

## Proposed FY23 Revisions to NJCEP New Construction Programs

NJCEP Staff are proposing several changes to the NJCEP New Construction programs that are designed to remove barriers to participation, streamline the application process, and better align the programs with the State’s Energy Master Plan goal of 100% clean energy by 2050. The existing NJCEP New Construction programs align with different market segments including residential, multifamily, commercial, and industrial. However, many new buildings can cross over these defined segments and include, for example, both residential and commercial components. This has created confusion in the marketplace and barriers to participation for multipurpose buildings, sometimes requiring builders to apply to multiple programs for different components of the buildings.

Table 1, below, highlights the objectives of the proposed New Construction program, bringing the programs residing within NJCEP up to the “next generation” status to achieve the vision from the Clean Energy Act and support the NJ Energy Master Plan. These objectives are proposed to address contractor feedback, improve the customer journey, increase participation, encourage code advancement and building electrification, and align with new construction industry best practices.

**Table 1. Objectives**

Objective 1	<ul style="list-style-type: none"> <li>•<b>Single Point of Entry</b> - Implement a new streamlined program for all new construction buildings, including commercial, multifamily and residential, that eliminates redundancies in the multifamily market and removes the need for multiple applications for mixed-use buildings.</li> </ul>
Objective 2	<ul style="list-style-type: none"> <li>•<b>Eliminate Market Gaps</b> - Develop a program entry point for every type of project from entry level all the way up to high performance buildings. Gaps are currently found between building types/uses, as well as the methods to claim savings between prescriptive and comprehensive whole building.</li> </ul>
Objective 3	<ul style="list-style-type: none"> <li>•<b>Optimize Program Process Flow</b> - Gain efficiencies and streamline the administrative process by having TRC manage the entire Unified New Construction portfolio of projects. Improve and standardize methods used to review submitted materials more quickly. Incorporate additional National Standards as Proxies to simplify program participation, increase participation, to adopt newer strategies, and advance the market toward electrification.</li> </ul>
Objective 4	<ul style="list-style-type: none"> <li>•<b>Increase Participation, Equity, and Education</b> - Increase early engagement through relationships with relevant organizations (e.g. AIA), expand pre-design bonus, and develop and host engagement webinars. Explore ideas to reduce burden on builders and raters, such as cost-share incentives and technical support. Provide equitable access to programs for overburdened communities and UEZ/OZ through enhanced incentives. Educate participants on what the program is doing and how they can continue to be engaged moving forward.</li> </ul>
Objective 5	<ul style="list-style-type: none"> <li>•<b>Broaden Depth of Scope</b> - Introduce Passive House standards. Phase out single-measure incentives and bundle them to see deeper savings. Develop advanced bundle packages such as smart connections, electric/EV ready, intelligent load controls, solar+storage solutions. Introduce an easy to understand/participate in electrification option, educate residents and builders on electrification methods and best practices. Encourage participation with other available Clean Energy Offerings, such as community solar.</li> </ul>
Objective 6	<ul style="list-style-type: none"> <li>•<b>Inform Code Development and Support Code Compliance</b> - Develop advanced bundle packages that will help to inform and advance future code development. Use implemented advanced building designs to provide building demonstration projects and develop case studies. Explore potential to capture savings from code compliance enforcement.</li> </ul>

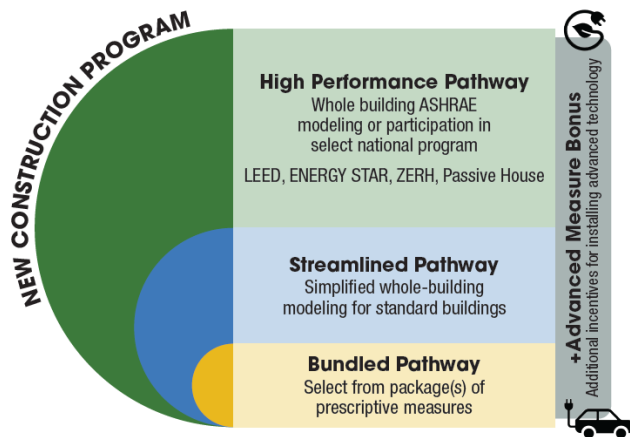
## A Unified Approach to New Construction

TRC proposes to restructure the offerings for New Construction residential, multifamily, and commercial & industrial under one umbrella. All NJCEP-eligible new construction projects would be able to apply for incentives through a single point of entry, with the ability to participate under the appropriate pathway with ease. The redesigned NC program would welcome gut rehabs, as defined and agreed upon with the utilities, and would eliminate the current practice of applicants having to fit their project into a program or multiple programs and would allow for a single application for all projects within a building.

