recommended upgrades?

A. No, but the program is designed to make the installation of energy efficiency measures easy and cost effective for your organization.

Q. Who will perform my FREE energy audit and the resulting energy efficiency work?

A. Your energy audit and energy efficiency upgrades will be performed by skilled, experienced contractors selected by PSE&G specifically for this program. You (and your landlord if you rent/lease your facility's space) will be asked to sign a form authorizing PSE&G to perform the audit and energy efficiency upgrades.

To schedule your **FREE** energy audit, or if you have additional questions, contact your PSE&G Program Representative today:

1-877-533-7387



For more information about the PSE&G Direct Install Program for Non-Profit Facilities or PSE&G's efforts to help the environment, visit:

pseg.com/directinstall



Affordable, energy-saving solutions to help your non-profit facility lower its energy costs!



PSE&G
Direct Install
Program for Non-Profit
Facilities





Want to control your energy usage and start saving money?

Take the first step today by contacting PSE&G for a **FREE** energy audit!

The PSE&G Direct Install Program can help cut energy costs in your non-profit facility by up to 30% by offering:

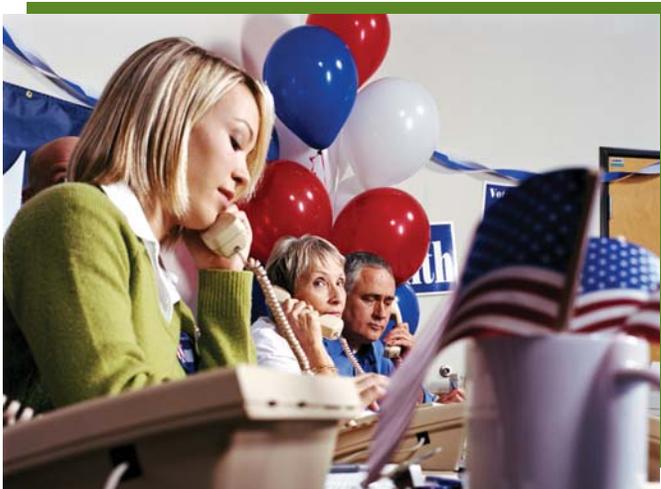
- A **FREE**, on-site energy audit of your facility's electric and gas equipment.
- A written proposal of the recommended energy efficiency measures, based on your audit.
- Energy-saving equipment installation at your convenience.
- And, best of all, PSE&G will pay 100% of the costs up-front for the energy efficiency upgrades, while your non-profit repays **ONLY 20%**!

PSE&G makes it easy for you – a FREE energy audit, a no-obligation proposal for the work to be performed, and, if you choose, installation of the energy efficiency measures at your non-profit facility.

Installing eligible energy-efficient equipment upgrades – such as **lighting retrofits** (including sensors and controls), **refrigeration**, **HVAC** and **motors**, and site-specific **custom projects** – helps reduce your energy bills. And, as an eligible 501(c)(3) entity, you only have to repay 20% of the costs over two years on your PSE&G energy bill OR in one lump sum payment within 30 days of the work being completed, whichever you choose.

Non-profits in New Jersey, large and small, can benefit.

There are more than 28,000 501(c)(3) organizations in New Jersey. This represents an enormous amount of potential energy savings statewide that could be realized through the installation of energy efficiency measures and benefit the thousands of New Jersey-based non-profits.



Spend less on energy and allow more of your operating budget to go towards helping your clients/constituents! Schedule your FREE, on-site, no-obligation energy audit today.



ATTACH

SCHEDULE REB-1B

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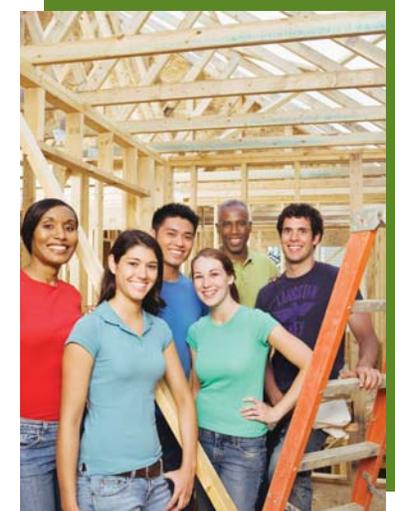
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Energy Saving Improvements to Consider:

- Lighting is an essential component of any non-profit facility – and a cost-effective area to be upgraded. Replacing older fluorescent tubes with newer generation lighting will reduce energy consumption and save drastically on maintenance costs for your facility. In fact, you could save up to 40% in electricity costs for your lighting needs!
- A new fan motor in a walk-in cooler can save between 30%-70% in fan motor energy. New fan motors also give off less heat, reducing the cooling load and saving additional energy.
- Install an ENERGY STAR® programmable thermostat to automate your HVAC system. A programmable thermostat can optimize HVAC operation 24x7 based on your needs, and it could cut your HVAC costs by about 30%.
- To conserve energy and reduce internal heat gain, turn off computers, monitors, printers, and copiers during non-working hours.

To get started now, contact your PSE&G Program Representative at 1-877-533-7387.



PSE&G Energy Efficiency Economic Stimulus Program
Budgets and Repayments - Electric

(dollars)

Projected Direct Program Costs

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<i>Projected Program Investments</i>													
Multi-Family Housing	409,164	5,257,576	3,133,260	-	-	-	-	-	-	-	-	-	-
Municipal Direct Installation	2,258,172	11,629,586	8,612,242	-	-	-	-	-	-	-	-	-	-
Hospital Efficiency	1,762,948	15,089,684	14,306,338	1,841,030	-	-	-	-	-	-	-	-	-
Total Projected Program Investments	4,430,284	31,976,846	26,051,841	1,841,030	-	-	-	-	-	-	-	-	-

Cumulative Total Projected Program Investments: 64,300,000

Administrative Costs:

Multi-Family Housing	182,086	311,510	375,454	89,796	-	-	-	-	-	-	-	-	-
Municipal Direct Installation	726,555	1,124,269	757,847	-	-	-	-	-	-	-	-	-	-
Hospital Efficiency	642,453	1,043,270	1,043,270	671,158	-	-	-	-	-	-	-	-	-
Total Administrative Costs	1,551,094	2,479,050	2,176,571	760,954	-	-	-	-	-	-	-	-	-

Cumulative Total Administrative Costs: 6,967,669

Program Investment Repayments:

Multi-Family Housing	-	11,380	172,021	259,548	259,548	259,548	259,548	259,548	259,548	259,548	259,548	248,169	87,528
Municipal Direct Installation	10,753	649,628	1,821,271	1,600,372	417,976	-	-	-	-	-	-	-	-
Hospital Efficiency	-	-	1,135,998	2,970,748	3,152,679	2,016,681	181,931	-	-	-	-	-	-
Total Program Investment Repayments	10,753	661,007	3,129,289	4,830,668	3,830,203	2,276,229	441,479	259,548	259,548	259,548	259,548	248,169	87,528

Cumulative Total Program Investment Repayments: 16,553,519

PSE&G Energy Efficiency Economic Stimulus Program
Budgets and Repayments - Gas

(dollars)

Projected Direct Program Costs

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<i>Projected Program Investments</i>													
Multi-Family Housing	520,754	6,691,460	3,987,786	-	-	-	-	-	-	-	-	-	-
Municipal Direct Installation	250,908	1,292,176	956,916	-	-	-	-	-	-	-	-	-	-
Hospital Efficiency	908,185	7,773,474	7,369,932	948,409	-	-	-	-	-	-	-	-	-
Total Projected Program Investments	1,679,848	15,757,110	12,314,633	948,409	-	-	-	-	-	-	-	-	-

Cumulative Total Projected Program Investments: 30,700,000

Administrative Costs:

Multi-Family Housing	231,746	396,468	477,851	114,286	-	-	-	-	-	-	-	-	-
Municipal Direct Installation	80,728	124,919	84,205	-	-	-	-	-	-	-	-	-	-
Hospital Efficiency	330,961	537,442	537,442	345,748	-	-	-	-	-	-	-	-	-
Total Administrative Costs	643,435	1,058,829	1,099,498	460,034	-	-	-	-	-	-	-	-	-

Cumulative Total Administrative Costs: 3,261,796

Program Investment Repayments:

Multi-Family Housing	-	14,483	218,935	330,334	330,334	330,334	330,334	330,334	330,334	330,334	330,334	315,851	111,399
Municipal Direct Installation	1,195	72,181	202,363	177,819	46,442	-	-	-	-	-	-	-	-
Hospital Efficiency	330,961	537,442	537,442	345,748	-	-	-	-	-	-	-	-	-
Total Program Investment Repayments	5,554,936	5,222,780	4,598,674	3,639,933	2,786,031	2,409,255	2,078,921	1,748,587	1,418,253	1,087,918	757,584	427,250	111,399

