

LARGE ENERGY USERS PILOT PROGRAM - FREQUENTLY ASKED QUESTIONS

TERMINOLOGY

Q: What is "Loc. ID"?

A: Location or premise identification number assigned to a particular facility by the utility company servicing that facility.

Q: If a contractor is facilitating the application process on behalf of a customer, who should be listed as the point of contact on the Pre-Qualification application?

A: Please list customer information on the Pre-Qualification application. You may attach a letter from the customer indicating the contractor that is facilitating them with the program and they will be included in all correspondence.

ELIGIBILITY

Q: The qualifications state that, in order to be eligible, an entity had to have paid a minimum of \$300,000 into New Jersey's Clean Energy Program (NJCEP) fund. Only around 40% of the Societal Benefits Charge (SBC) goes toward the NJCEP. How do you calculate your NJCEP contribution?

A: The program will consider entities that have a minimum NJCEP contribution of \$300,000. NJCEP contribution is calculated as $(\$0.0169/\text{Therm} \times \text{Total Facility Therm Usage}) + (\$0.002346/\text{kWh} \times \text{Total Facility kWh Usage})$.

Q: What facilities can we include when calculating "Total Facility Therm Usage" and "Total Facility kWh Usage"?

A: All facilities within the state of New Jersey, owned by the applicant entity and paying the Societal Benefits Charge, can be included when calculating total Therm and kWh usage.

Q: Is the "Total Facility Therm Usage" and "Total Facility kWh Usage" based on annual consumption?

A: Yes, but more specifically, total Therm and kWh usage is for 12 months of utility bills for calendar year 2010 (i.e. January – December 2010).

Q: Are all facilities owned by the applicant entity eligible for incentives through this program?

A: No. Although the usage of all facilities owned by the applicant entity are used for the pre-qualification, only facilities with minimum 400kW annual peak demand will be considered for incentives. In other words, the energy-efficiency scope of work must be limited to facilities with 400kW annual peak demand.

Q: Does the program require an approved specific contractor for participation?

A: No specific contractor is needed for this program as it is self-directed. A customer may use whomever they choose or do the work internally.

PROGRAM DEADLINES

Q: When can applicant expect to be notified whether they have or have not met the pre-qualification requirements?

A: The deadline for Pre-Qualification Application submittals was September 26th, 2011. Applicants will be notified by mail and email whether or not they have been accepted into the program within 2-3 weeks from this date.

Q: Will applicants only be notified once the September 26th deadline has passed?

A: Yes. All applicants will be eligible to submit their Pre-Qualification Application through the September 26th deadline. Once the deadline has passed, then the applicants will be ranked and notified of their acceptance into the program.

Q: Will there be another opportunity to submit an application based on 2011 usage?

A: It is anticipated for 2012, that another enrollment period will be offered based on 2011 usage and contribution.

Q: Once our Pre-Qualification Application has been approved, how long do we have to submit the Draft Energy Efficiency Plan (DEEP)?

A: Entities will have 90 days to submit their DEEP if they wish to be considered for program incentives.

Q: Once our Draft Energy Efficiency Plan (DEEP) has been approved and funds are reserved, how long do we have to submit the Final Energy Efficiency Plan (FEED)?

A: The FEED must be submitted within 120 days from DEEP approval.

Q: Once our Final Energy Efficiency Plan (FEED) has been approved and funds are committed, how long do we have to install our scope of work?

A: Energy conservation measures (ECMs) must be fully installed no later than 12 months from FEED approval.

INCENTIVES

Q: What is the difference between “fund reservation” and “fund commitment”?

A: Funds are “reserved” upon receipt and review of the DEEP. Reserved funds are calculated based on estimated project costs and estimated energy savings, and are not deducted from the total program budget. Upon receipt and review of the FEED, which has a finalized scope of work, and more precise project cost and energy savings, the reserved funds are revised and “committed”. Committed funds are guaranteed and are deducted from the total program budget.

Q: It seems that if an applicant is approved to submit their DEEP, they are not guaranteed for an incentive reservation. It seems like a lot of work for something that is not guaranteed.

A: The DEEP submittal is not meant to be time or labor intensive. The information provided in the DEEP is based on estimated project costs and savings. Previous conversations with large energy users indicated that the majority of them have similar annual energy plans already drafted.

Q: When are incentives actually paid out?