Pathways define program requirements either by proxy or by program design. A proxy is an established program offered by other nationally recognized affiliation including LEED, Environmental Protection Agency (EPA) Energy Star, Department of Energy (DOE) Zero Energy Ready Homes (ZERH), Passive House-US and PassivHaus. For standard proxy compliance, little to no technical review would be needed; however, we do propose to do on-site or desk-review inspections for quality control.

The current Customer Tailored program would be sunset for FY23 and the current SmartStart program would be phased out over time, as the *Bundled Pathway* and *Streamlined Pathway* offerings are introduced in their place. The *High-Performance Pathway* would remain a modeling pathway but would be complemented with LEED and Passive House proxy compliance options.

Figure 1. New Construction Program Pathways



**Bundled Pathway** is a new offering with typical above-code upgrades bundled together in packages to encourage deeper/larger scopes of work. Typical packages might pair upgraded lighting with advanced controls; improved attic, wall and floor insulation paired with improved window SHGC and U-values, etc. This pathway would provide deemed savings calculated based on prescriptive minimum standards associated with each component. The addition of measures specific to the cannabis business are being researched and are intended to be added to the bundled pathway as well.

**Streamlined Pathway** is a new offering where the project is modeled in specialized software<sup>1</sup> that requires minimal inputs to generate relatively accurate projected savings. Often referred to as Simplified Performance Rating Method, TRC has begun evaluating available software, and we will continue to collaborate with the developers to decide which offering may be most applicable to NJCEP. This option would fill in the “gap” between low cost, simple prescriptive offerings, and expensive, complex high-performance whole building offerings. This will help increase participation from smaller buildings that cannot carry expensive modeling costs without sacrificing comprehensive energy efficient design.

<sup>1</sup> E.g., <https://www.facilitiesnet.com/energyefficiency/article/New-Tools-Help-Simplify-The-Energy-Modeling-Process--19446>

**High-Performance Pathway** will encompass the existing program offerings of Residential New Construction and Pay for Performance New Construction, which requires advanced energy simulation software for projects seeking the highest levels of energy efficiency and customization. This pathway would provide several national standards to comply with as proxies, meaning that minimal submissions and review would be required to receive incentives, and incentives would align with the milestones that exist in each proxy pathway. Several of the High-Performance pathways proposed as proxies supply standards that strive towards building electrification.

**Advanced Measure Bonus** is available to all pathways, and participation in one of the pathways is required to access this bonus. This bonus is intended to prepare the market for code advancements and electrification. The bonus should be attractive to not only gain market support but to be educational and provide content for future program designs and code development. Bonuses under consideration include Smart connected, Electric-ready, EV-ready, Solar + Storage, Intelligent Load Control, etc. The focus would be primarily on Single-Family (1-2 units) for the initial launch, but it would be structured so that any NC building could participate.

**Incentives** would be revised and standardized across all pathways so that customers can easily understand the value of the incentive relative to the requirements of each pathway. For example, if all incentives are in \$/sqft, contractors and customers have a straightforward way to compare program paths. Additionally, cost-share incentives for the energy analysis and modeling would be provided, with up to 100% covered for low/moderate income, UEZ/OZ, and other identified burdened communities.

We anticipate making the proposed changes incrementally during FY23 while continuing to grow participation in the new program over a three-year timeframe. To get a sense of what the transition process might look like, we have highlighted some immediate program changes for the FY23 filing that would be implemented, including but not limited to:

- Create and deploy a new software to submit and track project applications and status.
- Create a single program application for all New Construction projects.
- Evaluate and create equitable incentives across the New Construction program where incentives are higher for more comprehensive scopes of work.
- Evaluate and create Affordable Housing enhanced incentive to Residential and Multifamily projects, either directly or through a Rater incentive to promote equity.
- Sunset CTEEP at start of new Fiscal Year.
- Add Multifamily ZERH incentive tier (specifications anticipated in 2022) to encourage building electrification.
- Add Passive House incentive tiers which are geared towards reducing overall energy use of a building.