



Commercial & Industrial (C&I)
NJ SmartStart Buildings® Program
New Construction

FY23 PROGRAM GUIDE

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Limitations

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1 Program Overview

1.1 Description

New Jersey SmartStart Buildings® is a statewide energy efficiency program available to qualified commercial, industrial, institutional, governmental, or agricultural customers planning to construct, expand, renovate, remodel a facility. Incentives are available for New Construction prescriptive measures and are incentives where dollar amounts are fixed for specific categories of equipment. The prescriptive applications are labeled by technology, such as lighting and HVAC, and defined as equipment most recommended for energy-efficient projects with well-established energy savings.

Custom Incentives are offered for non-standard equipment, complex systems, and specialized technologies that are not addressed through prescriptive offerings. Customers are provided a discrete, flexible application process with the ability to submit one or multiple applications for any size project. The transparency of incentives aids customers in making informed decisions while assisting energy efficiency professionals to better solicit a prospective project.

Routinely, the Program adds, removes, or modifies prescriptive incentives for various energy efficiency equipment based on national and local market trends, the development of new technologies, and changes in efficiency baselines. Note that on March 1, 2020, the State of New Jersey adopted the ASHRAE 90.1- 2016 energy code for all commercial and industrial buildings.

In FY22, specific energy efficiency Programs transitioned from the NJCEP to the utilities. NJCEP will continue to administer the New Construction Programs for commercial and industrial customers, and the utilities will be responsible for Programs serving existing buildings.

The C&I New Construction Program targets commercial, educational, governmental/institutional, industrial, and agricultural customers engaged in customer-initiated construction events, including public school construction, other new building construction, renovations, remodeling, equipment replacement, and manufacturing process improvements. In addition, the program may be used to address economic development opportunities and transmission and distribution system constraints. The Program is primarily geared towards the mainstream C&I market, as opposed to Programs that target specialized markets such as those targeted by Large Energy Users Program, the Local Government Energy Audit Program, and the Direct Install Program.

Incentive and service offerings are tailored to influence market-driven events by acknowledging the customer's own initiative and the time-sensitive nature of these events. Market-driven construction events are outlined below:

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- **New Construction and Additions** – Throughout the planning/design and construction stages of a project, critical decisions from an energy perspective are made regarding

building design and components such as lighting systems, HVAC systems, energy-using equipment, etc.

- **Renovations** – If a building is to be “gutted” with replacement of the HVAC and lighting systems along with major modifications to the building shell.
- **Remodels** – Appearance upgrades that may include lighting changes, or a new configuration of an internal space, or alteration in mechanical/electrical systems to update appearance, or reconfiguration of space for a tenant or for safety/security reasons

2 Program Transition

In 2018, Governor Murphy signed into law the landmark legislation known as the Clean Energy Act. The law called for a significant overhaul of New Jersey's clean energy systems by building sustainable infrastructure in order to fight climate change and reduce carbon emissions, which will, in turn, create well-paying local jobs, grow the state's economy, and improve public health while ensuring a cleaner environment for current and future residents.

As part of this statewide undertaking, the Clean Energy Act required New Jersey's investor-owned gas and electric utility companies to reduce their customers' gas and electricity use by setting percentages over time. To help reach these targets, the New Jersey Board of Public Utilities approved a comprehensive suite of efficiency Programs that would transition the state to some of the highest energy savings in the country.

Following the mandates from the Clean Energy Act of 2018, the administration of specific energy efficiency Programs transitioned from the NJCEP to the utilities. These new Programs will allow the utilities to work directly with customers to achieve energy savings.

NJCEP will continue to administer the New Construction Programs for commercial and industrial customers. The utilities will be responsible for Programs serving existing buildings.

3 Eligibility & Incentives

In order to be eligible for the program, applicants or customers must be contributors to the Societal Benefits Charge (SBC), be commercially billed and the project must be located within the service territory of at least one of New Jersey's seven regulated utilities; Atlantic City Electric, FirstEnergy/Jersey Central Power & Light, New Jersey Natural Gas, Elizabethtown Gas, Public Service Electric and Gas, Rockland Electric Company, and South Jersey Gas.