Cumulative Total Program Investment Repayments: 29,457,369

PSE&G EEE Extension Program
 Estimated Program Costs by Year

PSE&G Electric + Gas - 2011

Program	Total Estimated EEE Stimulus Expenditures	Administration & Program Development	Sales, Call Centers, Marketing and Website	Training	Rebates, Grants, and Other Direct Incentives	Rebate Processing, and Inspections, and Other Quality Control	Evaluation and Related Research
RESIDENTIAL PROGRAMS							
Multi-Family Housing	\$1,343,751	\$136,054	\$0	\$0	\$929,918	\$277,778	\$0
Sub-Total: Residential Programs	\$1,343,751	\$136,054	\$0	\$0	\$929,918	\$277,778	\$0
COMMERCIAL & INDUSTRIAL PROGRAMS							
Municipal Direct Install	\$3,316,364	\$257,732	\$12,608	\$5,028	\$2,509,080	\$531,915	\$0
Hospital Efficiency	\$3,644,547	\$486,707	\$0	\$0	\$2,671,133	\$486,707	\$0
Sub-Total: C&I Programs	\$6,960,910	\$744,439	\$12,608	\$5,028	\$5,180,213	\$1,018,622	\$0
TOTAL Energy Efficiency Programs	\$8,304,661	\$880,493	\$12,608	\$5,028	\$6,110,132	\$1,296,399	\$0

PSE&G EEE Extension Program
 Estimated Program Costs by Year

PSE&G Electric + Gas - 2012

Program	Total Estimated EEE Stimulus Expenditures	Administration & Program Development	Sales, Call Centers, Marketing and Website	Training	Rebates, Grants, and Other Direct Incentives	Rebate Processing, Inspections, and Other Quality Control	Evaluation and Related Research
RESIDENTIAL PROGRAMS							
Multi-Family Housing	\$12,657,014	\$206,186	\$0	\$0	\$11,949,036	\$501,792	\$0
Sub-Total: Residential Programs	\$12,657,014	\$206,186	\$0	\$0	\$11,949,036	\$501,792	\$0
COMMERCIAL & INDUSTRIAL PROGRAMS							
Municipal Direct Install	\$14,170,950	\$347,222	\$51,895	\$25,895	\$12,921,762	\$824,176	\$0
Hospital Efficiency	\$24,443,871	\$486,707	\$0	\$0	\$22,863,158	\$1,094,006	\$0
Sub-Total: C&I Programs	\$38,614,821	\$833,929	\$51,895	\$25,895	\$35,784,920	\$1,918,182	\$0
TOTAL Energy Efficiency Programs	\$51,271,835	\$1,040,115	\$51,895	\$25,895	\$47,733,956	\$2,419,974	\$0

PSE&G EEE Extension Program
 Estimated Program Costs by Year

PSE&G Electric + Gas - 2013

Program	Total Estimated EEE Stimulus Expenditures	Administration & Program Development	Sales, Call Centers, Marketing and Website	Training	Rebates, Grants, and Other Direct Incentives	Rebate Processing, Inspections, and Other Quality Control	Evaluation and Related Research
RESIDENTIAL PROGRAMS							
Multi-Family Housing	\$7,974,351	\$206,186	\$0	\$0	\$7,121,046	\$501,792	\$145,327
Sub-Total: Residential Programs	\$7,974,351	\$206,186	\$0	\$0	\$7,121,046	\$501,792	\$145,327
COMMERCIAL & INDUSTRIAL PROGRAMS							
Municipal Direct Install	\$10,411,210	\$257,732	\$0	\$0	\$9,569,158	\$438,596	\$145,723
Hospital Efficiency	\$23,256,982	\$486,707	\$0	\$0	\$21,676,270	\$1,094,006	\$0
Sub-Total: C&I Programs	\$33,668,192	\$744,439	\$0	\$0	\$31,245,428	\$1,532,602	\$145,723
TOTAL Energy Efficiency Programs	\$41,642,543	\$950,624	\$0	\$0	\$38,366,474	\$2,034,394	\$291,051

PSE&G EEE Extension Program
 Estimated Program Costs by Year

PSE&G Electric + Gas - 2014

Program	Total Estimated EEE Stimulus Expenditures	Administration & Program Development	Sales, Call Centers, Marketing and Website	Training	Rebates, Grants, and Other Direct Incentives	Rebate Processing, Inspections, and Other Quality Control	Evaluation and Related Research
RESIDENTIAL PROGRAMS							
Multi-Family Housing	\$204,082	\$68,027	\$0	\$0	\$0	\$136,054	\$0
Sub-Total: Residential Programs	\$204,082	\$68,027	\$0	\$0	\$0	\$136,054	\$0
COMMERCIAL & INDUSTRIAL PROGRAMS							
Municipal Direct Install	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hospital Efficiency	\$3,806,345	\$170,068	\$0	\$0	\$2,789,439	\$655,702	\$191,136
Sub-Total: C&I Programs	\$3,806,345	\$170,068	\$0	\$0	\$2,789,439	\$655,702	\$191,136
TOTAL Energy Efficiency Programs	\$4,010,427	\$238,095	\$0	\$0	\$2,789,439	\$791,757	\$191,136

PSE&G EEE Extension Program
Estimated Participants

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Program	Participants			
	2011	2012	2013	2014
RESIDENTIAL PROGRAMS				
Multi-Family Housing	13	16	0	0
<i>Sub-Total: Residential Programs</i>	13	16	0	0
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	75	180	81	0
Hospital Efficiency	10	11	0	0
<i>Sub-Total: C&I Programs</i>	85	191	81	0
TOTAL Energy Efficiency Programs	98	207	81	0

PSE&G EEE Extension Program
Overall Electric Energy Savings

Energy Savings - Electric MWh Program	Annual Savings				Lifetime Savings			
	2011	2012	2013	2014	2011	2012	2013	2014
RESIDENTIAL PROGRAMS								
Multi-Family Housing	3,710	4,618	0	0	55,645	69,265	0	0
Sub-Total: Residential Programs	3,710	4,618	0	0	55,645	69,265	0	0
COMMERCIAL & INDUSTRIAL PROGRAMS								
Municipal Direct Instal	5,502	13,204	5,929	0	82,527	198,064	88,932	0
Hospital Efficiency	24,000	25,990	0	0	360,000	389,848	0	0
Sub-Total: C&I Programs	29,502	39,194	5,929	0	442,527	587,911	88,932	0
TOTAL PSE&G EEE Stimulus Program	33,211	43,812	5,929	0	498,172	657,177	88,932	0

PSE&G EEE Extension Program
Overall Electric Demand Savings

Energy Savings - Electric kW Program	Annual Savings			
	2011	2012	2013	2014
RESIDENTIAL PROGRAMS				
Multi-Family Housing	2262	2816	0	0
Sub-Total: Residential Programs	2,262	2,816	0	0
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Instal	1,800	4,320	1,940	0
Hospital Efficiency	4,130	4,472	0	0
Sub-Total: C&I Programs	5,930	8,792	1,940	0
TOTAL PSE&G EEE Stimulus Program	8,192	11,608	1,940	0

Energy Savings - Gas dTherms Program	Annual Savings				Lifetime Savings			
	2011	2012	2013	2014	2011	2012	2013	2014
RESIDENTIAL PROGRAMS								
Multi-Family Housing	58,468	72,779	0	0	1,169,350	1,455,571	0	0
Sub-Total: Residential Programs	58,468	72,779	0	0	1,169,350	1,455,571	0	0
COMMERCIAL & INDUSTRIAL PROGRAMS								
Municipal Direct Instal	2,438	5,850	2,627	0	48,750	117,000	52,534	0
Hospital Efficiency	110,000	119,120	0	0	2,200,000	2,382,402	0	0
Sub-Total: C&I Programs	112,438	124,970	2,627	0	2,248,750	2,499,402	52,534	0
TOTAL PSE&G EEE Stimulus Program	170,905	197,749	2,627	0	3,418,100	3,954,972	52,534	0

PSE&G EEE Extension Program
Participant Electric Energy Savings

Energy Savings - Electric MWh Program	Annual Savings				Lifetime Savings			
	2011	2012	2013	2014	2011	2012	2013	2014
RESIDENTIAL PROGRAMS								
Multi-Family Housing	285	285			4,280	4,280		
Sub-Total: Residential Programs	285	285	0	0	4,280	4,280	0	0
COMMERCIAL & INDUSTRIAL PROGRAMS								
Municipal Direct Instal	73	73	73		1,100	1,100	1,100	
Hospital Efficiency	2,400	2,400			36,000	36,000		
Sub-Total: C&I Programs	2,473	2,473	73	0	37,100	37,100	1,100	0
TOTAL PSE&G EEE Stimulus Program	2,759	2,759	73	0	41,381	41,381	1,100	0