A: Incentives are authorized upon installation of scope of work, successfully post-inspection, and submittal of required documentation (e.g. invoices, purchase orders, etc.) detailed in section 3.4.1. of the program guide. Customer will receive their check within 45-60 days from the date of authorization.

Q: Based on 2010’s fee for the NJCEP (roughly \$0.003/kWh), a customer site would need to have used 370 million kWh in the previous year to max out at the \$1million incentive. Is that correct?

A: According to the Instructions on the LEU Pre-Qualification Application, the NJCEP contribution is calculated as: $(\$0.0169/\text{therm} \times \text{Total Facility Therm Usage}) + (\$0.002346/\text{kWh} \times \text{Total Facility kWh Usage})$. In order to reach the \$1million incentive cap, an entity must have contributed a total of \$1.11 million to the NJCEP in 2010 ($\$1.11\text{mill} \times 90\% = \1mill). This translates to 473 million kWh, assuming all the entity’s facilities were all-electric (or heated by fuel other than natural gas) AND, assuming this was the project didn’t cap out at 75% of total project cost.

Q: The qualifications state that “participation in any other NJ Clean Energy program is prohibited for entities receiving LEUP incentive.” What if I already submitted an application through another program?

A: Active applications (i.e. not rejected or canceled) that have not been installed may be canceled by the customer and applied under the LEUP program. Approved applications that have had equipment installed and/or been paid, will have funds deducted from the customer’s potential LEUP incentive. Please see section 3.5 of the program guide, General Eligibility Requirements/Limitations, for more details.

Q: It seems that the incentives under this program are more lucrative than under Pay for Performance.

A: The \$/kWh and \$/therm payout is higher than Pay for Performance, but the overall incentive caps in Pay for Performance are higher than the LEUP program.

Q: Are there any additional sources of funding or financing available with this program?

A: South Jersey Gas is considering providing a dollar for dollar incentive match up to \$100,000. It is recommended you consult your utility for any confirmation of potential additional funding. Additionally, the New Jersey Economic Development Authority will offer low interest financing for LEUP projects through the Energy Efficiency Revolving Loan Fund.

PROGRAM REQUIREMENTS

Q: What information do you need in the DEEP and FEEP?

A: Full Program Guidelines are currently being developed. In the meantime, please refer to the “Complete Program Details” document available at NJCleanEnergy.com/LEUP. Additional details will be provided in the complete program guide when it is released.

Q: Are combined heat and power (CHP) projects allowed under this program? If so, what are you looking for as far as efficiency? Is it the reduction of electricity purchased or savings due to high temp hot water or both?

A: Yes, CHP projects are eligible for incentives through this program. All CHP systems must meet current requirements as outlined in the CHP application, which is available at NJCleanEnergy.com/commercial-industrial/programs/pay-performance/existing-buildings/applications-and-f

Q: The LEUP program framework requires that the energy-efficiency scope of work have a minimum Internal Rate of Return (IRR) of 10%. Is this for each measure or total scope?

A: The 10% minimum IRR requirement applies to the entire scope of work. You may have measures that have poor IRR combined with measures with good IRR, as long as the overall IRR is at least 10%. In addition to the IRR requirement, each ECM must demonstrate a simple payback of 8 years or less.

Q: Do hardware and software qualify as measures under the LEUP program?

A: Controls software such as BMS, EMS, DDC will be considered. Monitoring software that strictly monitors/reports usage, but does not control equipment operation, will not be considered.

Q: The LEUP program framework states that maintenance projects will not be considered for incentives. Can you clarify what you mean by ‘maintenance’?

A: Some examples of maintenance projects are fixing steam leaks, repairing broken insulation, etc. If you have a specific measure that you are not sure would be categorized as “maintenance,” you can contact the program manager.

Q: Is energy modeling required in this program?

A: It is not required, but may be used to meet program requirements.

Q: Are energy-efficiency measures limited to those listed in Table B-1 of Appendix A in the program framework?

A: No. This table is provided as a guide.

Q: Are measures under this program limited to “building type” improvements or are other improvements, such as efficiency improvements to generation equipment eligible?

A: Most likely yes, but the program manager would need to collect more specific information on a case by case basis to determine if improvements to generation equipment will qualify.

Q: Who can I contact if I have additional questions?

A: You may contact the market manager via email, phone or fax. The specific email address for the program is LEUP@trcsolutions.com. Please visit NJCleanEnergy.com/misc/about-njcep/contact-us for additional contact details.