Projects located in areas where electricity is provided by a municipal utility are eligible for only those portions of the program that address the energy efficiency of natural gas equipment if it is provided by a participating gas utility.

Energy efficient measures must be installed in buildings located within a New Jersey Utilities' service territory and designated on the customer's application. The customer must ultimately own the equipment, through an up-front purchase. Equipment procured by the customer via another program offered by New Jersey's Clean Energy Program or the New Jersey Utilities, as applicable, are not eligible for incentives through this program. Customers who have not contributed to the SBC of the applicable New Jersey Utility are not eligible for incentives offered from the program.

Refer to each measure application form for additional terms and conditions specific to each technology.

3.1 Eligible Measures

New Construction Prescriptive Measures - Provide fixed incentives for common energy efficiency measures.

Eligibility

Construction Type – The new construction component will accept both new construction and substantial renovation (i.e., gut rehabilitation), as defined below:

New Construction: Defined as a new building.

Substantial Renovations (Gut Rehab): Defined as one of the following types of projects:

- Change of use and reconstruction of an existing building.

- Construction work of a nature requiring that the building or portion of the building within be out of service for at least 30 consecutive days; or
- Reconstruction of a vacant structure or a portion of the building within.

Technologies are as follows:

Electric Chiller	Gas Water Heating
Electric Unitary HVAC	Ground Source Heat Pump
Food Service Equipment	Performance Lighting
Gas Cooling	Prescriptive Horticultural Lighting
Gas Heating	Variable Frequency Drives (Air Compressor Only)

- [Custom Measures](#) (*see section 2.10 for material purchase deadline dates)- Incentives are for non-standard equipment, complex systems, and specialized technologies that are not addressed through prescriptive offerings above.

3.2 Incentive Rates & Incentive Caps

Current incentive rates and requirements for each measure may be found on their respective application forms posted on the Program website.

Incentives are available up to \$500,000 per electric account and \$500,000 per natural gas account per fiscal year. A customer is defined as a utility account. If an entity brings more than one project through NJCEP in any given FY, it will be held to an Entity Cap of \$4,000,000 (Entity Cap) for that FY.

All projects are subject to an incentive cap equal to the applicant's cost for the project (material and labor).

3.3 Custom Measure Incentive Rates

A project’s incentives will be based on the **lesser of the three** calculations as shown below.

<u>Equipment Type</u>	<u>Incentive Cap</u>	<u>Incentive Amount</u>
Custom Measures	<u>First-Year Savings</u>	<u>Electric Savings: \$0.16/kWh</u>
		<u>Gas Savings: \$1.60/therm</u>
	<u>Project Cost</u>	<u>50% of Total Installed Project Cost/Incremental Cost</u>
	<u>Buy-Down</u>	<u>Amount to buy-down to 1-year payback</u>

4 General Requirements

4.1 Inspections

The chart below identifies the application requirements for pre-inspection or waiver of pre-inspection from the Program Manager:

Measure Type	Equipment is subject to pre-inspection and <u>application must be submitted prior to installation</u>	Equipment may be installed prior to application submission at customer risk
Custom Measures	✓	
Prescriptive Horticultural Lighting, Performance Lighting with incentives < \$100,000		✓
Prescriptive Horticultural Lighting, Performance Lighting with incentives ≥ \$100,000	✓	
Measures meeting New Construction prescriptive measure requirements including Electric Chillers, Electric Unitary HVAC, Food Service Equipment, Gas Cooling, Gas Heating, Gas Water Heating, Ground Source Heat Pump, Variable Frequency Drives (Air Compressor Only).		✓

To be eligible for incentives, the application must be submitted to the Program Manager within 12 months of equipment purchase. Sufficient documentation must be provided to the Program Manager confirming date of equipment purchase (material invoice, purchase order, etc.).

All applicants are encouraged to obtain the Program Manager's approval and an incentive commitment prior to commencing installation or construction. Customers implementing projects without the Program Manager's approval do so at their own risk, including, among other things, the risk of having their project deemed ineligible for incentives.

