



Agenda Date: 5/25/16  
Agenda Item: 8B

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

CLEAN ENERGY

IN THE MATTER OF THE 2009 STATE ENERGY )  
PROGRAM (SEP) / AMERICAN RECOVERY AND )  
REINVESTMENT ACT (ARRA) FUNDING PLAN – )  
REQUEST FOR REALLOCATION – LED LIGHTING )  
UPGRADE PROGRAM – THE BATTLESHIP NJ )  
RETROFIT PROJECT )  
DOCKET NOs. QG16040309  
EO09030210

**Parties of Record:**

**Mike Ambrosio, Senior Vice President, Applied Energy Group**  
**Phil Rowan, Battleship Alliance**  
**Sandy Zeglarski, New Jersey Economic Development Authority**

**BY THE BOARD:**

By this Order, the Board of Public Utilities ("Board") considers and renders its decision regarding the use of American Recovery and Reinvestment Act Revolving Loan Fund ("ARRA RLF" or "RLF") funds to create the "LED Lighting Upgrade Program." Specifically, the Board considers the allocation of LED Lighting Upgrade Program funds in the amount of \$383,420.61 to "The Battleship New Jersey Retrofit Project."

**BACKGROUND**

The United States Department of Energy ("USDOE" or "DOE") awarded New Jersey with an American Recovery and Reinvestment Act of 2009/State Energy Plan ("ARRA/SEP" or "ARRA") award (Grant #DEP-EE0000258) in the amount of \$73,643,000 to support clean energy efforts within the State. ARRA funds dedicated to the SEP are intended to stimulate the economy and create and retain jobs by, among other things, investing in clean energy initiatives that promote the conservation of energy, reduce the rate of growth of energy demand, and reduce dependence on foreign oil. The deadline established by USDOE for recipients to spend the ARRA/SEP grant funds was April 30, 2012.

To spend the ARRA funds, the Board approved allocations to several funding categories, also referred to as Market Titles: Administration; Low-Interest Loan for Residential Energy Efficiency;

Financing for Residential Solar; EE through Combined Heat and Power ("CHP"); Multi-Family Energy Efficiency Improvement Pilot; Energy Efficiency through the State Energy Office and Energy Efficiency Equipment Purchases. On April 12, 2012, the Board approved the creation of the ARRA RLF to capture all unspent ARRA/SEP funds. I/M/O the 2009 SEP/ARRA Funding Plan – Request for Reallocation, Docket No. EO09030210 (Apr. 12, 2012). The RLF is administered cooperatively through the Board's Office of Clean Energy ("OCE") and the Economic Development Authority ("EDA"), and funds energy efficiency and renewable energy projects in state-owned facilities as well as Demand Response projects throughout the state.

At the time of the Board's approval in April 2012, Staff anticipated using the RLF to fund projects at state-facilities that could participate as demand response in wholesale electric markets. See Order No. 745, Demand Response Compensation in Organized Wholesale Energy Markets, 134 FERC ¶ 61,187 (Mar. 15, 2011) (setting out several requirements for wholesale-market operators regarding the compensation and use of demand-response commitments in wholesale-electricity markets, including the methodology used by wholesale-market operators to compensate demand response). However, on May 23, 2014, the United States Court of Appeals for the District of Columbia issued a decision invalidating Order 745. See Elec. Power Supply Assoc. v. FERC, 753 F.3d 216 (D.C. Cir. 2014), rev'd, 136 S. Ct. 760 (2016) ("EPSA").

Because of the uncertainty the above decision created, Staff chose to change the RLF program to a grant program that would not rely on participation in demand response markets. OCE Staff proposed this programmatic change, and in July 2015, DOE approved the transfer of \$1,800,000 from the RLF to be placed into a State Energy Office – LED Lighting Replacement & Refrigerated Equipment Energy Savings Grant Program. This program is administered by the BPU State Energy Office ("SEO"). On November 16, 2015, the Board approved the reallocation of \$1,800,000 from the ARRA RLF to fund the grant program focused on LED Surface Lighting Upgrades at State-owned facilities. I/M/O the 2009 SEP/ARRA Funding Plan – Request for Reallocation, Docket No. EO09030210 (Nov. 16, 2015). As a result, approximately \$2,383,420.61 remained in the RLF.

