Agenda Date: 12/14/11
Agenda Item: LSA

STATE OF NEW JERSEY

Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
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CLEAN ENERGY

IN THE MATTER OF THE 2009 STATE ENERGY)
PROGRAM (SEP) – AMERICAN RECOVERY)
AND REINVESTMENT ACT (ARRA) – FUNDING)
PLAN - REQUEST FOR REALLOCATION) DOCKET NO. EO09030210

(SERVICE LIST ATTACHED)

Parties of Record:

Stefanie A. Brand, Division of Rate Counsel

BY THE BOARD:

By this Order, the Board of Public Utilities ("Board" or "BPU") considers and renders it decision regarding the reallocation of SEP/ARRA funds and the creation of two new market titles – Energy Efficiency through the State Energy Office and Energy Efficient Equipment Purchases – in order to meet the US Department of Energy's (USDOE) April 30, 2012 deadline for spending (ARRA) funds.

BACKGROUND

State Energy Program (SEP) - $73,643,000
On August 25, 2009, New Jersey's SEP was awarded $73,643,000 from the American Recover and Reinvestment Act of 2009 (ARRA), Pub. L. No.111-5, 123 Stat.115, to support clean energy efforts in the State. ARRA funds dedicated to the SEP are intended to stimulate the economy and to create and retain jobs by, among other things, investing in clean energy initiatives that promote the conservation of energy, that reduce the rate of growth of energy demand, and reduce dependence on foreign oil. The deadline established by USDOE for recipients to spend the SEP-ARRA grant funds is April 30, 2012.

Of the SEP-ARRA funds, the majority were leveraged with private dollars in order to maximize investment in energy efficiency, renewable energy projects and job creation. Initially, the SEP-ARRA funds were allocated to the following programs:

Low Interest Loan Program for Residential Energy Efficiency (HESP) - $2.5M
Multi-Family Energy Efficiency Improvement Pilot (MEEIP) - $2.5M
- Financing Program for Residential Solar (Solar Pilot) - $7M

- Energy Efficiency through Clean Energy Program - $17M
- Grants for Energy Efficiency, Renewable Energy and Alternative Energy Applications - $15M
- Grants for State Sponsored Renewable Energy and Energy Efficiency Projects - $20.6M
  Energy Efficiency Upgrades for State Buildings - $6M

The Innovation in Energy Efficiency and Renewable Energy Projects - Public Entities grant program[1], as authorized under N.J.S.A. 26:2C-37 et seq., 26:2C-435 et seq., and the New Jersey Appropriations Act for fiscal year 2010, L. 2009, c. 68, is designed to provide grants to support the energy projects of State departments, agencies, authorities, colleges and universities (collectively "State Entities") that utilize innovative renewable or energy efficiency technologies or innovative applications for renewable energy and energy efficiency projects.

On July 1, 2009, the Board approved a Public Notice of Grant Availability and issued this solicitation on July 6, 2009. A Grant Evaluation Committee ("Committee") consisting of representatives from the Board, the New Jersey Economic Development Authority ("NJEDA"), the Governor's Office of Economic Growth ("OEG"), the Commission on Science and Technology, and the Treasury Office of Energy Savings ("OES"), was designated to review proposals and rank them. On August 19, 2009, the Board approved the recommendations of the Committee and authorized the grant funding in the following amounts:

- NJ Meadowlands Commission – Landfill Solar Project - $8,500,000
- NJ Transit – Solar PV Kearny Project - $4,320,217
- Richard Stockton College – Solar Thermal/Solar PV and Demand Side Management Project - $3,464,599
  NJ Institute of Technology – Residence Hall Energy Efficiency/Renewable Energy Upgrade Project - $1,675,084
  Atlantic City Convention and Visitors Authority – Wind Turbine Generator - $1,500,000
  William Paterson University – Smart Buildings/Energy Management System Project - $1,120,000
  Rutgers University/EcoComplex – Gas Boiler Retrofit - $63,100