All projects are subject to the Program's random post inspection selection process. The Program must have reasonable access to participating customer's facility to post inspect the energy-efficient measures installed under this Program.

4.2 Prevailing Wage Requirement

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

4.3 Deficient Applications

If an application package is incomplete, information is missing or deemed insufficient, a deficiency notice will be sent to the participating customer requesting additional information via e-mail. The information or documentation requested on the email must be received by the Program Manager within 30 days of the date of the request. If additional deficiencies are still noted, there will be up to two additional notifications issued with the same time frames.

If a participating customer fails to respond to a deficiency request within 30 days or exceeds the three attempts provided, the application will be rejected.

4.4 Change in customer name/contractor or payee

These requests must come from the customer in writing detailing the changes along with the appropriate updated program documents.

4.5 Tax Clearance Certificate

Effective May 2016, the State of New Jersey launched an [online portal](#), which allows customers to apply for the Tax Clearance Certificate at no cost. The name of the customer listed on the certificate must match the customer's name listed on the utility bill and the application. The customer tax ID listed on the application must agree with the tax ID listed on the Certificate. Certificates are valid for 180 days and must be valid on the date the program approves the incentive for payment.

4.6 W9, ST-4 or ST-5

This form must be completed by the entity receiving incentive payment. Certain private business entities may hold a "Sales Tax Exempt Organization Certificate (Form ST-5)." This form applies solely to purchases of tangible personal property or services and does not exempt the entity from the requirement to submit the Application for Tax Clearance.

4.7 Utility Account

Each utility account requires a complete, separate application. Projects for the same utility account and the same technology that are being done at the same time must be submitted on one application. For Custom application submissions only, customers may group utility accounts serving one facility under one application.

4.8 Expirations and Extensions

Approved projects are given a one-year approval in which the proposed measure is to be installed and operational. When a project has expired the participating customer will have 30 days to either submit a request for an extension OR submit final project paperwork. If no response is received within 30 days of expiration, the project will be cancelled.

Extension requests must be in writing from the participating customer and include the circumstances that led to the extension request, and the percentage of the project completed.

Extension requests may be granted for a period no longer than six (6) months. The Program Manager may provide up to two six-month extensions from the original approval expiration date.

Upon expiration, if the project has not started, the existing application will be cancelled.

5 New Construction Prescriptive Application Requirements

5.1 Initial Application Process

Each type of New Construction Prescriptive Measure has its own application that can be submitted directly via the online portal, emailed, faxed, or printed and mailed to the program. To be eligible for incentives, a customer, or an agent (contractor/vendor) authorized by a customer, must submit a properly completed application package. A complete application package should include:

- Completed application forms signed by the customer.
 - For applications signed by someone other than the customer, a letter of authorization is required.
- Manufacturer specification sheets and supporting documentation of qualifications.
- Excel worksheet.
- Recent copy of a complete utility bill from a participating utility (gas or electric depending on technology) showing Societal Benefits Charge and commercial billing code. For new construction projects where a utility account has not been established yet, the customer will be required to submit a utility bill prior to the incentive payment.
 - Customer name listed on application must match the customer's name on the utility bill.

5.2 Process for Payment

Once installation is complete, an applicant must submit:

- An invoice establishing the applicant has paid for the material and labor related to the installation of the equipment covered by the application (requirement listed on each application);
- A valid Tax Clearance Certificate; and
- A W-9, ST5 or ST4 Form. This form must be completed by the entity receiving incentive payment.

6 Custom Application Requirements

6.1 General

Custom Incentives are offered for non-standard equipment, complex systems, and specialized technologies that are not addressed through prescriptive applications. Proposed measures will not be eligible for Custom Measure incentives if a Prescriptive incentive is available. Eligible electric and gas measures may include lighting systems, HVAC systems, motor systems, large boiler systems, gas-engine driven chillers, and other non-prescriptive measures. Technologies not explicitly listed as Custom (per the Filing and/or Program Guide) will be reviewed for eligibility by the Program Manager on a case-by-case basis. In general, work designated as repair, monitoring only, or maintenance is not eligible. Additional guidance on Custom Measures can be found in Appendix A of this Program Guide.

