



Agenda Date: 1/31/18
Agenda Item: 8A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE CLEAN ENERGY PROGRAM)
AUTHORIZATION OF COMMERCIAL AND)
INDUSTRIAL PROGRAM ENERGY EFFICIENCY)
INCENTIVES EXCEEDING \$500,000 – MERCK)
SHARPE AND DOHME CORPORATION)

ORDER

DOCKET NO. QG18010009

Parties of Record:

Christopher J. Broome, PE, CEM, Associate Director, Global Energy & Sustainability CoE,
Global Workplace and Enterprise Services, Merck
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:¹

The New Jersey Board of Public Utilities (“Board”) through its New Jersey Clean Energy Program (“NJCEP”) includes several individual Commercial & Industrial (“C&I”) Energy Efficiency (“EE”) Programs targeting the commercial and industrial market segments. Eligible applicants may receive rebates for a portion of the cost for installing energy efficient technologies such as lighting, HVAC and other energy conservation measures. All proposed C&I EE financial incentives and rebates exceeding \$500,000 require explicit Board approval. See, In the Matter of the Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for the 2009 through 2012 Clean Energy Program - Revised 2012-2013 Programs and Budgets - Revised Renewable Energy Incentive Approval Process, BPU Dkt. No. E007030203 (June 21, 2013).

By this Order, the Board considers the application of Merck Sharpe and Dohme Corporation, a subsidiary of Merck & Co., Inc., submitted under the Fiscal Year 2017 (“FY17”) Large Energy Users Program (“LEUP”) pursuant to the NJCEP Energy Efficiency and Renewable Energy Program Plan Filing For Fiscal Year 2017 (7/1/2016 through 6/30/2017), for a project located at the Rahway Campus, 126 E. Lincoln Avenue, Rahway, Union County. This project’s incentives are within the entity cap, based on the application approval date.

¹ President Joseph L. Fiordaliso recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

The LEUP fosters self-investment in EE and combined heat and power projects for New Jersey's largest C&I customers. Incentives are awarded to customers that satisfy the program's eligibility and program requirements for investing in self-directed energy projects that are customized to meet the requirements of the customers' existing facilities, while advancing the State's energy efficiency, conservation, and greenhouse gas reduction goals. To qualify under LEUP guidelines in effect at the time of application, eligible entities must have contributed a minimum of \$300,000.00 into New Jersey's Clean Energy Program fund in the fiscal year prior to the application date.

Merck Sharpe and Dohme Corporation has submitted an application for a total financial incentive of \$820,858.02 for a campus compressed air system upgrade project at the Rahway campus at a project cost of \$1,732,841.00. The project scope involves replacing three existing water-cooled air compressors in building B75D with three new high efficiency air-cooled air compressors. The new air compressors will be appropriately sized to meet the daily campus demand, which will minimize the amount of unneeded compressed air that is vented.

Installing these measures will result in annual electric savings by an estimated 3,500,085 kWh and an annual estimated electric peak demand reduction of 1046 kW. There are no natural gas savings associated with this project. The proposed project will have an estimated annual energy cost savings of \$294,007.00 and an operations and maintenance savings of \$50,000.00. The payback period without incentives is 5 years; and when factoring in the incentives, the payback period is reduced to 1.5 years.

TRC Environmental Corporation, the Program Manager engaged by the Board to manage NJCEP LEUP, submitted its certification that the incentive to be approved for commitment was calculated in accordance with the program's policies and procedures, that the listed amount is the true and accurate estimated incentive for which the applicant is eligible, and that documentation supporting estimated energy savings inputs was located, reviewed, and made available to calculate the rebate amounts as required by the program's policies and procedures. Further, Applied Energy Group,² in its role as the NCEP Program Administrator, also reviewed the application and submitted its certification that the incentive was calculated in accordance with the program's policies and procedures, and that the listed amount is the true and accurate estimated incentive for which the applicant is eligible. Based on these certifications and the information provided by the Program Manager and Program Administrator, Board Staff recommends approval of the above-referenced application.

The Board **HEREBY ORDERS** the approval of the aforementioned application for the total estimated incentive amount of \$820,858.02 for Merck Sharpe and Dohme Corporation, and **AUTHORIZES** issuance of a standard commitment letter to the applicant identified above, setting forth the terms and conditions of this commitment.

² On January 13, 2017, TRC Environmental Corporation acquired the NJCEP Program Administrator Contract from Applied Energy Group, Inc. (AEG) and assumed AEG's rights and duties thereunder.


The effective date of this Order is February 10, 2018.


DATED: 1/31/18

BOARD OF PUBLIC UTILITIES
BY:


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


RICHARD S. MROZ
COMMISSIONER

ATTEST: 
CARMEN D. DIAZ
ASSISTANT BOARD 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 CLEAN ENERGY PROGRAM AUTHORIZATION OF COMMERCIAL
AND INDUSTRIAL PROGRAM ENERGY EFFICIENCY INCENTIVES EXCEEDING \$500,000 –
MERCK SHARPE AND DOHME CORPORATION
DOCKET NO. QG18010009

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1. Application Number: **44053**
2. Program Name: **FY17 Large Energy Users Program**
3. Customer Contact (name, company, address, phone #):

Christopher J. Broome, PE, CEM
Associate Director, Global Energy & Sustainability CoE
Global Workplace and Enterprise Services
Merck
126 E. Lincoln Avenue
Rahway, NJ 07065
(732) 594-4925
4. Project Name and Address:

Campus Compressed Air System Upgrade
126 E. Lincoln Avenue
Rahway, NJ 07065
5. Rebate amount: **\$820,858.02**
6. Brief description of measures:

Compressed air is produced by equipment located in buildings B75D and B821 for instrument air, tool air and product contact uses throughout Merck's Rahway campus. The project scope involves replacing three existing water-cooled air compressors in building B75D with three new high efficiency air-cooled air compressors. The new air compressors will be appropriately sized to meet the daily campus demand, which will minimize the amount of unneeded compressed air that is vented.
7. Annual Estimated Energy Savings:

3,500,085 kWh
1046 kW peak demand
0 therms
8. Annual Estimated Energy Cost Savings: **\$294,007**
9. Project cost: **\$1,732,841.00**
10. Operational and Maintenance Savings: **\$50,000.00**
11. Simple Payback Period: **5.0 years without incentive; 1.5 years with incentive**

**Program Administrator Certification
(New Incentive Commitments > \$500,000)**

I, **Maura Watkins**, TRC Solutions Quality Control, hereby certify that, I have reviewed the application referenced below and determined that, as required by the policies and procedures applicable to the program, (1) the equipment incentives for which the NJCEP Program Manager now seeks approval to commit NJCEP funds have been calculated in accordance with those policies and procedures, and (2) that the amount shown below is the true and accurate estimated incentive for which the applicant(s) is(are) eligible.

Additionally, for incentives based on estimated energy savings that are uniquely calculated, including the Pay for Performance Program, Large Energy Users Program, and the Combined Heat and Power Program, I also certify that I was able to locate and review documentation supporting the inputs used to calculate the rebate amount and evidencing the NJCEP Program Manager's evaluation of those inputs as required by the program's policies and procedures.

Maura H Watkins

By: _____

Date: 11-20-2017

Maura Watkins

Quality Control – TRC Solutions

Application No.: 44053

Applicant: Merck Sharp and Dohme Corp.

Payee: Merck Sharp and Dohme Corp.

Committed Amount: \$820,858.02