PSE&G EEE Extension Program
Participant Electric Demand Savings

Energy Savings - Electric kW Program	Annual Savings			
	2011	2012	2013	2014
RESIDENTIAL PROGRAMS				
Multi-Family Housing	174	174		
Sub-Total: Residential Programs	174.00	174.00	0	0
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Instal	24	24	24	
Hospital Efficiency	413	413		
Sub-Total: C&I Programs	437	437	24	0
TOTAL PSE&G EEE Stimulus Program	611	611	24	0

Energy Savings - Gas dTherms Program	Annual Savings				Lifetime Savings			
	2011	2012	2013	2014	2011	2012	2013	2014
RESIDENTIAL PROGRAMS								
Multi-Family Housing	4,498	4,498			89,950	89,950		
Sub-Total: Residential Programs	4,498	4,498	0	0	89,950	89,950	0	0
COMMERCIAL & INDUSTRIAL PROGRAMS								
Municipal Direct Instal	33	33	33		650	650	650	
Hospital Efficiency	11,000	11,000			220,000	220,000		
Sub-Total: C&I Programs	11,033	11,033	33	0	220,650	220,650	650	0
TOTAL PSE&G EEE Stimulus Program	15,530	15,530	33	0	310,600	310,600	650	0

PSE&G EEE Extension Program
 Estimated Annual Emissions Savings - Electric

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Program Year: 2011
 (Metric Tons)

Program	CO2	NOX	SO2	Hg
RESIDENTIAL PROGRAMS				
Multi-Family Housing	2,563	5	11	0
Sub-Total: Residential Programs	2,563.1	4.7	11.0	0.0001
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	3,801	7	16	0
Hospital Efficiency	16,582	31	71	0
Sub-Total: C&I Programs	20,383.0	37.5	87.2	0.0005
TOTAL PSE&G EEE Stimulus Program	22,946.1	42.3	98.1	0.0005

PSE&G EEE Extension Program
 Estimated Annual Emissions Savings - Electric

Program Year: 2012
 (Metric Tons)

Program	CO2	NOX	SO2	Hg
RESIDENTIAL PROGRAMS				
Multi-Family Housing	3,190	6	14	0
Sub-Total: Residential Programs	3,190.4074	5.8771	13.6432	0.0001
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	9,123	17	39	0
Hospital Efficiency	17,957	33	77	0
Sub-Total: C&I Programs	27,079.5567	49.8834	115.8007	0.0006
TOTAL PSE&G EEE Stimulus Program	30,269.9641	55.7605	129.4439	0.0007

PSE&G EEE Extension Program
 Estimated Annual Emissions Savings - Electric

Program Year: 2013
 (Metric Tons)

Program	CO2	NOX	SO2	Hg
RESIDENTIAL PROGRAMS				
Multi-Family Housing	0	0	0	0
Sub-Total: Residential Programs	0.0000	0.0000	0.0000	0.0000
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	4,096	8	18	0
Hospital Efficiency	0	0	0	0
Sub-Total: C&I Programs	4,096.2477	7.5457	17.5168	0.0001
TOTAL PSE&G EEE Stimulus Program	4,096.2477	7.5457	17.5168	0.0001

PSE&G EEE Extension Program
 Estimated Annual Emissions Savings - Electric

Program Year: 2014
 (Metric Tons)

Program	CO2	NOX	SO2	Hg
RESIDENTIAL PROGRAMS				
Multi-Family Housing	0	0	0	0
Sub-Total: Residential Programs	0.0000	0.0000	0.0000	0.0000
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	0	0	0	0
Hospital Efficiency	0	0	0	0
Sub-Total: C&I Programs	0.0000	0.0000	0.0000	0.0000
TOTAL PSE&G EEE Stimulus Program	0.0000	0.0000	0.0000	0.0000

PSE&G EEE Extension Program
 Estimated Lifetime Emissions Savings - Electric

Program Year: 2011
 (Metric Tons)

Program	CO2	NOX	SO2	Hg
RESIDENTIAL PROGRAMS				
Multi-Family Housing	38,446	71	164	0
Sub-Total: Residential Programs	38,445.7745	70.8212	164.4063	0.0009
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	57,018	105	244	0
Hospital Efficiency	248,727	458	1,064	0
Sub-Total: C&I Programs	305,745.6682	563.2157	1,307.4650	0.0072
TOTAL PSE&G EEE Stimulus Program	344,191.4427	634.0369	1,471.8713	0.0081

PSE&G EEE Extension Program
 Estimated Lifetime Emissions Savings - Electric

Program Year: 2012
 (Metric Tons)

Program	CO2	NOX	SO2	Hg
RESIDENTIAL PROGRAMS				
Multi-Family Housing	47,856	88	205	0
Sub-Total: Residential Programs	47,856.1113	88.1560	204.6478	0.0011
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	136,844	252	585	0
Hospital Efficiency	269,349	496	1,152	0
Sub-Total: C&I Programs	406,193.3503	748.2509	1,737.0110	0.0095
TOTAL PSE&G EEE Stimulus Program	454,049.4615	836.4069	1,941.6589	0.0106

PSE&G EEE Extension Program
 Estimated Lifetime Emissions Savings - Electric

Program Year: 2013
 (Metric Tons)

Program	CO2	NOX	SO2	Hg
RESIDENTIAL PROGRAMS				
Multi-Family Housing	0	0	0	0
Sub-Total: Residential Programs	0.0000	0.0000	0.0000	0.0000
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	61,444	113	263	0
Hospital Efficiency	0	0	0	0
Sub-Total: C&I Programs	61,443.7148	113.1858	262.7527	0.0014
TOTAL PSE&G EEE Stimulus Program	61,443.7148	113.1858	262.7527	0.0014

PSE&G EEE Extension Program
 Estimated Lifetime Emissions Savings - Electric

Program Year: 2014
 (Metric Tons)

Program	CO2	NOX	SO2	Hg
RESIDENTIAL PROGRAMS				
Multi-Family Housing	0	0	0	0
<i>Sub-Total: Residential Programs</i>	<i>0.0000</i>	<i>0.0000</i>	<i>0.0000</i>	<i>0.0000</i>
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	0	0	0	0
Hospital Efficiency	0	0	0	0
<i>Sub-Total: C&I Programs</i>	<i>0.0000</i>	<i>0.0000</i>	<i>0.0000</i>	<i>0.0000</i>
TOTAL PSE&G EEE Stimulus Program	0.0000	0.0000	0.0000	0.0000

PSE&G EEE Extension Program
 Estimated Annual and Lifetime Emissions Savings - Gas

Program Year: 2011
 (Metric Tons)

Program	Annual Savings		Lifetime Savings	
	CO2	NOX	CO2	NOX
RESIDENTIAL PROGRAMS				
Multi-Family Housing	31.09	0.02	621.88	0.49
<i>SUB-TOTAL Residential Programs</i>	<i>31.09</i>	<i>0.02</i>	<i>621.88</i>	<i>0.49</i>
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	1.30	0.00	25.93	0.02
Hospital Efficiency	58.50	0.05	1,170.00	0.92
<i>SUB-TOTAL C&I Programs</i>	<i>59.80</i>	<i>0.05</i>	<i>1,195.93</i>	<i>0.94</i>
TOTAL PSE&G EEE Stimulus Program	90.89	0.07	1,817.81	1.43

PSE&G EEE Extension Program
 Estimated Annual and Lifetime Emissions Savings - Gas

Program Year: 2012
 (Metric Tons)

Program	Annual Savings		Lifetime Savings	
	CO2	NOX	CO2	NOX
RESIDENTIAL PROGRAMS				
Multi-Family Housing	38.70	0.03	774.10	0.61
<i>SUB-TOTAL Residential Programs</i>	<i>38.70</i>	<i>0.03</i>	<i>774.10</i>	<i>0.61</i>
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	3.11	0.00	62.22	0.05
Hospital Efficiency	63.35	0.05	1,267.00	1.00
<i>SUB-TOTAL C&I Programs</i>	<i>66.46</i>	<i>0.05</i>	<i>1,329.23</i>	<i>1.05</i>
TOTAL PSE&G EEE Stimulus Program	<i>105.17</i>	<i>0.08</i>	<i>2,103.33</i>	<i>1.65</i>

PSE&G EEE Extension Program
 Estimated Annual and Lifetime Emissions Savings - Gas

Program Year: 2013
 (Metric Tons)

Program	Annual Savings		Lifetime Savings	
	CO2	NOX	CO2	NOX
RESIDENTIAL PROGRAMS				
Multi-Family Housing	0.00	0.00	0.00	0.00
<i>SUB-TOTAL Residential Programs</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	1.40	0.00	27.94	0.02
Hospital Efficiency	0.00	0.00	0.00	0.00
<i>SUB-TOTAL C&I Programs</i>	<i>1.40</i>	<i>0.00</i>	<i>27.94</i>	<i>0.02</i>
TOTAL PSE&G EEE Stimulus Program	1.40	0.00	27.94	0.02