After an audit by the Office of Inspector General, US DOE, an action plan implemented by Staff and the Division of Law based on issues raised in the audit, and a re-review of the individual score sheets, the Committee prepared a revised score sheet. After a consultation with Auditors, the Committee reconvened on June 10 and 11, 2010, and made the revised funding recommendations, which were approved by the Board at its September 16, 2010 Agenda meeting:

- NJ Meadowlands Commission – Landfill Solar Project - $8,500,000
- Richard Stockton College – Solar Thermal/Solar PV and Demand Side Management Project - $3,464,599
  NJ Sport & Exposition Authority (NJSEA) - $3,166,721
- Montclair State University – Solar PV at School of Conservation - $2,653,496
- NJ Institute of Technology – Residence Hall Energy Efficiency/Renewable Energy Upgrade Project - $1,675,084

[1] The caption for this program as submitted to USDOE is "Grants for State Sponsored Renewable Energy and Energy Efficiency Projects.

William Paterson University – Smart Buildings/Energy Management System Project $1,120,000

- Rutgers University/EcoComplex - $63,100

At its December 22, 2010 meeting, the board of the NJSEA determined not to proceed with the project to be funded by the SEP-ARRA program. Following receipt of NJSEA's notice advising that NJSEA would not be proceeding with its project, Staff contacted New Jersey Transit ("NJ Transit"), the state entity ranked after NJSEA under the revised and corrected scoring and evaluation of the Grant Evaluation Committee. NJ Transit had been previously been approved for a grant to fund a Solar Photovoltaic Project in Kearny, in the amount of $4,320,217 prior to the revision and correction of the evaluation. Staff sought assurances that New Jersey Transit would be capable of performing by the April 30, 2012 ARRA deadline. NJ Transit represented that it would be able to complete the project by that date. It also stated that in light of the reduced amount of funding now available relative to the awards offered when the Solicitation was issued, NJ Transit would have to reduce the scope of the project.

By Order dated 1/25/11, Docket No EO09060470, the Board awarded NJ Transit $3,166,721. This amount represented the remaining funds in the Public Entities market title after the six previous awards.

At the same time that changes were being made within the Public Entities market title, the Board approved numerous modifications to the SEP-ARRA funding and authorized President Solomon to submit an amended SEP-ARRA application to USDOE – see Board Order, dated July 15, 2011, Docket Nos EO09030210 et. al. ("July 15th Order"). In the July 15th Order, the Board redirected $18 million in SEP-ARRA funds to a Combined Heat and Power ("CHP") program administered by NJEDA, authorized the reallocation of up to $1million of the $17 million allocated to the Energy Efficiency through Clean Energy Program ("EE thru CEP") to be utilized for program administration costs, and approved several other changes to the programs and budgets. The amended application was approved by USDOE on September 7, 2010.

The result was that the $73,643,000 was allocated to seven (7) programs and established an administrative budget of $824,871. These administrative fees were to pay existing CEP market managers, AEG, TRC and Honeywell, to administer an ARRA-funded residential program that supplemented the existing CEP Home Performance with Energy Star ("HPwES") program and two (2) ARRA-funded commercial and industrial programs, that supplemented the existing CEP Direct Install ("DI") and Pay for Performance ("P4P") programs. The SEP-ARRA reallocation was as follows:

- Low Interest Loan Program for Residential Energy Efficiency ("HESP") - $2,500,000
- Multi-Family Energy Efficiency Improvement Pilot ("MEEIP") - $2,500,000
- Financing Program for Residential Solar ("Solar Pilot") - $7,000,000
- EDA/Combined Heat and Power ("CHP") - $18,000,000
- Energy Efficiency through Clean Energy Program - $16,175,129
    - HPwES - $9,500,000
    - DI/LGEA -$5,675,000
    - P4P -$1,000,129

Innovation in Energy Efficiency and Renewable Energy Projects (Public Entities) $20,643,000

Energy Efficiency Upgrades for State Buildings - $6,000,000

In April, 2011, NJEDA notified the BPU that one of its CHP grant recipients was returning its grant of $3,235,394. On May 17, 2011, the Board approved the Notice of Availability of $3,235,394 with a solicitation for a new CHP program for public entities titled "State Entities – CHP Grant under the Innovation in Energy Efficiency and Renewable Energy – Public Entities". This Notice of Availability outlined the requirements of the grant program as well as the criteria by which each project proposal would be evaluated. This grant program was made available to applicants from state entities.