On February 29, 2016, OCE Staff proposed to reallocate the balance of \$2,383,420.61 in unspent ARRA RLF funds into a direct grant program titled, "LED Lighting Upgrade Program" (the "Program"). The Program will focus on two specific projects that will allow for indoor, outdoor and street lighting upgrades. Through a letter dated March 28, 2016, the DOE approved OCE's request to reallocate the unspent ARRA RLF funds and to create the LED Lighting Upgrade Program.

In this same letter, DOE approved the "LED Lighting Upgrade Program" project - "The Battleship New Jersey Retrofit Project" with an allocated budget of \$383,420.61. This project will allow the Home Port Alliance (the "Alliance"), a non-profit organization (501(c)(3) to convert 2,500 overhead T-12 fixtures to high-performance LEDs and to replace the existing outdoor lighting with a newer LED technology.

#### **The Battleship New Jersey Retrofit Project:**

The USS Battleship New Jersey (the "Ship") is permanently housed at a port in Camden, New Jersey and hosts more than 300,000 visitors annually. The Battleship was launched on December 7, 1942 and is the Navy's most decorated Battleship, earning 9 Battle Stars during WWII. In 2001, the US Navy donated the battleship through the US Government's Ship Donation Program to the Alliance, to be opened to the public as a museum.

Since 2012, the Alliance has been focused on improving the marketability of this national treasure. Plans include changing the emphasis from a historical nature, which due to the dwindling number of servicemen is attracting a diminishing audience, to an educational platform that will allow school-age children to understand the technologies used to defend the nation and the value of freedom.

The Ship is constructed of steel (up to 12 inches thick) with no insulation, and it rests in the cold waters of the Delaware River, resulting in infiltration and thermal losses well in excess of standard building construction. It has approximately 50,000 sq. ft. of conditioned space that consumes over 3.9 million kWh of energy annually, and with a peak demand of 973 kW, averages \$500,000 per year in electric costs. Approximately 45% of the electric use is for heating, 17% for cooling, and 15% for lighting. All lighting, HVAC, and motor switches are controlled manually by a team of volunteers.

Initially, the Alliance received \$3,000,000 million from the State of New Jersey to support the operation of the Ship, plus another \$400,000 for utility expenses. However, in 2009, State funding was reduced to \$1.7 million and ultimately terminated in 2011. Since that time, the Alliance has received intermittent State funding to offset the Ship's utility costs. In January 2013, through the BPU's Office of Clean Energy, an ASHRAE Level II energy audit ("LGEA") was conducted and identified eleven (11) unique Energy Conservation Measures ("ECMs") that, when implemented, will reduce total energy consumption by as much as 40%.

Staff recommends allocating the \$383,420.61 in LED Lighting Program funds for the Alliance to convert 2,500 overhead T-12 fixtures to high-performance LEDs and to replace the existing outdoor lighting with a newer LED technology. As a result, the Battleship will realize both improved lighting quality and annual energy cost savings of \$30,000 for the lighting.

As per the USDOE guidelines for the ARRA funds, the Battleship project will demonstrate compliance with ARRA Section 1605 ("Davis-Bacon Act") and ARRA Section 1606 ("Buy-American") and all USDOE reporting requirements. See ARRA, Pub. L. No. 111-5, 123 Stat. 115, 303 (Feb. 17, 2009). The Alliance will also report to NJBPU the following metrics: energy management systems installed; units purchased by type; and reduction in electricity consumption.

### **RECOMMENDATION**

Staff recommends the Board approve the reallocation ARRA RLF funds to create the LED Lighting Upgrade Program. Staff also recommends the Board approve allocating \$383,420.61 of the LED Lighting Upgrade Program monies to fund The Battleship New Jersey Retrofit Project.

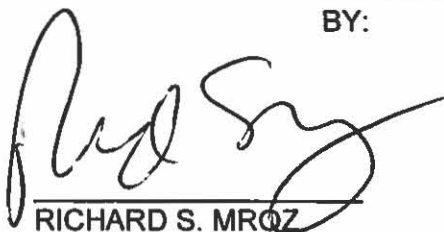
### **DISCUSSION AND FINDINGS**


The Board **HEREBY APPROVES** the reallocation of ARRA RLF funds to fund and create the LED Lighting Upgrade Program. The Board **FURTHER ORDERS** the reallocation of \$383,420.61 from the LED Lighting Upgrade Program to fund the Battleship New Jersey Retrofit Project and **HEREBY ORDERS** Board Staff to allocate such funds to this program, consistent with the terms of DOE's approval dated March 28, 2016.