PSE&G EEE Extension Program
 Estimated Annual and Lifetime Emissions Savings - Gas

Program Year: 2014
 (Metric Tons)

Program	Annual Savings		Lifetime Savings	
	CO2	NOX	CO2	NOX
RESIDENTIAL PROGRAMS				
Multi-Family Housing	0.00	0.00	0.00	0.00
<i>SUB-TOTAL Residential Programs</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	0.00	0.00	0.00	0.00
Hospital Efficiency	0.00	0.00	0.00	0.00
<i>SUB-TOTAL C&I Programs</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
TOTAL PSE&G EEE Stimulus Program	0.00	0.00	0.00	0.00

PSE&G EEE Extension Program
 Estimated Per Participant Annual Emissions Savings - Electric

Program Year: 2011
 (Metric Tons)

Program	CO2	NOX	SO2	Hg
RESIDENTIAL PROGRAMS				
Multi-Family Housing	164.3	0.3	0.7	0.0
Sub-Total: Residential Programs	164.2982	0.3027	0.7026	0.0000
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	61.4	0.1	0.3	0.0
Hospital Efficiency	1,102.7	2.0	4.7	0.0
Sub-Total: C&I Programs	1,164.1264	2.1444	4.9782	0.0000
TOTAL PSE&G EEE Stimulus Program	1,328.4246	2.4471	5.6808	0.0000

This schedule utilizes the NJCEP program reporting format to provide the estimated emissions savings data required by RGGI Section II.I.

PSE&G EEE Extension Program
 Estimated Per Participant Annual Emissions Savings - Electric

Program Year: 2012
 (Metric Tons)

Program	CO2	NOX	SO2	Hg
RESIDENTIAL PROGRAMS				
Multi-Family Housing	164.3	0.3	0.7	0.0
Sub-Total: Residential Programs	164.2982	0.3027	0.7026	0.0000
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	61.4	0.1	0.3	0.0
Hospital Efficiency	1,102.7	2.0	4.7	0.0
Sub-Total: C&I Programs	1,164.1264	2.1444	4.9782	0.0000
TOTAL PSE&G EEE Stimulus Program	1,328.4246	2.4471	5.6808	0.0000

PSE&G EEE Extension Program
 Estimated Per Participant Annual Emissions Savings - Electric

Program Year: 2013
 (Metric Tons)

Program	CO2	NOX	SO2	Hg
RESIDENTIAL PROGRAMS				
Multi-Family Housing	0.0	0.0	0.0	0.0
Sub-Total: Residential Programs	0.0000	0.0000	0.0000	0.0000
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	61.4	0.1	0.3	0.0
Hospital Efficiency	0.0	0.0	0.0	0.0
Sub-Total: C&I Programs	61.4218	0.1131	0.2627	0.0000
TOTAL PSE&G EEE Stimulus Program	61.4218	0.1131	0.2627	0.0000

PSE&G EEE Extension Program
 Estimated Per Participant Annual Emissions Savings - Electric

Program Year: 2014
 (Metric Tons)

Program	CO2	NOX	SO2	Hg
RESIDENTIAL PROGRAMS				
Multi-Family Housing	0.0	0.0	0.0	0.0
Sub-Total: Residential Programs	0.0000	0.0000	0.0000	0.0000
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	0.0	0.0	0.0	0.0
Hospital Efficiency	0.0	0.0	0.0	0.0
Sub-Total: C&I Programs	0.0000	0.0000	0.0000	0.0000
TOTAL PSE&G EEE Stimulus Program	0.0000	0.0000	0.0000	0.0000

PSE&G EEE Extension Program
 Estimated Per Participant Lifetime Emissions Savings - Electric

Program Year: 2011
 (Metric Tons)

Program	CO2	NOX	SO2	Hg
RESIDENTIAL PROGRAMS				
Multi-Family Housing	2,464	5	11	0.0001
Sub-Total: Residential Programs	2,464	5	11	0.0001
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	921	2	4	0.0000
Hospital Efficiency	16,541	30	71	0.0004
Sub-Total: C&I Programs	17,462	32	75	0.0004
TOTAL PSE&G EEE Stimulus Program	19,926	37	85	0.0005

PSE&G EEE Extension Program
 Estimated Per Participant Lifetime Emissions Savings - Electric

Program Year: 2012
 (Metric Tons)

Program	CO2	NOX	SO2	Hg
RESIDENTIAL PROGRAMS				
Multi-Family Housing	2,464	5	11	0.0001
Sub-Total: Residential Programs	2,464.4727	4.5398	10.5389	0.0001
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	921	2	4	0.0000
Hospital Efficiency	16,541	30	71	0.0004
Sub-Total: C&I Programs	17,461.8957	32.1666	74.6726	0.0004
TOTAL PSE&G EEE Stimulus Program	19,926.3684	36.7065	85.2114	0.0005

PSE&G EEE Extension Program
 Estimated Per Participant Lifetime Emissions Savings - Electric

Program Year: 2013
 (Metric Tons)

Program	CO2	NOX	SO2	Hg
RESIDENTIAL PROGRAMS				
Multi-Family Housing	0.0000	0.0000	0.0000	0.0000
Sub-Total: Residential Programs	0.0000	0.0000	0.0000	0.0000
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	921	2	4	0.0000
Hospital Efficiency	0.0000	0.0000	0.0000	0.0000
Sub-Total: C&I Programs	921.3273	1.6972	3.9399	0.0000
TOTAL PSE&G EEE Stimulus Program	921.3273	1.6972	3.9399	0.0000

PSE&G EEE Extension Program
 Estimated Per Participant Lifetime Emissions Savings - Electric

Program Year: 2014
 (Metric Tons)

Program	CO2	NOX	SO2	Hg
RESIDENTIAL PROGRAMS				
Multi-Family Housing	0.0000	0.0000	0.0000	0.0000
<i>Sub-Total: Residential Programs</i>	<i>0.0000</i>	<i>0.0000</i>	<i>0.0000</i>	<i>0.0000</i>
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	0.0000	0.0000	0.0000	0.0000
Hospital Efficiency	0.0000	0.0000	0.0000	0.0000
<i>Sub-Total: C&I Programs</i>	<i>0.0000</i>	<i>0.0000</i>	<i>0.0000</i>	<i>0.0000</i>
TOTAL PSE&G EEE Stimulus Program	<i>0.0000</i>	<i>0.0000</i>	<i>0.0000</i>	<i>0.0000</i>

PSE&G EEE Extension Program
 Estimated Per Participant Emissions Savings - Gas

Program Year: 2011
 (Metric Tons)

Program	Annual Savings		Lifetime Savings	
	CO2	NOX	CO2	NOX
RESIDENTIAL PROGRAMS				
Multi-Family Housing	1.71	0.0013	34.17	0.0269
<i>SUB-TOTAL Residential Programs</i>	<i>1.71</i>	<i>0.0013</i>	<i>34.17</i>	<i>0.0269</i>
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	0.03	0.0000	0.54	0.0004
Hospital Efficiency	1.47	0.0012	29.39	0.0231
<i>SUB-TOTAL C&I Programs</i>	<i>1.50</i>	<i>0.0012</i>	<i>29.93</i>	<i>0.0235</i>
TOTAL PSE&G EEE Stimulus Program	3.21	0.0025	64.10	0.0504

PSE&G EEE Extension Program
 Estimated Per Participant Emissions Savings - Gas

Program Year: 2012
 (Metric Tons)

Program	Annual Savings		Lifetime Savings	
	CO2	NOX	CO2	NOX
RESIDENTIAL PROGRAMS				
Multi-Family Housing	1.71	0.0013	34.17	0.0269
<i>SUB-TOTAL Residential Programs</i>	<i>1.71</i>	<i>0.0013</i>	<i>34.17</i>	<i>0.0269</i>
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	0.03	0.0000	0.54	0.0004
Hospital Efficiency	1.47	0.0012	29.39	0.0231
<i>SUB-TOTAL C&I Programs</i>	<i>1.50</i>	<i>0.0012</i>	<i>29.93</i>	<i>0.0235</i>
TOTAL PSE&G EEE Stimulus Program	3.21	0.0025	64.10	0.0504

PSE&G EEE Extension Program
 Estimated Per Participant Emissions Savings - Gas

Program Year: 2013
 (Metric Tons)