On May 19, 2011 the Board issued a Public Notice of Availability ("Solicitation"), which sought proposals requesting funding for energy projects that would clearly further the goals of the Grant Program. The Solicitation stated the eligibility qualifications that applicants would have to meet to be considered for a grant under the program. Among these basic eligibility qualifications was that the "Projects must enter commercial operation after January 1, 2011, and demonstrate ability to commence construction by September 30, 2011 and utilize committed project funds by April 30, 2012".

The Board's Division of Economic Development and Energy Policy formed a Grant Proposal Evaluation Committee ("Committee") of three members, which included representatives of the Office of Clean Energy and the Division of Economic Development and Energy Policy. The two proposals the Evaluation Committee recommended to the Board for funding were:

1. Montclair State University in the amount of $2,372,895 and
2. Rutgers The State University of New Jersey in the amount of $1,171,800

These two proposals totaled $3,544,695, which was $309,301 more than initially allocated for grants under this solicitation. Staff recommended and the Board approved the transfer of additional funds of $309,301 from the Home Performance with Energy Star ("HPwES") program to the Innovation in Energy Efficiency and Renewable Energy – Public Entities program to account for the difference in available funding for these two projects. The USDOE has affirmed that monies which are less than 10% of the total current budget may be transferred within the object codes for this purpose without further USDOE approval.

On July 14, 2011, Docket No.EO09060470, the Board approved the recommendations of the Evaluation Committee and authorized the Grant Funding awards for a total of $3,544,695 in the amounts specified above.

Unfortunately, neither awardee was able to meet the deadline to commence construction by September 30, 2011, and by October 2011, the total $3,544,695 was available again for reallocation.

As of November 30, 2011, the BPU had expended 55%[2] of its $73,643,000 in SEP funds and 58% of its EECBG funds and has less than five months to shepherd existing projects to completion, as the SEP-ARRA funds will pay for all grant-funded work that is completed by April 30, 2012.

On the whole, all ARRA-funded projects got a late start on construction, as USDOE revised the flow-down requirements, the terms of the awards were negotiated with sub-grantees and the USDOE finalized flow-down requirements. Once the funds were committed, the

[2] USDOE considers funds "expended" when they are drawn down from federal funds and includes funds committed to revolving loans, such as HMFA's HESP and Solar Pilot programs.

commencement of the individual programs and projects were further delayed as programs were marketed and subscribed, as sub-grantees issued RFP's and negotiated with contractors, and as contractors applied for building permits and awaited interconnection agreements. The result was that the original programs and projects were not well under way until second quarter, 2011. By mid-2011, SEP-ARRA programs started returning grant awards to the BPU: HMFA's Multifamily Energy Efficiency Improvement Program ("MEEIP") was unable to qualify applicants in a timely manner, and the program was cancelled. As noted previously, an awardee of the CHP program returned its funding too late in the program for a timely re-awarded to other CHP projects. The Home Performance with Energy Star program was closed when it risked supplanting the State's CEP funding, at the start of the CY11 budget. NJ Transit returned additional limited funds when it received bids for construction that were under its project budget. At the same time, HMFA's Solar Pilot program attracted more applications than its budget could accommodate and was able to commit an additional approximately $2M through the program, and the OES/New Lisbon project, as a result of receiving bids well under its budget, was able to fund a significantly expanded scope of work with minimal additional funds,.