This Order shall be effective on June 4, 2016.

DATED: 6/3/16

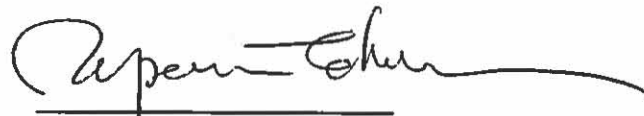
BOARD OF PUBLIC UTILITIES  
BY:

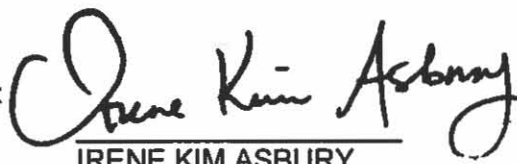
  
RICHARD S. MROZ  
PRESIDENT

  
JOSEPH L. FIORDALISO  
COMMISSIONER

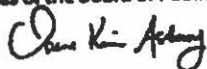
  
MARY-ANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

  
UPENDRA J. CHIVUKULA  
COMMISSIONER

ATTEST:   
IRENE KIM ASBURY  
SECRETARY

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



IN THE MATTER OF THE 2009 STATE ENERGY PROGRAM (SEP) / AMERICAN RECOVERY  
AND REINVESTMENT ACT (ARRA) FUNDING PLAN – REQUEST FOR REALLOCATION –  
LED LIGHTING UPGRADE PROGRAM – ATLANTIC CITY STREET LIGHTING PROJECT  
DOCKET NO. QG16040309 and EO09030210

SERVICE LIST

Irene Kim Asbury, Esq.  
Secretary of the Board  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Irene.asbury@bpu.state.nj.us](mailto:Irene.asbury@bpu.state.nj.us)

Seçil Uztetik Onat, Executive Director  
Economic Development & Emerging Issues  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Secil.onat@bpu.state.nj.us](mailto:Secil.onat@bpu.state.nj.us)

Sandy Zeglarski  
Market Research Officer  
New Jersey Economic Development Authority  
36 West State Street  
Post Office Box 990  
Trenton, New Jersey 08625

Heather Weisband, Esq.  
Counsel's Office  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Heather.weisband@bpu.state.nj.us](mailto:Heather.weisband@bpu.state.nj.us)

Allison E. Mitchell, AAI  
Office of Clean Energy  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Allison.mitchell@bpu.state.nj.us](mailto:Allison.mitchell@bpu.state.nj.us)

Michael Ambrosio, Vice President  
Applied Energy Group, Inc.  
317 George Street, Suite 400  
New Brunswick, NJ 08901  
[mambrosio@appliedenergygroup.com](mailto:mambrosio@appliedenergygroup.com)

Thomas Kowalczyk  
Applied Energy Group, Inc.  
317 George Street, Suite 400  
New Brunswick, NJ 08901  
[TKowalczyk@appliedenergygroup.com](mailto:TKowalczyk@appliedenergygroup.com)

Elizabeth Ackerman  
Office of Clean Energy  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Elizabeth.ackerman@bpu.state.nj.us](mailto:Elizabeth.ackerman@bpu.state.nj.us)

Gary Finger, Ombudsman  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Gary.finger@bpu.state.nj.us](mailto:Gary.finger@bpu.state.nj.us)

Marisa Slaten, Esq.  
Assistant Director  
Office of Clean Energy  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Marisa.slaten@bpu.state.nj.us](mailto:Marisa.slaten@bpu.state.nj.us)

Mahogany A. Hall, Rate Analyst 3  
Office of Clean Energy  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Mahogany.hall@bpu.state.nj.us](mailto:Mahogany.hall@bpu.state.nj.us)

Battleship New Jersey  
Philip P. Rowan  
Executive Director & CEO  
62 Battleship Place  
Camden, NJ 08103

Michael Greco, Director  
Budget and Finance  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Michael.greco@bpu.state.nj.us](mailto:Michael.greco@bpu.state.nj.us)

Christopher Psihoules, Esq.  
Division of Law  
Department of Law & Public Safety  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07102-45029  
[Christopher.Psihoules@dol.lps.state.nj.us](mailto:Christopher.Psihoules@dol.lps.state.nj.us)