



Agenda Date: 6/22/18
Agenda Item: 8C

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 – ATLANTIC)
HEALTH SYSTEM) ORDER

DOCKET NO. QG18050494

Parties of Record:

Robert Peake, Atlantic Health System
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. Incentives are also available for projects involving Distributed Energy Resources (“DER”). Under the category of DER, the NJCEP offers incentives for Combined Heat and Power (“CHP”) and Fuel Cell with heat recovery projects to enhance energy efficiency through on-site power generation and to reduce overall system peak demand to the electrical power grid. 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 & Budgets - Revised Rebate Approval Process, BPU Dkt. No. E007030203 (May 3, 2013).

The Combined Heat and Power & Fuel Cell (“CHP/FC”) Program is open to all C&I customers of investor-owned utilities. Incentives are disbursed upon completion of three program milestones: (1) proof of purchase of equipment; (2) project installation and operation, including successful inspection; and (3) acceptance and confirmation of achievement of the required performance thresholds based upon twelve months of operating data.

¹ Commissioner Robert M. Gordon recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

By this Order, the Board considers the application of Atlantic Health System in Summit, New Jersey, submitted on March 6, 2018 under the Fiscal Year 2018 (FY18) CHP/FC Program pursuant to the Energy Efficiency and Renewable Energy Program Plan Filing for Fiscal Year 2018 dated June 28, 2017. The project is located at Morristown Medical Center, 100 Madison Avenue, Morristown, New Jersey. The applicant requests a total financial incentive of \$3,000,000.00 for a project that will cost \$21,076,811.00.

The CHP unit is a 4.6 MW Solar Turbines Mercury 50 combustion turbine generator with a system efficiency of 68.7% which will be equipped with controls that match the frequency and voltage of the CHP to the frequency and voltage of the electric grid. There are anti-islanding controls as required by IEEE 1543 to reduce power or open breakers to prevent reverse power situations. Furthermore, it will serve as a critical facility and have blackstart capability. The hot water created by the CHP unit will help make steam which is used in the building for space heating and domestic hot water.

The estimated first incentive, for purchase of the equipment, is \$900,000.00. The estimated second incentive, for completed installation of the system, is \$1,500,000.00. The estimated third incentive, granted after acceptance and confirmation of required performance threshold data, is \$600,000.00. These incentive amounts are within entity cap guidelines. The project is anticipated to generate 35,320,414.5 kWh of electricity annually and is estimated to recover 100,531.5 MMBtus in waste heat annually. The proposed project will have an estimated annual energy cost savings of \$2,084,491.14. The payback period without incentives is 10.11 years; when factoring in the incentives, the payback period is reduced to 8.67 years.

ICF International, the Program Manager engaged by the Board to manage the NJCEP CHP/FC program, attested to the accuracy of certain information regarding the project and that the project application adheres to the current terms and conditions of the program. The CHP/FC Program Administrator, TRC, submitted its certification that incentives were 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. Based on these certifications and the information provided, 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 \$3,000,000.00 for Atlantic Health System and **AUTHORIZES** issuance of a standard commitment letter to the applicant identified above, setting forth the terms and conditions of this commitment.

The effective date of this Order is July 2, 2018.

DATED: 6/22/18

BOARD OF PUBLIC UTILITIES
BY:




JOSEPH L. FIORDALISO
PRESIDENT



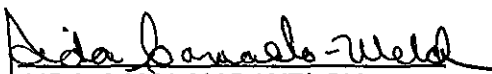
MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 

AIDA CAMACHO-WELCH
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 –
ATLANTIC HEALTH SYSTEM
DOCKET NO. QG18050494

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**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: 04-27-2018

Maura Watkins

Quality Control – TRC Solutions

Application No.: **NJFCPS1537447916**

Applicant: **Atlantic Health System**

Payee: **Atlantic Health System**

Committed Amount: **\$3,000,000.00**

1. Application Number: NJFCPS1537447916
2. Program Name: **NJ Clean Energy Program Combined Heat and Power**
3. Customer Contact (name, title, company, address, phone #):

Robert Peake

Atlantic Health System

99 Beauvoir Ave

Summit, NJ 07902

Office: (908) 522-5759

4. Project Name and Address:

Atlantic Health System

Morristown Medical Center

100 Madison Ave

Morristown, NJ 07960

5. Rebate amount:

Incentive #1: \$900,000.00

Incentive #2: \$1,500,000.00

Incentive #3: \$600,000.00

Total: \$3,000,000.00

6. Brief description of CHP system to be installed (e.g. capacity and efficiency):

The CHP unit is a 4.6 MW Solar Turbines Mercury 50 combustion turbine generator with a system efficiency of 68.7% which will be equipped with controls that match the frequency and voltage of the CHP to the frequency and voltage of the electric grid. There are anti-islanding controls as required by IEEE 1543 to reduce power or open breakers to prevent reverse power situations. Furthermore, it will serve as a critical facility and have blackstart capability. The

hot water created by the CHP unit will help make steam which is used in the building for space heating and domestic hot water.

7. Expected Annual Performance:

Estimated Electricity Production: 35,320,414.5 kWh

Estimated Waste Heat Utilized: 100,531.5 MMBTU

8. Project Cost: **\$ 21,076,811.00**

9. Project Funding Type (capital purchase, lease, finance, PPA, other/describe):

Capital purchase

10. Financials:

Simple Payback Period (years) without incentive: 10.11

Simple Payback Period (years) with incentive: 8.67

Avoided Energy Cost Savings: \$ 2,084,491.14

The undersigned preparer attests that, to the best of their knowledge and belief, the above information is accurate and the subject project application adheres to the current terms and conditions of the CHP program.

By:  _____

Date: 4/23/2018

Brendan Cassidy, Program Manager