As of November 2011, the SEP-ARRA programs reported the following revised budgets, and funds available by program (market title):

PROGRAM	Orig BUDGET	Rev'd Budget	Plan B FUNDS
Administration	$824,871	$1,222,938	($ 398,067)[3]
HMFA	$12,000,000	$10,441,708	$1,558,292[4]
HESP	$2,500,000	$1,331,402	
MEEIP	$2,500,000	$0	
Solar Pilot	$7,000,000	$9,110,306	
EDA/CHP	$18,000,000	$14,216,606	$3,783,394
EE thru CEP	$16,175,129	$14,277,932	$1,897,197[5]
HPwES	$9,500,000	$7,602,803	
P4P/DI/LGEA	$6,675,129	$6,675,129	
Public Entities	$20,643,000	$20,187,801	$ 455,199
OES/NLDC	$6,000,000	$6,328,000	($ 328,000)
Total SEP/ARRA funds available	**$73,643,000**	**$66,674,985**	**$6,968,015**

Energy Efficiency and Conservation Block Grant (EECBG) - $14,400,700
The purpose of the EECBG Program is to assist eligible entities in creating and implementing strategies to: (1) reduce fossil fuel emissions in a manner that is environmentally sustainable and, to the full extent practicable, maximizes benefits for local and regional communities; (2) reduce the total energy use of the eligible entities; and (3) improve energy efficiency in the building sector, the transportation sector, and other appropriate sectors. 42 U.S.C. § 17152. The deadline for the EECBG grant is September 27, 2012.

[3] This sum includes additional administration funds for BPU ARRA staff and AEG, Program Coordinator
[4] This sum represents the net of all HMFA programs.
[5] This sum represents the net of all EE thru CEP programs.

Funds appropriated for the EECBG Program were allocated based on a population and energy use formula developed by the USDOE. Under the formula, New Jersey received $75,468,200, of which $61,067,500 went directly to seventy-five eligible units of local government[6]. Each eligible unit of local government is required to apply directly to the USDOE for its allocated share of EECBG program funds. The remaining $14,400,700 will go to the State Energy Office administered by the Board's Office of Clean Energy. The EECBG Program also requires, pursuant to 42 U.S.C. § 17155(c)(1)(A), that not less than sixty percent (60%) of funds allocated to States be shared with non-eligible entities of local government. Accordingly, the Board must use not less than sixty percent (60%) of its $14,400,700 to provide sub-grants to 501 municipalities and 11 counties that are not eligible for direct formula grants.

In June 2009, Docket No EO09050365, the Board approved Staff's application to USDOE, which proposed the allocation of seventy-one percent (71%), or $10,240,000 of its $14,400,700 EECBG Program funds, to local government entities that are not eligible for direct formula grants. This program, the EECBG Local Government program, provides a second-tier grant in the form of a rebate of up to $20,000 through the State, for any entity that has obtained an energy audit of at least one public building through the Office of Clean Energy's Local Government Energy Audit Program ("LGEA Program"), to fund the energy efficiency improvements recommended in the audit.

The remaining twenty-nine percent (29%), or $4,160,700, through the Office of Energy Savings ("OES"), has been allocated to promote energy efficiency and conservation in the New Lisbon Developmental Center ("NLDC"), a state-owned, residential facility for adults with developmental disabilities.

These two EECBG funding allocations complement SEP funding for the programs noted above and remain unchanged.

STAFF RECOMMENDATIONS

In consultation with Jason Powers, Project Officer/SEP, USDOE and Darren Stevenson, National Energy Technology Laboratory, USDOE, the Board's ARRA staff has identified additional projects and/or purchases which meet the stated goals of the SEP funds to stimulate the economy and to create and retain jobs by, among other things, investing in clean energy initiatives that promote the conservation of energy, that reduce the rate of growth of energy demand, that reduce dependence on foreign oil and that support the goals of the State's EMP. Specifically, ARRA staff has identified approximately $7M in uncommitted SEP funds and seeks approval from the Board to reallocate these funds to the existing Administration budget and to two new (2) market titles: Energy Efficiency through the State Energy Office (EE thru SEO) and Energy Efficient Equipment Purchases ("EEEP"), in order to fund the "Plan B" projects, as listed below.