The process for calculating Custom Measure incentives is performance-based and may include a commissioning component. Incentives are evaluated and determined via an incremental cost and energy savings analysis provided by the customer or customer's authorized representative (vendor/contractor), which are subject to review and approval by the Program. The specific incentive rates and caps are outlined in Section 2.3.

The Program allows a single facility with multiple utility accounts to submit a proposed custom project under one application. Projects at multiple facilities may not be submitted under one application.

6.2 Application Process

The Custom Measure application process generally follows that of Prescriptive, as outlined in Sections 4.1 and 4.2. There is some additional documentation required, please refer to the complete list within the Custom Measure Application.

6.3 Establishing a Baseline

All custom projects must establish a baseline from which energy and energy cost savings are measured.

- Baseline for new construction/gut-rehab projects will be established using ASHRAE 90.1-2016. Proposed measure must exceed the established baseline.
- In cases where ASHRAE 90.1-2016 does not apply, other applicable standard will be used, such as the Consortium for Energy Efficiency (CEE), EPA ENERGY STAR, or other established resources such as: current New Jersey baseline studies and other market research; the program experience of the Commercial/Industrial Program Manager;

experience of the New Jersey utilities; or utility/public program experience from other comparable jurisdictions.

- Information supporting the proposed project exceeding ASHRAE 90.1-2016 or applicable industry standard must be provided in the application submission.
- Please consult the Program Manager if additional assistance is required to determine the applicable baseline for your project.

6.4 Incremental Costs

All custom projects must establish the incremental cost of the project. Incremental cost is defined as the difference in material and/or labor costs between the proposed equipment and its respective baseline component, whose specifications only meet ASHRAE 90.1-2016 (or other industry standard).

- New construction/gut-rehab projects must provide both a total proposed cost, as well as a corresponding baseline cost, to calculate the project's total incremental cost.
- The Program Manager reserves the right to determine whether an incremental cost is not required for a new construction project, where the above situations do not strictly apply or where special circumstances prevail.
- The Partner may estimate costs using cost estimation manuals, vendor quotes, design team calculations, online pricing, or other reasonable methods. Project cost should include, at a minimum, relevant material and labor/installation costs. Sales tax should be excluded from these figures.
- All energy and cost savings figures must be explicitly defined and referenced in the application package. Any prescriptive or ineligible measure energy savings and cost should be excluded from the application.

6.5 Custom Lighting Requirements

For LED projects where the product is qualified by either DLC or ENERGY STAR but the qualification category is not present on the Prescriptive Lighting application, the following additional information should be included with this application: (a) Confirmation of existing fixture wattage (ballast/lamp or other system documentation), (b) Documentation supporting existing and proposed lighting run hours, and (c) Sample photometric (lighting output) report of existing and proposed conditions for general representative spaces.

6.6 Metering

Certain measures may require post-installation metering, trending analysis, and/or a Statement of Substantial Completion by the installing contractor. This will be requested by the Program Manager during application review.

7 Program Dispute Resolution

Disputes, concerns, or complaints that arise will be addressed initially by the Program Manager or Program Staff at the point of contact. If resolution for whatever reason is not possible, there is a [dispute resolution process](#) backed by the NJ Board of Public Utilities. Appeals and disputes must be presented to

the Program Administrator within 45 days of the Program Manager's determination regarding the subject of the appeal or dispute.

For contractual disputes between a system owner and installer or registrant, the NJ Division of Consumer Affairs (DCA) is the point of contact and the agency has an online complaint form.