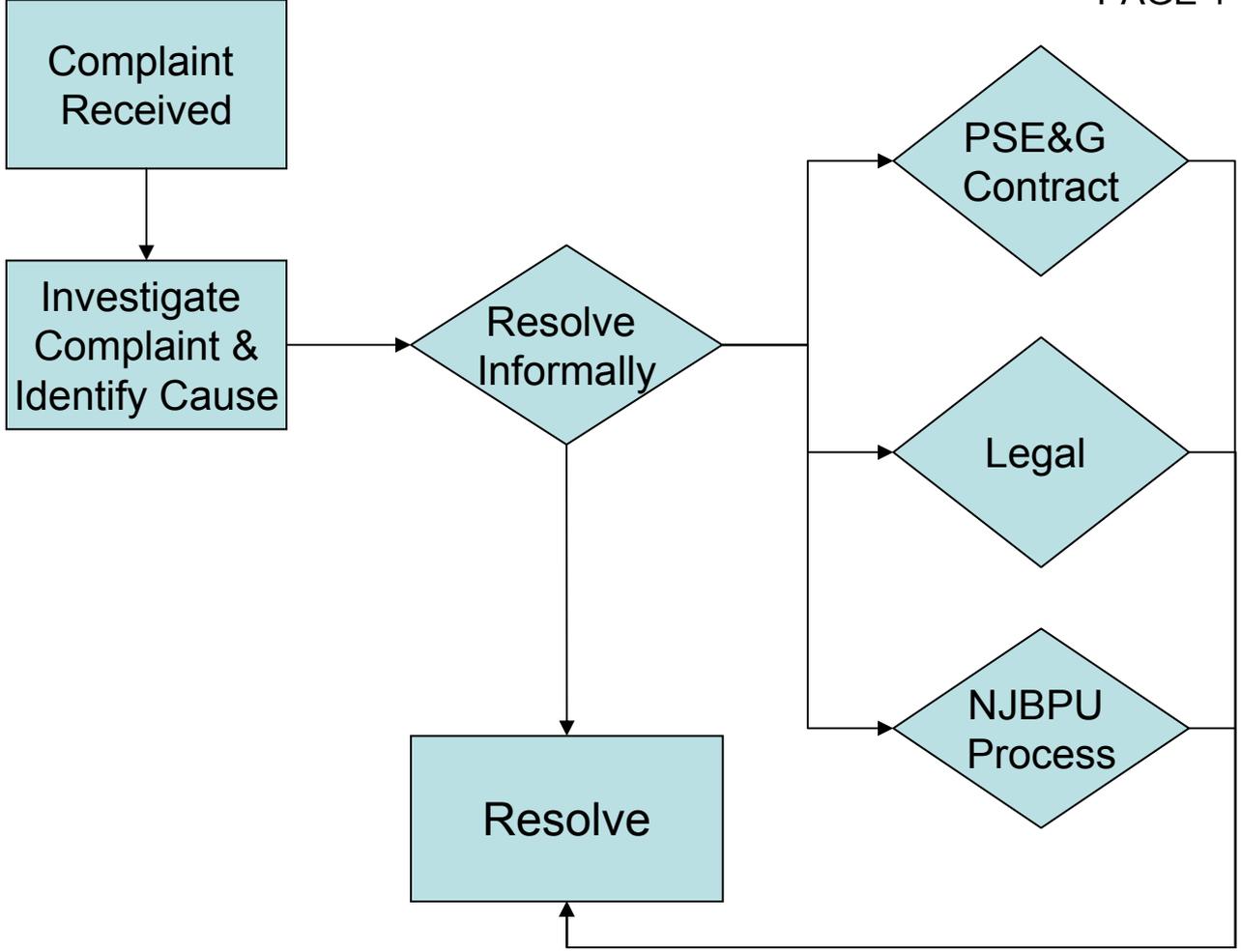
Program	Annual Savings		Lifetime Savings	
	CO2	NOX	CO2	NOX
RESIDENTIAL PROGRAMS				
Multi-Family Housing	0.00	0.00	0.00	0.00
<i>SUB-TOTAL Residential Programs</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	0.03	0.00	0.54	0.00
Hospital Efficiency	0.00	0.00	0.00	0.00
<i>SUB-TOTAL C&I Programs</i>	<i>0.03</i>	<i>0.00</i>	<i>0.54</i>	<i>0.00</i>
TOTAL PSE&G EEE Stimulus Program	0.03	0.00	0.54	0.00

PSE&G EEE Extension Program
 Estimated Per Participant Emissions Savings - Gas

Program Year: 2014
 (Metric Tons)

Program	Annual Savings		Lifetime Savings	
	CO2	NOX	CO2	NOX
RESIDENTIAL PROGRAMS				
Multi-Family Housing	0.00	0.00	0.00	0.00
<i>SUB-TOTAL Residential Programs</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
COMMERCIAL & INDUSTRIAL PROGRAMS				
Municipal Direct Install	0.00	0.00	0.00	0.00
Hospital Efficiency	0.00	0.00	0.00	0.00
<i>SUB-TOTAL C&I Programs</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
TOTAL PSE&G EEE Stimulus Program	0.00	0.00	0.00	0.00

This schedule utilizes the NJCEP program reporting format for estimated air emissions savings data required by RGGI Section II.I.



Residential Multifamily Housing Sub-Program Comparison to NJCEP Programs		
Feature	NJCEP Treatment 2010	PSE&G EEE Program
<p>Free IGA and upfront financing/incentives for funding the installation of energy efficiency measures.</p>	<p>Pay for Performance Program - whole building approach to C&I retrofit projects provides incentives based on customer achievement of energy savings plans. Incentives paid directly to the participant. Four (4) types of incentives:</p> <ul style="list-style-type: none"> • Energy Reduction Plan – payment per sq. feet with \$500 min. and \$5,000 max. • Installation of Recommended Measures – payment based on 15 % performance target with 30% of project cost incentive cap – Gas and Electric Incentives. • Post Construction Benchmarking Report – payment based on 15 % performance target with 20% of project cost incentive cap– Gas and Electric Incentives. • Advanced Measures Incentive for CHP – Incentives per Watt – max. \$1 mil. Incentive. <hr/> <p>Smart Start Rebate Program provides design assistance, incentives for custom measures, and prescriptive rebates for approved energy saving measures after the approved measure is installed. Financial incentives for qualifying equipment including cooling, heating, VFD, gas water heating, motors, lighting, controls, etc. Includes: new construction in Smart Growth areas, additions, renovations, remodeling, and equipment replacement.</p>	<p>Existing EEE Multifamily Sub-Program – identical features as the proposed EEE Extension Sub-Program.</p> <p>Energy efficiency measures with a payback of 15 years or less eligible. Incentive by buying down the simple payback by 7 years, down to a level not less than 2 years.</p> <ul style="list-style-type: none"> • A project with a 15 year payback will receive an incentive which will effectively reduce the payback to 8 years by buying down the payback by 7 years. • A project with a payback of 5 years will receive an incentive which will effectively reduce the payback to 2 years. <p>Measures may include including lighting, HVAC, humidification, building envelope, motors, and other energy consuming equipment.</p> <p>No funding cap per multifamily project to encourage a whole building approach, but the total project must be cost effective.</p>
<p>Eligibility</p>	<p>Pay for Performance Program - Existing buildings with a peak electric demand in excess of 200 kW in any of the preceding twelve months. Buildings in five customer classes are not required to meet the 200kW eligibility requirement in order to participate in the program: hospital, public colleges and universities, non-profits, affordable multifamily housing, and local governmental entities.</p> <p>New Construction is limited to Smart Growth areas - commercial, industrial and institutional buildings with 50,000 square feet or more of planned conditioned space are eligible;</p>	<p>Residential Multifamily Housing with 5 or more units in PSE&G service territory.</p> <ul style="list-style-type: none"> • Master or Individually metered • PSE&G Gas and/or Electric <p>Affordable and Market Rate Housing</p>

	<p>including hotels and casinos, large office buildings, multi-family buildings, supermarkets, manufacturing facilities, schools, shopping malls and restaurants. Buildings in five customer classes are not required to meet the 50,000 sq. ft. requirement in order to participate: hospitals, public colleges and universities, non-profits, affordable multifamily housing, and local governmental entities. Existing buildings undergoing substantial renovations may also be eligible to participate.</p> <hr/> <p>Smart Start Rebate Program - Commercial and Industrial properties eligible</p>	
Requirements for participation	<p>Pay for Performance Program - Application submitted to Pay for Performance Program.</p> <hr/> <p>Smart Start Rebate Program – submit program application for pre-approval.</p>	<p>Application submitted to PSE&G. Priority given to NJHMFA financed projects.</p> <ul style="list-style-type: none"> • NJHMFA financed projects – passed underwriting by NJHMFA • Acceptable PSE&G bill payment history
Program Delivery	<p>Pay for Performance Program - Participants select a contractor or “Program Partner” from this list of approved partners maintained by the program, to perform the work. Participants assigned a “Case Manager” once program application for project approved.</p> <hr/> <p>Smart Start Rebate Program – customers may perform their own work or hire independent contractors.</p>	<p>IGA performed by PSE&G contractors hired through competitive bid process. PSE&G IGA contractors also performed engineering review, prepare bid-ready documents and perform site inspections.</p> <p>Building Owners solicit contractor bids for installation work. Bids subject to PSE&G and NJHMFA review.</p>
Program Financing/Repayment	<p>Pay for Performance Program - Incentives for work performed paid directly to the participant who in turn pays the Performance Partner (contractor) for the work performed.</p> <p>Program includes Post-Construction Benchmarking</p> <hr/> <p>Smart Start Rebate Program - The Program pays incentives after the installation of qualified energy efficient measures that were pre-approved</p>	<p>Incentives paid at three milestones or “progress payments” - 1/3 Upfront/1/3 at 50% completion/1/3 at 100% completion. Inspections at 50% and 100% completions.</p> <p>No up front project expenditures for Customer Owner. Cost True-Up performed before final payment made to Customer. On-Bill repayment of Owner share of costs, interest free over three (3) years on PSE&G utility bill.</p>