The request for an increase in Administrative budget is two-fold:

[6] For the purposes of the EECBG Program, an "eligible unit of local government" is a city or municipality with a population of at least 35,000, or a population that causes the city or municipality to be 1 of the 10 highest-populated cities or municipalities of the State, and a county with a population of at least 200,000, or a population that causes the county to be 1 of the 10 highest-populated counties of the State. 42 U.S.C. § 17151(3)(A)

In June 2011, USDOE requested an amendment to the BPU's application for the State Energy Regulator's Assistance ("SERA") grant, which was fully funding the salaries of the majority of ARRA staff. DOE required that BPU staff code their activities specific to the SERA grant and SEP grant, and bill each grant for the respective percentage costs of salary, fringe and benefits. As such, the SEP/ARRA grant is anticipated to have additional salary and fringe expenses of $241,315 for ARRA staff administering the SEP grant.

The second increase comes at the request of AEG, the CEP Program Coordinator, who supports the Board's delivery of ARRA-funded programs, including the development of IT systems to collect and track data, issue reports required by USDOE, and to perform quality assurance tasks.

In 2010, the Board approved a three year ARRA Administrative budget of $1million, which included estimated fees of $404,888 for AEG. In July and September 2010, NJ Treasury approved contract modifications for AEG that authorized AEG to bill a fixed fee of $10,404/month, plus ARRA Miscellaneous Administration based on the actual number of hours worked.

Due to the number of unanticipated changes to ARRA programs and the IMS system as requested by BPU staff, the number of hours of Miscellaneous Administration service has increased. Based on the average monthly fee for first seven (7) months of 2011, $9190/month, plus the continuation of the fixed fee of $10,404 per month, AEG is requesting that its budget be increased by $19,594/month for eight (8) months, December 2011 through July 2012, or by a total of $156,752. This would increase AEG's total ARRA Administration budget from $404,888 to $561,640.

Additionally, the total ARRA Administration budget for market managers ($981,623) remains under the $1million threshold previously approved by the Board in July 2010.

The goal of the new EE thru SEO ($4,884,979) program is to demonstrate energy leadership by example. Through the program, the SEO will identify and implement energy conservation measures in State-owned and operated facilities, AND demonstrate the savings, by tracking and publishing the State's progress, in terms of reduced demand, reduced energy costs, reduced greenhouse emissions, and jobs created. With funding from the SEP grant, the first projects will implement ECMs that include lighting upgrades, installing new HVAC and mechanical equipment, building envelope upgrades, fuel conversions (oil to natural gas), and/or installing centralized controls for lighting and/or HVAC systems.

The projects that have been identified to receive ARRA funds are projects which have already been started by the State, i.e. the engineering has been completed, bids have been received and/or the existing scope of work is being expanded due to the availability of federal funds.

All projects will be subject to all federal flow-down requirements, i.e. materials and equipment used will meet Buy American standards and as public works projects, workers will be paid NJ State Prevailing Wage, which exceeds Davis Bacon requirements. As retrofits of existing building components, the projects do not require NEPA review.

The proposed EE thru SEO projects include:

Trenton Tunnel Lighting Retrofit - $2,000,000

This project proposes to replace the existing high pressure sodium ("HPS") fixtures throughout the Route 29 Trenton Tunnel and northbound entrance ramp with new, LED fixtures, and add light metering and lighting controls.

As the tunnel lights are operational 24 hours/day, the proposed lighting is expected to realize a 70% energy savings, reducing annual usage from 5,361,120 kWh to 1,813,320 kWh, with a resultant cost savings of $443,475/year. This translates into a 4.28 year payback.

In addition to reduced operational costs, the project will realize bonus savings: NJ Department of Transportation anticipates that the new light fixtures will save approximately $140,000 in annual lamp replacement costs.

Based on NJDOT estimates, this project is expected to create 18 full-time equivalent ("FTE") jobs.

