



Agenda Date: 11/16/15
Agenda Item: 8E

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF R3 ENERGY MANAGEMENT)
AUDIT & REVIEW LLC – REQUEST WAIVER FOR PAY)
FOR PERFORMANCE (P4P) SEEKING APPROVAL OF)
ENERGY REDUCTION PLAN (ERP)) ORDER
DOCKET NO. QW15091100

Parties of Record:

Harrison Lyss, Petitioner
Rudy Scholl, R3 Energy Management Audit & Review LLC

BY THE BOARD:¹

BACKGROUND

This matter concerns an appeal of R3 Energy Management Audit & Review LLC on behalf of their client – an office complex named “Rochelle Park,” located in Rochelle Park, New Jersey (Petitioner). Petitioner appeals from market manager TRC Energy Services’ (TRC) denial of their application under the New Jersey Clean Energy Program (NJCEP) Pay for Performance Program. The NJCEP program coordinator – Applied Energy Group (AEG) – reviewed TRC’s denial and affirmed the decision. Under the NJCEP rules, a program applicant may petition the Board for review following an adverse decision by the market manager and program coordinator.

The Pay for Performance Program is a comprehensive program targeted at existing commercial and industrial buildings that have an average annual demand of 100 kW or greater. Participants in the Pay for Performance Program are required to submit an Energy Reduction Plan (ERP) that identifies energy efficiency improvements and the estimated energy savings that will need to achieve a minimum of 15% reduction in total source energy consumption per program requirements. The 15% minimum energy reduction will be based on source energy, which is consistent with Environmental Protection Agency Portfolio Manager benchmarking software. Pre-approval of the ERP is required for all projects, which may also include a site inspection. A qualifying ERP must be approved by the program and an approval letter sent to the customer in order for incentives to be committed.

¹ Commissioner Upendra J. Chivukula did not participate in discussion, deliberation, or vote on this matter.

Projects that cannot identify efficiency improvements that meet the minimum performance level do not qualify for a Pay for Performance incentives. However, they may be eligible for other NJCEP programs. For example, the SmartStart Buildings Program is designed to help commercial and industrial customers upgrade to energy-efficient measures. The SmartStart Buildings Program provides financial incentives to help offset some of the added cost to purchase qualifying energy-efficient equipment and does not require minimum savings

On May 16, 2014, Petitioner submitted an application to the Pay for Performance – Existing Buildings Program and received initial approval from TRC to proceed with the application process, including approval to submit an ERP. In furtherance with program requirements, the Petitioner submitted its first ERP on August 21, 2014. The proposed project included exterior lighting and four HVAC units and controls to be installed. Following several revisions to the ERP in an attempt to reach the 15% requirement, TRC rejected the ERP because the savings level registered 14.43%, which falls below the 15% energy savings required by the program rules and in accordance with the [Fiscal Year 2014 Compliance Filing](#). TRC staff worked with Petitioner to identify other measures that could be installed in order to increase the energy savings. However, no additional energy efficiency measures could be identified that would increase the energy savings to meet the minimum program standards and the application was denied.

On August 24, 2015, pursuant to the NJCEP Dispute Resolution Process, see <http://www.njcleanenergy.com/main/board-public-utilities/board-public-utilities-0>) Petitioner submitted a written letter to AEG requesting a waiver of the 15% minimum reduction to existing energy consumption. Upon AEG's full review of the application, circumstances and program rules, AEG agreed with TRC's denial of the Petitioner's application based on the non-qualifying ERP and issued an August 28, 2015 letter to Petitioner denying his appeal. AEG supported TRC's decision to reject the request for a waiver to the ERP for not meeting the 15% energy requirement and suggested that Petitioner apply for an incentive under the SmartStart Program.

Thereafter, on September 18, 2015, Petitioner filed a petition with the Board requesting review of TRC's and AEG's determinations. In his petition, Petitioner concedes that the project does not meet the 15% minimum reduction to existing energy consumption and requests that the BPU grant an exception to the Program requirements.

DISCUSSION AND FINDINGS

It is important that the NJCEP continue to provide incentives for projects that meet the guidelines of the programs. Pay for Performance is available to existing buildings with a peak electric demand in excess of 100 kW in any of the preceding twelve months and to new construction buildings with 50,000 square feet or more of planned conditioned space. A minimum of 15% source energy reduction is required for existing buildings, which can be achieved through a combination of electric, gas and other fuel source reductions. Petitioner's inability to provide an ERP that met the 15% source energy reduction requirement warranted the application's rejection.