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

8 Call Center Support

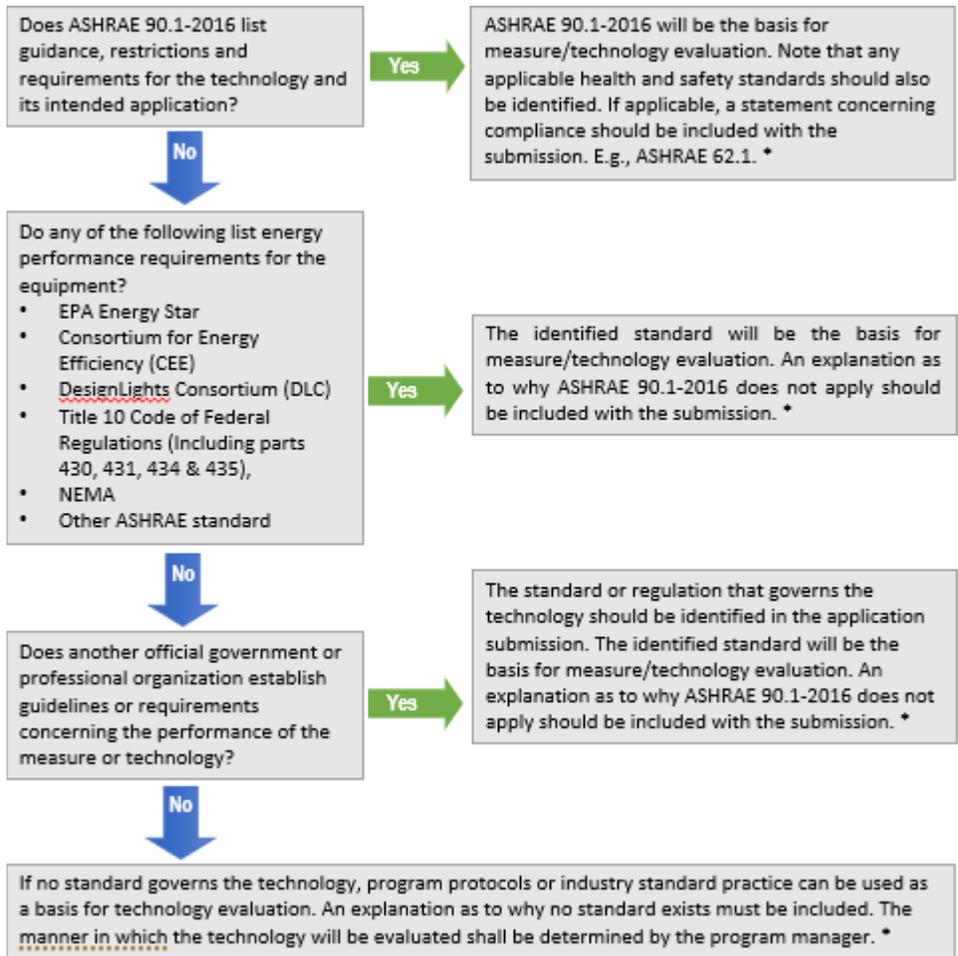
New Jersey's Clean Energy Program operates a call center staffed weekdays between 8 AM and 7 PM. The phone number is 866-657-6278. The call center is trained in answering general questions about the program and application processes. It also provides specific information pertaining to an application.

9 Program Website Link

This link routes to the overall NJ SmartStart program homepage: <http://njcleanenergy.com/ssb>

Appendix A: Custom Measure Guide

A-1. Code Guidance



**Ultimately the applicable standard(s) will be subject to the program manager's discretion. More than one standard may apply.*