Hospital Efficiency Sub-Program Comparison to NJCEP Programs		
Feature	NJCEP Treatment 2010	PSE&G EEE Program
<p>Free IGA and upfront financing/incentives for funding the installation of energy efficiency measures.</p>	<p>Pay for Performance Program - whole building approach to C&I retrofit projects provides incentives based on customer achievement of energy savings plans. Incentives paid directly to the participant. Four (4) types of incentives:</p> <ul style="list-style-type: none"> • Energy Reduction Plan – payment per sq. feet with \$500 min. and \$5,000 max. • Installation of Recommended Measures – payment based on 15 % performance target with 30% of project cost incentive cap – Gas and Electric Incentives. • Post Construction Benchmarking Report – payment based on 15 % performance target with 20% of project cost incentive cap– Gas and Electric Incentives. • Advanced Measures Incentive for CHP – Incentives per Watt – max. \$1 mil. Incentive. <hr/> <p>Smart Start Rebate Program provides design assistance, incentives for custom measures, and prescriptive rebates for approved energy saving measures after the approved measure is installed. Financial incentives for qualifying equipment including cooling, heating, VFD, gas water heating, motors, lighting, controls, etc. Includes: new construction in Smart Growth areas, additions, renovations, remodeling, and equipment replacement.</p>	<p>Existing Hospital Efficiency Sub-Program – identical features as the proposed program EEE Extension Sub-Program.</p> <p>Energy efficiency measures with a payback of 15 years or less eligible. Incentive by buying down the simple payback by 7 years, down to a level not less than 2 years.</p> <ul style="list-style-type: none"> • A project with a 15 year payback will receive an incentive which will effectively reduce the payback to 8 years by buying down the payback by 7 years. • A project with a payback of 5 years will receive an incentive which will effectively reduce the payback to 2 years. <p>Measures may include HVAC, humidification, building envelope, motors, lighting, and other energy consuming equipment.</p> <p>No funding cap per hospital facility to encourage a whole building approach, but the total project must be cost effective.</p>
<p>Eligibility</p>	<p>Pay for Performance Program – Existing buildings with peak electric demand in excess of 200 kW in any of the preceding twelve months. Buildings in one of the following five customer classes are not required to meet the 200kW eligibility requirement: hospital, public colleges and universities, non-profits, affordable multifamily housing, and local governmental entities.</p> <p>New Construction is limited to Smart Growth areas. Commercial, industrial and institutional buildings with</p>	<p>Existing hospitals and hospital new construction eligible for program. Targeted to hospitals and other in-patient medical facilities that operate 24-7 in PSE&G’s electric and/or gas service territory.</p> <p>Non-profit hospitals and hospitals in municipalities that contain Urban Enterprise Zones (UEZs) are provided with sub-program funding priority, however all health care facilities in the PSE&G service territory are eligible for sub-program participation.</p>

	<p>50,000 square feet or more of planned conditioned space are eligible; including hotels and casinos, large office buildings, multi-family buildings, supermarkets, manufacturing facilities, schools, shopping malls and restaurants. Buildings that fall into one of the following five customer classes are not required to meet the 50,000 sq. ft. requirement in order to participate: hospitals, public colleges and universities, non-profits, affordable multifamily housing, and local governmental entities. Existing buildings undergoing substantial renovations may also be eligible to participate.</p> <hr/> <p>Smart Start Rebate Program - Commercial and Industrial properties eligible.</p>	
Requirements for participation	<p>Pay for Performance Program - Application submitted to Pay for Performance Program.</p> <hr/> <p>Smart Start Rebate Program– submit program application for pre-approval.</p>	Application submitted to PSE&G.
Program Delivery	<p>Pay for Performance Program - Participants select a contractor or “Program Partner” from this list of approved partners maintained by the program, to perform the work. Participants assigned a “Case Manager” once program application for project approved.</p> <hr/> <p>Smart Start Rebate Program customers may perform their own work or hire independent contractors.</p>	<p>IGA performed by PSE&G contractors hired through competitive bid process. IGA contractors also perform engineering review, prepare bid-ready documents and perform site inspections, and perform project design reviews for Hospital new construction projects.</p> <p>Building Owners solicit contractor bids for installation work.</p>
Program Financing/Repayment	<p>Pay for Performance Program - Incentives for work performed paid directly to the participant who in turn pays the Performance Partner (contractor) for the work performed.</p> <p>Program includes Post-Construction Benchmarking</p> <hr/> <p>Smart Start Rebate Program - Program pays incentives after the installation of qualified energy efficient measures that were pre-approved.</p>	<p>Incentives paid at three milestones or “progress payments” - 1/3 Upfront/1/3 at 50% completion/1/3 at 100% completion. Inspections at 50% and 100% completions.</p> <p>No up front project expenditures for Customer Owner. Cost True-Up performed before final payment made to Customer. On-Bill repayment of Owner share of costs, interest free over three (3) years on PSE&G utility bill.</p>

Municipal Direct Install Sub-Program Comparison to NJCEP Programs		
Feature	NJCEP Treatment 2010	PSE&G EEE Program
<p>Free ASHRAE Tier I Audit and incentives for funding the installation of energy efficiency measures.</p> <p>Direct installation of Measures.</p>	<p>Direct Install Program Walk-through energy evaluation to eligible facilities and provide a report of recommended energy savings improvements with turn-key measure installation.</p> <p>The program pays up to 60% of retrofit costs with a \$50,000 incentive cap on each project.</p> <p>Measures include lighting, Heating, Cooling & Ventilation (HVAC), Refrigeration, Motors, Natural Gas, Variable Frequency Drives</p> <hr/> <p>Local Government Energy Audit Program – Free Investment Grade audit</p> <p>Applicants must commit to implement measures recommended by the audit. In each building that is audited, applicants must submit paperwork within one year of approval of the Audit Report to show that they have spent, net of other NJCEP incentives, at least 25% of the cost of the audit. Applicants not honoring this commitment will be required to pay back to the program an amount equal to 25% of the cost of the audit.</p> <p>Includes a per agency annual incentive cap of \$100,000.</p>	<p>Existing EEE Municipal Direct Install Sub-Program – identical features as the proposed EEE Extension Sub-Program.</p> <p>Walk-through energy evaluation to eligible facilities and provide a report of recommended energy savings improvements with turn-key measure installation.</p> <p>PSE&G pays 80% of cost of work. Measures will be primarily through lighting upgrades. Insulation, refrigeration upgrades and HVAC upgrades may be considered where appropriate.</p>
Eligibility	<p>Direct Install - Existing small to mid-sized commercial and industrial facilities with a peak electric demand that did not exceed 200 kW in any of the preceding 12 months are eligible.</p> <hr/> <p>Local Government Energy Audit Program targets buildings owned by local governments, New Jersey State Colleges and Universities, and 501 (c)(3) non-profit agencies. Such facilities may include, but are not limited to: offices, courtrooms, town halls, police and fire stations, sanitation buildings, transportation structures, schools and community centers.</p>	<p>Municipal, local, state, and federal government offices, regional authorities, correctional facilities, schools, community centers, and non-profit facilities. County or regionally structured bodies also are included.</p> <p>Participants in the NJCEP Local Government Audit program will be eligible for installation benefits under this sub-program.</p>
Requirements for participation.	Direct Install – contact the contractor. Complete a program application and participation agreement with contractors help.	Application submitted to PSE&G.