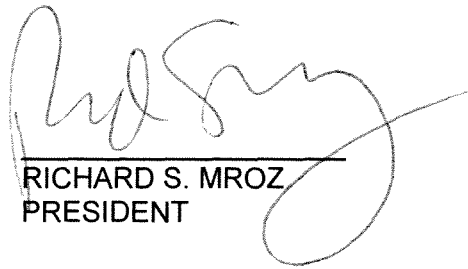
Here, despite Petitioner's submission of several ERPs in support of the project, none was able to meet the 15% threshold, which is a necessary requirement for receipt of a Pay for Performance incentive award. Since Petitioner's project is unable to achieve the minimum energy efficiency savings that the Pay for Performance program requires it cannot be approved for an award under the Pay for Performance program. Thus, the Board **FINDS** that the Program Manager and Program Coordinator correctly denied Petitioner an award.

The Board also **FINDS** that Petitioner has not offered a compelling reason to waive program requirements, particularly a requirement that is central to the premise upon which the Pay For Performance Program is based – meeting an established level of reduced energy usage. Based on the facts and circumstances of this matter, the Board **CONCLUDES** that Petitioner is not entitled to an exemption of the required 15% energy savings threshold. Therefore, the Board **HEREBY DENIES** Petitioner's request for an exception to the 15% achievable energy saving program requirement and **AFFIRMS** the decision of the market manager and program coordinator.

This Order shall be effective on November 26, 2015.

DATED: 11/16/15

BOARD OF PUBLIC UTILITIES
BY:



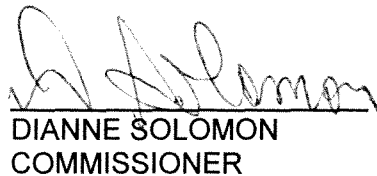
RICHARD S. MROZ
PRESIDENT



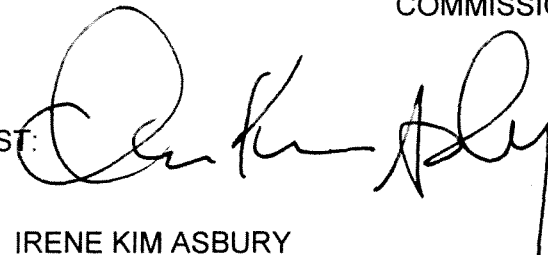
JOSEPH L. FIORDALISO
COMMISSIONER



MARY-ANNA HOLDEN
COMMISSIONER

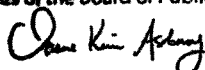


DIANNE SOLOMON
COMMISSIONER

ATTEST: 

IRENE KIM ASBURY
SECRETARY

I HEREBY CERTIFY that this document is a true copy of the original in the files of the Board of Public Utilities



IN THE MATTER OF R3 ENERGY MANAGEMENT AUDIT & REVIEW LLC – REQUEST
WAIVER FOR PAY FOR PERFORMANCE (P4P) SEEKING APPROVAL OF
ENERGY REDUCTION PLAN (ERP)

DOCKET NO. QW15091100

SERVICE LIST

Harrison Lyss
c/o GHP Office Realty LLC
218 Route 17 North
Rochelle Park, NJ 07662

Rudy Scholl
R3 Energy Management Audit & Review LLC
1 Central Avenue
Tarrytown, NY 10591

Elizabeth Ackerman
Acting Director
Division of Economic Development
and Energy Policy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Sherri Jones
Division of Economic Development and
Energy Policy
Board of Public Utilities
44 South Clinton Avenue, 7th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Allison E. Mitchell
Division of Economic Development
and Energy Policy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Irene Kim Asbury, Esq., Secretary
Office of the Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Brian DeLuca
TRC Solutions
Program Manager
900 Route 9 North, Suite 104
Woodbridge, NJ 07095

Carl Teter
TRC Solutions
Associate Vice President
900 Route 9 North, Suite 104
Woodbridge, NJ 07095

Carolyn McIntosh, DAG
Division of Law
Dept. of Law & Public Safety
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029