



NJ ENERGY STAR® Homes

Significant Program Changes

February 10, 2009

Dear Program Participant,

Thank you for your commitment to the New Jersey ENERGY STAR Homes program. We appreciate your participation and your efforts to reduce New Jersey's energy dependence.

This notice is to inform you of a number of important changes to the NJ ENERGY STAR Homes Program under New Jersey's **Clean Energy** Program™.

Please read the following details carefully and contact your Program Account Manager if you have any questions.

I. BASE INCENTIVES

Three performance tiers will be offered in place of the previous single threshold for incentives.

- Tier 1. ENERGY STAR (the current performance level, HERS Index of 85 or less, plus all mandatory requirements);
- Tier 2. ENERGY STAR with a HERS Index of 65 or less (approximately equivalent to the current Federal Energy Tax Credit level);
- Tier 3. "Micro-load" (a customized high performance level at or approaching Net-Zero Energy).

The following Tier 1, Tier 2 and Tier 3 levels are effective as of April 1, 2009. Tier 1 incentive levels remain unchanged from the current 2008 levels***.

TABLE 1 Building Type	2008	2009 Tier 1 (≤ 4000 sq.ft.)	2009 Tier 2 The higher of Tier 1 incentives or the flat rate below:	2009 Tier 3
Single Family	\$500 + \$0.60/sq.ft. + HVAC Incentives	\$500 + \$0.60/sq.ft. + HVAC Incentives	\$3,300	Custom
Multiple Single Family ("Townhouse")	\$150 + \$0.60/sq.ft. + HVAC Incentives	\$150 + \$0.60/sq.ft. + HVAC Incentives	\$2,200	
Multiple-Family Building ("Multifamily")	\$0.60/sq.ft. + HVAC Incentives	\$0.60/sq.ft. + HVAC Incentives	\$1,500	

***Although new incentives *were* scheduled to be introduced April 1, 2009, in consideration of the decline in market conditions for new home construction in New Jersey, the Board of Public Utilities has agreed that current/2008 incentive levels be maintained through 2009 for homes meeting the Tier 1 (current ENERGY STAR) level of performance, as follows.

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Originally planned incentive levels are shown in the table below and are only for comparison purposes:

TABLE 2 Building Type	Originally Proposed Tier 1 (≤ 4000 sq.ft).	Originally Proposed Tier 2	2010 Tier 3
Single Family	\$1,800	\$2,800	Custom
Multiple Single Family ("Townhouse")	\$1,300	\$1,800	
Multiple-Family Building ("Multifamily")	\$1,000	\$1,200	

HVAC incentives at Tier 1 will continue to be based on the corresponding Residential HVAC Program incentives in force at the time of enrollment (for current incentives see www.NJCleanEnergy.com). Note that EPA has announced that the minimum SEER for ENERGY STAR qualification of central A/C systems will be raised from 14.0 to 14.5 for equipment manufactured after January 1, 2009. Projects enrolled on or after 4/1/09 must utilize A/C systems rated at 14.5 or higher to be eligible for an incentive.

Also note that for all enrollments after 4/1/2009, homes with over 4000 square feet of finished floor area will be required to meet Tier 2 performance criteria in order to qualify for direct incentives and marketing support. The current cap of \$2900 on the core incentive portion (base plus sq.ft.) will continue to apply for Tier 1.

Important: The unchanged incentive levels at Tier 1 (and for homes over 4000 sq.ft. at Tier 2) will remain in effect for homes completed (passed final inspection) through 12/31/2009. Homes enrolled in 2009 and completed after that date will be subject to the reduced flat rate incentive levels originally intended to take effect at this time, as illustrated in Table 2 on Page 2.

II. SUPPLEMENTAL INCENTIVES

1. Lighting

	Current	2009
ENERGY STAR Lighting	\$20/fixture or \$30/can (over 3)	All installed CFLs purchased through a new builder portal (http://www.efi.org/njcep) to this store will be rebated on a pilot basis after builder installation (specific minimum and maximum limits may apply) Fixtures, now available at a subsidized cost through the NJCEP online program store, will not receive incentives.

In order to maximize electric efficiency savings, the program will provide the option of fully rebating the purchase cost of an approved list of screw-in Compact Fluorescent Lamps (CFLs). Qualifying bulbs must be ordered through a new builder portal (<http://www.efi.org/njcep>) to the program online store and installed in high use light sockets of participating homes (specific minimum and maximum limits may apply). *This option is being offered initially as a pilot to a limited number of homes.* For enrollments after 4/1/2009 only,

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requirements will be to Install at least 3 ENERGY STAR labeled hard-wired light fixtures and/or participate in the pilot installation of program-supplied ENERGY STAR labeled screw-based CFL bulbs, as described above. Because the program is now subsidizing the purchase price of all qualifying fixtures available for purchase through the online store (<http://www.NJCleanEnergy.com/shopnow>), additional fixtures will no longer be rebated separately.

2. ENERGY STAR Appliances

	Current	2009
ENERGY STAR Appliances	\$175/washer	N/A

The ENERGY STAR clothes washer incentive is being discontinued for new enrollments after 4/1/2009 under the NJ ENERGY STAR Homes program. However, retail incentives for ENERGY STAR Products under New Jersey’s **Clean Energy Program™** may be suitable for new construction applications. Go to www.NJCleanEnergy.com for more information.