	<hr/> <p>Local Government Energy Audit Program -Complete and submit the Registration Form along with a Facility Data Form (one for each building!) and one of the following, whichever applies: resolution passed by local governing body authorizing the local government to apply to the program (not applicable to non-profits) or copy of a tax exemption letter from the Internal Revenue Service.</p>	
<p>Program Delivery</p>	<p>Direct Install – A network of program selected participating contractors address project from start to finish, beginning with an assessment of the facility, and ending with the installation of eligible energy-efficient equipment.</p> <hr/> <p>Local Government Energy Audit Program – Participants select from a list of pre-qualified auditing firms.</p>	<p>ASHRAE Tier I audit performed by PSE&G contractor hired through competitive bid process.</p> <p>Measure installation provided by Audit contractor and/or sub-contractors employed by audit contractor.</p> <p>Project inspections performed by a PSE&G competitively bid program inspection contractor.</p>
<p>Program Financing/Repayment</p>	<p>Direct Install - Customers share of the project’s cost will be approximately 40%; the program pays the remaining 60%.</p> <hr/> <p>Local Government Energy Audit Install enough of the recommended measures within one year of receiving the Energy Audit Report. Once the measures are installed, complete and submit the Measures Implemented Form, with the Measures Implemented Worksheet, copies of contractor or vendor invoices, and any NJCEP approval letter received for incentives on installed equipment. The 100% incentive is contingent upon the implementation of recommended measures, and 25% may be owed back to the Program if the Measures Implemented Form and associated documents are not supplied within one year of audit report approval. The net cost of the installed measures, after applying any eligible incentives from NJ Clean Energy Programs, must exceed the balance of the audit cost.</p>	<p>If larger capital improvements are identified PSE&G will initially provide 100% of the cost to install recommended energy savings improvements either upfront for small projects or in three stages based on project milestones for larger projects.</p> <p>Upon completion of the work, the customer must repay 20% of the total cost to PSE&G in a lump sum or over two (2) years, interest free on the PSE&G bill.</p>

Program Title: PSE&G Residential Multi-family
Program Description:
Measure Life: 16 weighted average by energy savings

Inputs

	2011	2012	C	D	E	F
Program Participants	3,081	3,835				
Total MWh Saved by Program*	3,710	4,618				
Electricity Savings (Per Unit)						
Baseline Usage (MWh)	1.2	1.2				
Electricity Season Allocation Factors						
Summer Peak	45%	45%				
Summer Off-Peak	10%	10%				
Non-Summer Peak	35%	35%				
Non-Summer Off-Peak	10%	10%				
Total	100%	100%				
Total Natural Gas Savings Program (MMBtu)	58,468	72,779				
Natural Gas Savings (Per Unit)						
Baseline Input (MMBtu)	19.0	19.0				
Natural Gas Season Allocation Factors						
Summer	10%	10%				
Winter	90%	90%				
Total	100%	100%				
Capacity Factor						
Peak Coincidence Factor						
Peak Load Reduction (kW Per Unit)	0.7	0.7				
Tax Credits (Per Unit)						
Total Incentives Paid	7,147,951	9,103,822				
Incentives Paid (Per Unit)	\$2,320	\$2,374				
Electricity Bill Reductions in First Year (Per Unit)	\$182	\$190				
Natural Gas Bill Reduction in First Year (Per Unit)	\$229	\$233				
Participant Costs (Per Unit)						
Capital Incremental Costs	\$976	\$976				
Yearly Incremental Costs						
Administration Costs						
Capital Costs	\$413,832	\$707,978				
Yearly Costs						
Utility Impact						
Revenue Gain from Increased Sales						
Revenue Loss from Reduced Sales	\$87.78	\$91.59				
Electricity Transmission and Distribution Costs (\$/kW-year)	\$0	\$0				
Natural Gas Distribution Costs	\$3	\$3				
Fuel Escalations						
Discount Rate	8.0%	8.0%				

**Program Title: PSE&G Residential Multi-family
Outputs**

(all outputs are in net present value)

	2011	2012	C	D	E	F
Lifetime Avoided Power Supply Costs	\$ 6,075,561	\$ 7,861,101				
Per Measure (Lifetime)	\$ 1,972	\$ 2,050				
Lifetime Capacity Benefits	\$ 246,180	\$ 315,360				
Lifetime Avoided Electric and Gas T&D Costs	\$ 3,709,923	\$ 4,752,789				
Lifetime Emission Savings	\$ -	\$ -				
Lifetime Reduced Emissions						
CO2 (Tons)	\$ 86,135	\$ 107,218				
NOx (Tons)	\$ 102	\$ 127				
SO2 (Tons)	\$ 222	\$ 277				
Hg (Lbs)	\$ 2	\$ 2				
Lifetime Participant Benefits	\$ 20,392,840	\$ 25,941,721				
Per Measure (Lifetime)	\$ 6,619	\$ 6,764				
Lifetime Utility Revenue Gained	\$ -	\$ -				
Lifetime Direct Utility Costs	\$ 3,852,738	\$ 4,889,218				
Lifetime Tax Credits	\$ -	\$ -				
Lifetime Incentive Payments	\$ 7,147,951	\$ 9,103,822				
Lifetime Participant Costs	\$ 3,008,326	\$ 3,744,541				
Participant Costs (Capital)	\$3,008,326	\$3,744,541				
Participant Costs (Yearly)	\$0	\$0				
Per Measure (Lifetime)	\$ 976	\$ 976				
Lifetime Administration Costs	\$ 413,832	\$ 707,978				
Per Measure (Lifetime)	\$ 134	\$ 185				

	2011	2012	C	D	E	F
Participant Cost Test	\$17,384,514	\$22,197,180				
Benefits-Cost Ratio	6.8	6.9				
Program Administration Cost Test	\$ 2,469,881	\$ 3,117,450				
Benefits-Cost Ratio	1.3	1.3				
Ratepayer Impact Measure	\$ (1,382,857)	\$ (1,771,768)				
Benefits-Cost Ratio	0.9	0.9				
Total Resource Cost Test	\$6,609,506	\$8,476,731				
Benefits-Cost Ratio	2.9	2.9				
Societal Cost Test	\$ 6,609,506	\$ 8,476,731				
Benefits-Cost Ratio	2.9	2.9				

* 20% Net Free Ridership

Participant Cost Test = Participant Benefits - Participant Costs

Program Administration Cost Test = (Avoided Energy Supply Costs + Capacity Benefits + Avoided T&D Costs) - (Incentive Payments + Other Program Costs)

Ratepayer Impact Measure = (Avoided Energy Supply Costs + Capacity Benefits + Utility Revenue Gained + Avoided T&D Costs) - (Direct Utility Costs + Incentive Payments + Other Program Costs)

Total Resource Cost Test = (Avoided Energy Supply Costs + Capacity Benefits + Avoided T&D Costs + Tax Credits) - (Participant Costs + Other Program Costs)

Societal Cost Test = (Avoided Energy Supply Costs + Capacity Benefits + Avoided T&D Costs + Emission Savings) - (Participant Costs + Other Program Costs)

Program Title:
Program Description:
Measure Life:

PSE&G - Hospitals

18 weighted average based on savings

Inputs

	2011	2012	C	D	E	F
Program Participants	10	11				
Total MWh Saved by Program	24,000	25,990				
Electricity Savings (Per Unit)						
Baseline Usage (MWh)	2,400	2,400				
Electricity Season Allocation Factors						
Summer Peak	45%	45%				
Summer Off-Peak	10%	10%				
Non-Summer Peak	35%	35%				
Non-Summer Off-Peak	10%	10%				
Total	100%	100%				
Total Natural Gas Savings Program (MMBtu)	110,000	121,000				
Natural Gas Savings (Per Unit)						
Baseline Input (MMBtu)	11,000	11,000				
Natural Gas Season Allocation Factors						
Summer	10%	10%				
Winter	90%	90%				
Total	100%	100%				
Capacity Factor	0.0%	0.0%				
Peak Coincidence Factor	0.0%	0.0%				
Peak Load Reduction (kW Per Unit)	413	413				
Tax Credits (Per Unit)						
Total Incentives Paid	18,412,737	20,315,506				
Incentives Paid (Per Unit)	\$1,841,274	\$1,846,864				
Electricity Bill Reductions in First Year (Per Unit)	271,598	269,287				
Natural Gas Bill Reduction in First Year (Per Unit)	87,325	88,387				
Participant Costs (Per Unit)						
Capital Incremental Costs	\$565,438	\$565,438				
Yearly Incremental Costs						
Administration Costs						
Capital Costs	\$973,414	\$1,580,713				
Yearly Costs						
Utility Impact						
Revenue Gain from Increased Sales						
Revenue Loss from Reduced Sales	\$115,157.60	\$114,177.86				
Electricity Transmission and Distribution Costs (\$/kW-year)	\$0	\$0				
Natural Gas Distribution Costs	\$3	\$3				
Fuel Escalations						
Discount Rate	8.0%	8.0%				

Program Title:

**PSE&G - Hospitals
Outputs**

(all outputs are in net present value)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>D</u>	<u>E</u>	<u>F</u>
Lifetime Avoided Power Supply Costs	\$ 28,250,296	\$ 32,280,028				
Per Measure (Lifetime)	\$ 2,825,030	\$ 2,934,548				
Lifetime Capacity Benefits	\$ 497,519	\$ 573,962				
Lifetime Avoided Electric and Gas T&D Costs	\$ 5,028,589	\$ 5,720,181				
Lifetime Emission Savings	\$ -	\$ -				
Lifetime Reduced Emissions						
CO2 (Tons)	\$ 386,208	\$ 424,829				
NOx (Tons)	\$ 569	\$ 626				
SO2 (Tons)	\$ 1,726	\$ 1,898				
Hg (Lbs)	\$ 15	\$ 17				
Lifetime Participant Benefits	\$ 58,246,269	\$ 65,274,567				
Per Measure (Lifetime)	\$ 5,824,627	\$ 5,934,052				
Lifetime Utility Revenue Gained	\$ -	\$ -				
Lifetime Direct Utility Costs	\$ 13,710,478	\$ 15,324,689				
Lifetime Tax Credits	\$ -	\$ -	\$ -			
Lifetime Incentive Payments	\$ 18,412,737	\$ 20,315,506				
Lifetime Participant Costs	\$ 5,654,380	\$ 6,219,818				
Participant Costs (Capital)	\$5,654,380	\$6,219,818				
Participant Costs (Yearly)	\$0	\$0				
Per Measure (Lifetime)	\$ 565,438	\$ 565,438				
Lifetime Administration Costs	\$ 973,414	\$ 1,580,713				
Per Measure (Lifetime)	\$ 97,341	\$ 143,701				

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>D</u>	<u>E</u>	<u>F</u>
Participant Cost Test	52,591,889	59,054,749				
Benefits-Cost Ratio	10.3	10.5				
Program Administration Cost Test	14,390,253	16,677,951				
Benefits-Cost Ratio	1.7	1.8				
Ratepayer Impact Measure	679,775	1,353,262				
Benefits-Cost Ratio	1.0	1.0				
Total Resource Cost Test	27,148,610	30,773,640				
Benefits-Cost Ratio	5.1	4.9				
Societal Cost Test	27,148,610	30,773,640				
Benefits-Cost Ratio	5.1	4.9				

Participant Cost Test = Participant Benefits - Participant Costs

Program Administration Cost Test = (Avoided Energy Supply Costs + Capacity Benefits + Avoided T&D Costs) - (Incentive Payments + Other Program Costs)

Ratepayer Impact Measure = (Avoided Energy Supply Costs + Capacity Benefits + Utility Revenue Gained + Avoided T&D Costs) - (Direct Utility Costs + Incentive Payments + Other Program Costs)

Total Resource Cost Test = (Avoided Energy Supply Costs + Capacity Benefits + Avoided T&D Costs + Tax Credits) - (Participant Costs + Other Program Costs)

Societal Cost Test = (Avoided Energy Supply Costs + Capacity Benefits + Avoided T&D Costs + Emission Savings) - (Participant Costs + Other Program Costs)

Program Title: **PSE&G Municipal Direct Install**
 Program Description:
 Measure Life: 16 weighted average by savings

		Inputs					
		2011	2012	2013	D	E	F
Program Participants		75	180	81			
Total MWh Saved by Program		5,502	13,204	5,929			
Electricity Savings (Per Unit)							
	Baseline Usage (MWh)	73.4	73.4	73.2			
	Efficiency Measure Usage (MWh)						
	Baseline Generation (kW)						
	Efficiency Measure Generatoin (KW)						
Electricity Season Allocation Factors							
	Summer Peak	45%	45%	45%			
	Summer Off-Peak	10%	10%	10%			
	Non-Summer Peak	35%	35%	35%			
	Non-Summer Off-Peak	10%	10%	10%			
	Total	100%	100%	100%			
Total Natural Gas Savings Program (MMBtu)		2,438	5,850	2,627			
Natural Gas Savings (Per Unit)							
	Baseline Input (MMBtu)	32.5	32.5	32.4			
Natural Gas Season Allocation Factors							
	Summer	10%	10%	10%			
	Winter	90%	90%	90%			
	Total	100%	100%	100%			
Capacity Factor		0.0%	0.0%	0.0%			
Peak Coincidence Factor		0.0%	0.0%	0.0%			
Peak Load Reduction (kW Per Unit)		24.0	24.0	23.9			
Tax Credits (Per Unit)							
Total Incentives Paid		4,494,909	10,860,312	5,146,473			
Incentives Paid (Per Unit)		\$59,932	\$60,335	\$63,537			
Electricity Bill Reductions in First Year (Per Unit)		8,302	8,231	8,200			
Natural Gas Bill Reduction in First Year (Per Unit)		258	261	0			
Participant Costs (Per Unit)							
	Capital Incremental Costs	\$25,253	\$25,253	\$25,253			
	Yearly Incremental Costs						
Administration Costs							
	Capital Costs	\$807,284	\$1,249,188	\$842,052			
	Yearly Costs						
Utility Impact							
	Revenue Gain from Increased Sales						
	Revenue Loss from Reduced Sales	\$3,520	\$3,490	\$3,476.61			
Electricity Transmission and Distribution Costs (\$/kW-yea		\$0	\$0	\$0			
Natural Gas Distribution Costs		\$3	\$3	\$3			
Fuel Escalations							
Discount Rate		8.0%	8.0%	8.0%			

Program Title:

PSE&G Municipal Direct Install

Outputs

(all outputs are in net present value)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>D</u>	<u>E</u>	<u>F</u>
Lifetime Avoided Power Supply Costs	\$ 4,641,056	\$ 11,577,777	\$ 5,406,323			
Per Measure (Lifetime)	\$ 61,881	\$ 64,321	\$ 66,745			
Lifetime Capacity Benefits	\$ 201,178	\$ 507,425	\$ 240,189			
Lifetime Avoided Electric and Gas T&D Costs	\$ 103,209	\$ 255,863	\$ 118,242			
Lifetime Emission Savings	\$ -	\$ -	\$ -			
Lifetime Reduced Emissions						
CO2 (Tons)	\$ 57,379	\$ 137,701	\$ 61,832			
NOx (Tons)	\$ 99	\$ 238	\$ 107			
SO2 (Tons)	\$ 352	\$ 844	\$ 379			
Hg (Lbs)	\$ 3	\$ 8	\$ 3			
Lifetime Participant Benefits	\$ 11,815,053	\$ 28,709,075	\$ 12,552,254			
Per Measure (Lifetime)	\$ 157,534	\$ 159,495	\$ 154,966			
Lifetime Utility Revenue Gained	\$ -	\$ -	\$ -			
Lifetime Direct Utility Costs	\$ 2,758,977	\$ 6,723,796	\$ 3,073,705			
Lifetime Tax Credits	\$ -	\$ -	\$ -			
Lifetime Incentive Payments	\$ 4,494,909	\$ 10,860,312	\$ 5,146,473			
Lifetime Participant Costs	\$ 1,893,939	\$ 4,545,455	\$ 2,045,455			
Participant Costs (Capital)	\$ 1,893,939	\$ 4,545,455	\$ 2,045,455			
Participant Costs (Yearly)	\$ 0	\$ 0	\$ 0			
Per Measure (Lifetime)	\$ 25,253	\$ 25,253	\$ 25,253			
Lifetime Administration Costs	\$ 807,284	\$ 1,249,188	\$ 842,052			
Per Measure (Lifetime)	\$ 10,764	\$ 6,940	\$ 10,396			

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>D</u>	<u>E</u>	<u>F</u>
Participant Cost Test	\$9,921,114	\$24,163,620	\$10,506,800			
Benefits-Cost Ratio	6.2	6.3	6.1			
Program Administration Cost Test	(\$356,750)	\$231,566	(\$223,771)			
Benefits-Cost Ratio	0.9	1.0	1.0			
Ratepayer Impact Measure	(\$3,115,726)	(\$6,492,231)	(\$3,297,477)			
Benefits-Cost Ratio	0.6	0.7	0.6			
Total Resource Cost Test	\$2,244,220	\$6,546,423	\$2,877,248			
Benefits-Cost Ratio	1.8	2.1	2.0			
Societal Cost Test	\$2,244,220	\$6,546,423	\$2,877,248			
Benefits-Cost Ratio	1.8	2.1	2.0			

Participant Cost Test = Participant Benefits - Participant Costs

Program Administration Cost Test = (Avoided Energy Supply Costs + Capacity Benefits+Avoided T&D Costs) - (Incentive Payments + Other Program Costs)

Ratepayer Impact Measure = (Avoided Energy Supply Costs + Capacity Benefits + Utility Revenue Gained + Avoided T&D Costs) - (Direct Utility Costs + Incentive Payments + Other Program Costs)

Total Resource Cost Test = (Avoided Energy Supply Costs + Capacity Benefits + Avoided T&D Costs + Tax Credits) - (Participant Costs + Other Program Costs)

Societal Cost Test = (Avoided Energy Supply Costs + Capacity Benefits + Avoided T&D Costs + Emission Savings) - (Participant Costs + Other Program Costs)