2. Challenged Youth Building, Department of Military and Veteran Affairs (DMAVA) - $1,333,000

The existing 40,000 sqft building provides classrooms, offices, storage and dorm rooms to 380 at risk youth who are enrolled in a military-based training program. The 70 year old concrete block and brick, three-story structure currently has 370 windows with single pane glass and individual, window air conditioners or openings covered with plywood.

The energy conservation measures include replacing the existing windows and plywood openings with Low-E, insulated glass windows; replacing the existing window AC units with central, ductless split systems with thermostatically controlled wall-mounted units in each room; and replacing existing light fixtures with energy efficient lighting throughout the building.

The new windows are expected to produce an estimated 20% reduction in energy costs, or approximately $44,000/yr. The lighting retrofit is calculated to result in a 33% energy reduction. The annual energy cost savings resulting from the new AC system is estimated at $76,000, based on current averaged utility rates. The ROI on this project is less than ten years.

3. Heat Pumps at Department of Environmental Protection (DEP) - $838,000

NJDEP's main building is a 7 story building located in downtown Trenton. This proposed project will replace the perimeter heat pumps on floors 6 and 7. These floors were eliminated from the original scope of work due to budget constraints, and therefore federal funds will be used to supplement State funding.

The existing 254 heat pumps will be replaced with 162 energy efficient units, which will result in an estimated annual electric savings of 424,000 kWh and an estimated $62,000 annual savings. The savings are the result of fewer units and because all new units will have variable speed motors and they will be controlled by a modern system that will stage the operation of the units. The heat pumps are manufactured by ClimateMaster in Oklahoma City and as a public works project, workers will be paid NJ prevailing wage, which exceeds Davis-Bacon requirements.

The work is scheduled to be completed in 1Q12, as the addition of these heat pumps expands a scope of work already under construction.

4. Lighting Controls at Hughes Justice Complex - $480,000

The existing lighting control system at the Hughes Justice Complex is 27 years old and no longer functions as designed. Because the system is obsolete, it cannot be maintained. This project proposes to replace the existing controls with a new state-of-the-art system, which will be tied into the building's central management system.

Due to its automation, the savings resulting from the new system is estimated to be $84,000 annually, with a simple payback of 5.7 years.

5. Upgrade HVAC at NJ Statehouse - $220,651

Existing HVAC equipment at the Statehouse, which is over 25 years old, will be replaced with new, energy efficient models. The equipment includes three (3) distribution coils and (2) air conditioning units. This project is estimated to save 116kWh and approximately $17,000 annually, producing a simple payback in 13 years.

The goal of the **EE Equipment Purchase ($1,488,112)** program is to spend SEP/ARRA funds quickly while reducing energy demand and greenhouse emissions, by replacing aging, energy intense equipment with new, more efficient models. These purchases support the goals of the State's Energy Master Plan and the goals of the State Energy Program ("SEP") grant. All purchases funded with ARRA grants will be subject to Buy American requirements. Below is a list of purchases and the anticipated energy and cost savings:

1. High-efficiency Gas Boilers and Water Heaters at Hunterdon Developmental Center (HDC) - $900,000.

The HDC serves 600 residents on its 102-acre campus in the hills of Hunterdon County. The center offers comprehensive therapeutic care and treatment to individuals with developmental disabilities.

Like the New Lisbon Developmental Center ("NLDC"), the goal of this project is to replace an aging, centralized boiler plant with individual, natural gas-fired boilers and water heaters in 37 residential, administrative and medical services buildings. HDC spends $4.7M on utility costs annually. By decentralizing the campus and providing high efficiency boilers in all buildings, the expected savings are $1.5M/year.

Based on costs associated with the NLDC as a guideline, the total project cost (engineering, equipment, and installation), the estimated cost of the entire decentralization project is $5.2M. Based on the expected savings, the payback period will be 3.5 years.

The SEP/ARRA funds will be dedicated to the purchase only of the new boilers and water heaters. NJ Health and Human Services ("HHS") has existing funds committed for the decommissioning of the existing centralized boiler plant and the installation of the new equipment.

2. <u>Computers, Printers for the NJ Board of Public Utilities</u> - $450,000

The goal of this purchase is to upgrade NJBPU's vintage computers and printers with new, faster, Energy Star equipment that will reduce total energy demand by 37%.