III. TECHNICAL REQUIREMENTS

For new enrollments completed (passed final inspection) through 12/31/2009, the following technical requirements shall apply. Changes are highlighted in italics:

To meet the **Tier 1** level, a new home must:

1. Meet either the EPA ENERGY STAR Homes performance standard (currently a HERS index of 85 or lower in NJ) *or the alternative prescriptive EPA National Builder Option Package (climate zone specific “BOP”). Multifamily buildings over 3 floors may be required to demonstrate compliance through the newly expanded EPA ENERGY STAR for High-Rise Multifamily Buildings pilot (based on ASHRAE standard 90.1 instead of the Home Energy Rating System);*
2. Comply with the EPA Thermal Bypass Inspection Checklist, as applicable;
3. Comply with EPA’s mandatory additional requirements (including proper HVAC sizing and duct leakage limits), as applicable;
4. *Install ENERGY STAR qualified HVAC equipment (or highest approved alternative if no ENERGY STAR labeled equipment is available for a specific application). Note that this requirement will apply in all tiers to ALL homes enrolled in 2009 and completed (passed final inspection) after 12/31/2009. EPA has announced that the minimum SEER for ENERGY STAR qualification will be raised from 14.0 to 14.5 for equipment manufactured after January 1, 2009.*
5. Fully duct all HVAC supplies and returns and fully seal all duct system joints and seams with mastic compound (no tapes), as applicable;
6. Install ENERGY STAR qualified mechanical ventilation with automatic, programmable 24-hour control; and
7. Install at least 3 ENERGY STAR labeled hard-wired light fixtures *and/or participate in the pilot installation of program-supplied ENERGY STAR labeled screw-based CFL bulbs, as described above.*
8. *Install only direct or power vented space heating, water heating, and/or fireplace combustion appliances, when present (for current guidelines please refer to the latest version of the Field Guide available under Builder Information on the NJ ENERGY STAR Homes web site at www.NJCleanEnergy.com).*

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To meet the **Tier 2** level, a home must:

1. Meet all of the Tier 1 requirements, and
2. *Achieve an energy rating HERS index of 65 or less (approximately equivalent to the current Federal Tax Credit efficiency level) or equivalent High-Rise Multifamily Pilot performance.*

Tier 3 level, limited enrollments available.

An exciting new “near zero-energy” level of performance program is being offered as **Tier 3**. A limited number of “NJ Microload Home” projects will be reviewed for approval based on individual submission of projects designed in coordination with the Program. Significant technical support and incentives are available for qualifying projects. Please contact your Program Account Manager if you are interested in participating.

IV. RE-INSPECTION POLICY

In the past, Builders have been provided one pre-drywall re-inspection and one final re-inspection for each house at no additional cost. Second re-inspections of either type have been deducted from applicable rebates. Beginning April 1, 2009, second re-inspections of either type will continue to be deducted from applicable rebates and once a project exceeds the 20% total re-inspection rate threshold, based on the number of units enrolled, the cost of **all** re-inspections will be deducted from applicable rebates (or charged to the builder in non-SmartGrowth areas).

V. MARKETING SUPPORT

In order to raise homebuyer awareness of participating homes and builders and to drive consumer demand for these homes, the Program will continue to provide additional funding to support new significant marketing efforts in 2009. A number of new marketing initiatives have been developed, including advertising, public relations, special events and online promotions. In addition, contact your Program Account Manager for details on a co-op advertising program that offers reimbursement of between \$10,000 and \$50,000 (based on the number of homes completed through the program in a calendar year).

VI. TIMELINE

Project applications received before April 1, 2009 (as well as projects whose enrollment expires prior to that date) may continue to enroll under the current program. Any application received on or after April 1, 2009 will be subject to new program rules.

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VII. PROGRAM KICK-OFF MEETINGS

In order for you and your staff to better understand the above listed changes, the New Jersey ENERGY STAR Homes Program will be offering free Program Kick-off Meetings to explain these changes and to demonstrate the new marketing items/support that the program will provide. These meetings will be held at the following locations and times:

- **North: Wednesday, February 25, 2009;** 8:30 am Registration
Marriott/ Newark Liberty International Airport, Newark, NJ 07114
- **South: Tuesday, March 3, 2009;** 8:30 am Registration
Wyndham Hotel, 1111 Route 73 North, Mt. Laurel, NJ 08054
- **Central: Wednesday, March 4, 2009;** 8:30am Registration
Sheraton Edison Hotel/ Raritan Center, 125 Raritan Center Pkwy., Edison, NJ 08837

Breakfast will be provided at each meeting. We encourage you to attend, along with your Purchasing Manager, Construction Manager, Marketing Manager, as well as your HVAC and Electrical Contractor. Please contact your Program Account Manager as soon as possible to discuss your up-coming NJ ENERGY STAR Homes projects and the new offerings and marketing support now available. We look forward to working with you as we continue to grow the market for certified energy efficient homes and homebuyers who ask, "Is this home a New Jersey ENERGY STAR Home?"

1-866-NJSMART

Thank you,

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