

Program Highlights

- ▶ LGEA pays for 100% of an energy audit to government agencies, nonprofits, and state colleges and universities, as long as measures equal to at least 25% of the cost of the audit are implemented by participants.
- ▶ The first round of 485 completed audit reports have a cumulative projected savings of 66,540,955 kWh and 2,162,592 therms.
- ▶ LGEA has achieved remarkable market penetration, with 22% of eligible entities applying for the program within the first 15 months.
- ▶ The program is replicable and does not need to be limited to government agencies or non-profit organizations.

NJ BPU's Clean Energy Program

LOCAL GOVERNMENT ENERGY AUDIT

New Jersey's Clean Energy Program promotes increased energy efficiency and the use of renewable sources of energy, offering financial incentives, programs, and services for residential, municipal, and commercial customers. The Clean Energy Program's Local Government Energy Audit (LGEA) encourages local government decision makers to undertake cost-effective energy-efficient upgrades in municipal buildings by providing them with a no-cost energy audit. New Jersey colleges and universities and nonprofit organizations may also participate in the free energy audit. The LGEA subsidizes 100 percent of the audit costs as long as participants implement measures that amount to 25 percent of the cost. While LGEA does not result in direct energy savings, it does provide applicants with valuable information about the efficiency of their current equipment and structures and makes recommendations on cost-effective energy efficiency measures.

Incentivizing Local Governments to Save Energy

Public agencies and nonprofits are often concerned with saving money and reducing costs. LGEA's free service provides participants with useful information on cost-saving measures and solutions for improving energy efficiency. Improving energy efficiency in public buildings helps to lower taxes, reduces the community's carbon footprint, and sets an example for the private sector. Based on completed reports to date, energy audit reports show an average projected electric savings of 131,000 kWh per building and an estimated gas savings of 4,000 therms per building.



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LGEA is unique in its incentive structure, which provides incentives not only for participants to learn more about the energy efficiency of their buildings but also for participants to make energy efficiency improvements after the audit. The requirement to spend at least 25 percent of the cost of the audit on implementing recommendations encourages participants to invest in the measures.

The New Jersey Model

New Jersey has implemented numerous successful initiatives to reduce the state's peak energy demand. Its programs are comprehensive, providing both technical and financial assistance to program participants, and are often able to provide monetary incentives, financing tools, and rebate payments to participants. LGEA's no-cost energy audit embraces the comprehensive strategies of New Jersey's Clean Energy Program.

LGEA operates at 30 percent of its total budget, leaving the remaining 70 percent available to program participants. Funding for the program was received from New Jersey's Societal Benefit Charge, and additional funding is expected from the American Recovery and Reinvestment Act. The 2010 budget is nearly fifteen million dollars.

Within the first 15 months, 22 percent of eligible participants applied for the audit. The first round of 485 audit reports approved by the program has projected 66,540,955 kWh and 2,162,592 therms of savings in total.

Steps to Success

LGEA maximizes cost-effectiveness in several ways. It provides participants with an investment-grade energy audit that includes a prioritization of energy-saving measures that provide the greatest return. Additionally, the State prequalified five firms to perform the audits. Lastly, LGEA provides 100 percent payment upon receipt and approval of the audit report.

Participants supply applications to the program, including information about the buildings to be audited. LGEA representatives help participants develop their scope of work, decide if each building should be audited, and assist in evaluating proposals from the prequalified auditors. Upon approval, the auditor performs the energy audit and produces a report. The report is submitted to LGEA, which reviews and approves the audit before providing the incentive payment to the program participant. However, the participant must commit to implementing at least 25 percent of the recommended measures before the incentive payment is paid out.

Changes to finesse the program and improve its effectiveness since inception include introduction of a program cap structure based on the square footage of audited buildings, expansion of eligibility to nonprofits and state colleges and universities, and changing the two-step incentive structure to a single, 100% incentive paid upon receipt and approval of the audit report. Prequalifying auditing firms and requiring terms and minimum scope of work in their contracts is key to the success and cost-effectiveness of the program.

Judges' Comments

There are a number of barriers that prevent government entities from going forward with energy upgrades, and the BPU's audit program seems to be a fairly effective approach to address these. It has helped focus governments on energy efficiency and provided them with the wherewithal to undertake audits, so they can make the financial case for the public benefits and cost-effectiveness of making the necessary investments.



About New Jersey's Clean Energy Program

In 2003, the New Jersey Board of Public Utilities established the Office of Clean Energy to administer New Jersey's Clean Energy Program (NJCEP). Representatives from government and industry, energy experts, public interest groups, and academicians helped establish a Clean Energy Council to engage stakeholders in NJCEP's development and provide input to the BPU regarding the design, budgets, objectives, goals, administration, and evaluation of the program. NJCEP promotes increased energy efficiency and the use of clean, renewable sources of energy including solar, wind, geothermal, and sustainable biomass. The results for New Jersey are a stronger economy, less pollution, lower costs, and reduced demand for electricity. NJCEP offers financial incentives, programs, and services for residential, commercial, and municipal customers.

For more information

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