3. <u>Electric Vehicles and Charging Stations for Rutger's EcoComplex</u> - $115,000

The EcoComplex is Rutger's Environmental Research Center located in the center of the state, just off Rt 295. It serves as a small business incubator and conference center, hosting regular public tours, symposiums, and educational workshops about alternative energy and innovative agricultural practices; it attracts over 10,000 visitors each year. (It is also the site of our smallest Public Entities grant ($63K), used to retrofit the burners on boilers in order to burn on-site landfill gas.)

This project, with a budget of $480,000, combines private and public funds. Private funds will be used to build the solar carport; SEP/ARRA funds will be used to purchase two (2) electric vehicles ("EVs") and two (2) charging stations. The EVs, which will be shrink-wrapped to inform the public of the university's electric vehicles, will be used by staff as they commute between the EcoComplex in Burlington and Rutger's campuses in New Brunswick and Piscataway, and as the subject of outreach and educational programs on alternative solar applications and the economic and environmental benefits

Utilization of 2 electric vehicles for research commute between the campuses will displace 30,000 gasoline miles annually. This will result in an approximate reduction of 13.5 tons of GHG emissions and $105K cost savings annually.

4. <u>Appliances at Challenge Youth Building ("DMAVA")</u> - $23,000

The Challenge Youth Building, a residential and classroom building for 380 youth, presently has 14 commercial grade washers and 14 commercial grade dryers for use by the students. These outdated appliances will be replaced with new, Energy Star appliances. This replacement is estimated to realize a 33% energy savings annually.

Along with the revised budgets for the existing market titles, the budgets for these two (2) new market titles account for all but $594,924 of the SEP/ARRA funds.

FINDINGS AND CONCLUSIONS

The Board **FINDS** that the new market titles, Energy Efficiency through the State Energy Office and Energy Efficient Equipment Purchases meet the requirements of the American Recovery and Reinvestment Act State Energy Program ("SEP") grant, as well as the goals of the State's Energy Master Plan, and are qualified to receive the reallocated SEP funding. Further, the Board **FINDS** that each of the listed projects and/or purchases meets the goals of the new market titles, and **DIRECTS** staff to verify that the budget established for each project is reasonable and fully documented. The Board further **DIRECTS** staff to verify that all projects and purchases meet federal flow-down requirements.

The Board **APPROVES** the Staff's recommendation to reallocate SEP/ARRA funds to increase the existing Administration budget by $156,752 for AEG's continued ARRA program coordination and by $241,315 for BPU Staff time to administer the SEP and EECBG grants.

The Board **APPROVES** Staff's recommendation to reallocate SEP/ARRA funds to the following projects through the EE through SEO market title:

1. Trenton Tunnel Lighting Retrofit (NJDOT) - $2,000,000
2. Challenged Youth Building (DMAVA) - $1,333,000
3. Heat Pumps at Department of Environmental Protection (DEP) - $838,000
4. Lighting Controls at Hughes Justice Complex - $480,000
5. Upgrade HVAC at NJ Statehouse - $218,973

Further, the Board **APPROVES** Staff's recommendation to reallocate SEP/ARRA funds to the following purchases through the EE Equipment Purchases market title:

1. High-Efficiency Boilers & Water Heaters @ Hunterdon Developmental Center - $900,000
2. Computers, printers for the NJ Board of Public Utilities - $450,000
3. Electric Vehicles and Charging Stations for Rutger's EcoComplex - $115,000
4. Appliances at Challenge Youth Building DMAVA - $23,000

DATED: 12/15/11

BOARD OF PUBLIC UTILITIES
BY:

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PRESIDENT

Jeanne M. Fox

JEANNE M. FOX
COMMISSIONER

JOSEPH L. FIORDALISO
COMMISSIONER

NICHOLAS ASSELTA
COMMISSIONER

ATTEST:

KRISTI IZZO
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

DOCKET NO. EO09030210

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