A-2. Specific Measure Guidance: Standards and Calculations

Measure Description	Standard that most likely applies ²	Typical Format/Methodology of Supporting Calculations
VFD in specialized application	Will vary upon application	The savings basis is usually a change from a constant speed/inefficient load profile to a more efficient load profile. Fan or pump affinity laws are typically employed. Common key variables are horsepower controlled, motor and drive efficiencies, plant production and/or run hours.
Large Boilers: Comfort	ASHRAE 90.1-2016	Weather based analysis should be employed. Typical formats include bin-style analysis or HDD analysis. Alternative approaches include using the NJCEP Program Protocols.
Large Boilers: Industrial or Mixed Usage	ASHRAE 90.1-2016	Weather and/or process load based analysis. Typical formats include bin-style analysis or HDD analysis. Alternative approaches include using the NJCEP Program Protocols.
Non-Standard Lighting Fixtures and Retrofit Kits	ASHRAE 90.1-2016, DesignLights Consortium® (DLC), and/or ENERGY STAR®.	The product must be Design Lights Consortium (DLC) or Energy Star listed. The product category must not be offered on the Prescriptive Lighting application. A line- by-line style energy savings calculation must be used. The document must have sufficient detail to perform a site inspection. The savings calculation must list baseline and proposed fixture wattages, quantities, operation hours and locations. A lighting level calculation (not measurement) must be provided for representative sample areas for pre-retrofit and post- retrofit conditions.
Non-Standard Lighting Controls	ASHRAE 90.1-2016, DesignLights Consortium® (DLC), and/or ENERGY STAR®.	The control system must be Design Lights Consortium (DLC) listed. The system must exceed ASHRAE 90.1-2016. The baseline will be ASHRAE 90.1-2016 for new construction, subject to program manager discretion.
Refrigeration: Controls	ASHRAE 90.1-2016	The measure must not be a prescriptive measure, the system must exceed ASHRAE 90.1-2016. Typical relevant sections include 6.4.5, 6.4.6, and 6.5.11. Analysis format will vary depending upon the control; however bin analysis should be employed when the affected system's performance is weather dependent.
Refrigeration: Racks/Compressors	ASHRAE 90.1-2016	The system must exceed ASHRAE 90.1-2016, see section 6.5.11. Baseline shall be an equivalent system compliant with this section. Bin analysis or energy modelling should be employed to simulate system performance.
Computer Room Air Conditioners	ASHRAE 90.1-2016	The system must exceed ASHRAE 90.1-2016. Refer to table 6.8.1-11. Baseline shall be an equivalent system compliant with this standard. Bin analysis or energy modelling should be employed to simulate system

² Ultimately the applicable standard(s) will be subject to the program manager's discretion.

		performance.
Insulation: Other, non-prescriptive	ASHRAE 90.1-2016	A heat loss calculation shall be used. The measure must exceed ASHRAE 90.1-2016. Refer to section 6.8.3, 6.4.4.1.3
Insulation: General Building Envelope	ASHRAE 90.1-2016	A heat loss calculation shall be used. Calculations for exterior walls shall employ bin analysis or building modelling. The measure must exceed ASHRAE 90.1-2016.
Process Chiller	ASHRAE 90.1-2016	Bin analysis or energy modelling. The measure must exceed ASHRAE 90.1-2016.
VFD: Condenser Water Pump	ASHRAE 90.1-2016	The measure must exceed ASHRAE 90.1-2016. Bin analysis or energy modelling.
HVAC: Variable Refrigerant Flow (VRF)	ASHRAE 90.1-2016	Bin analysis or energy modelling. The measure must r exceed ASHRAE 90.1-2016. Baseline for savings may be based on Appendix G where baselines apply. Only systems with a ratio other than 1:1 of condensing units to evaporators will be considered. See table 6.8.1-10.
HVAC: Energy Recovery	ASHRAE 90.1-2016	Bin analysis or energy modelling. The measure must exceed ASHRAE 90.1-2016. The baseline system shall comply with ASHRAE 90.1-2016 where baselines apply. See section 6.5.6.
HVAC: Demand Control Ventilation	ASHRAE 90.1-2016	Bin analysis or energy modelling. The measure must exceed ASHRAE 90.1-2016. The baseline system shall comply with ASHRAE 90.1-2016 where baselines apply. See section 6.4.3.8.
Building Automation Systems (BAS)	ASHRAE 90.1-2016	An energy model will be expected to accurately model complex systems. Simpler systems may employ bin analysis where feasible. The measure must exceed ASHRAE 90.1-2016 based on project type. The baseline system shall comply with ASHRAE 90.1-2016 where baselines apply.
VFD: CRAH or CRAC	Will vary upon application	Bin analysis.

A-3. Specific Measure Guidance: Supporting Data

A-4. Specific Measure Guidance: Supporting Equipment Documentation