

July 29, 2022

Secretary of the Board
44 South Clinton Ave., 1st Floor
PO Box 350
Trenton, NJ 08625-0350

Re: Proposed Updates to New Jersey's Clean Energy Program (NJCEP) New Construction (NC) Program
Docket No. QO22050327

Dear Acting Secretary Diaz,

Thank you for this opportunity to comment on the Proposed Updates to the NJCEP New Construction Program as released for comment on July 12, 2022, and subsequently reviewed during the Stakeholder Meeting on July 22, 2022.

ReVireo is a New Jersey based energy efficiency and green building services company founded in 2009 and headquartered in Springfield, New Jersey. We work on all types of building projects from single family homes to large institutional/commercial buildings. ReVireo is accordingly a partner in both the NJ Clean Energy Program (NJCEP) Residential New Construction (RNC) and Pay for Performance (P4P) programs and supports commercial developers that utilize the SmartStart program. ReVireo provides energy modeling, consulting, and verification services for real estate developers, homebuilders, and contractors throughout New Jersey to comply with energy code and earn certifications such as ENERGY STAR, ZERH, PHIUS, PHI, LEED, NGBS, and EGC.

Beyond my role as CEO of ReVireo, I serve as on the Market Leadership Advisory Board of the NJ Chapter of the U.S. Green Building Council (USGBC) and as a member of the NJ Chapter of the North American Passive House Network (NAPHN). I previously administered an EPA Climate Showcase Communities Grant project for the Borough of Highland Park, NJ, which innovated the first municipal-government home energy auditor program in the U.S. that led to increased participation in the NJ Home Performance with ENERGY STAR program previously administered by NJCEP and since transferred to the utility companies. I am a lifelong resident of New Jersey and live in Jersey City, where I recently helped create Jersey City's Climate Action Plan as a member of the Energy Working Group. I am also currently serving as a member of the NJBPU EE Equity Working Group.



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In general, ReVireo would like to applaud TRC and NJCEP for the innovative and comprehensive approach to this proposed program update. We offer the following comments for your consideration as you finalize the program design:

1. We strongly support the inclusion of Passive House as a recognized certification eligible for incentives. This is long overdue in New Jersey, and something we have advocated for continuously over the years.
2. It is critical that Passive House be incentivized at a rate higher than any other certification in the High-Performance pathway because Passive House requires substantially more energy savings than any of the other certifications.
3. The next highest incentives after Passive House should be for ZERH, which is the next level of energy efficiency down from Passive House. There was a comment in the proposal to “Add Multifamily ZERH incentive tier (specifications anticipated in 2022) to encourage building electrification). To clarify, there is no need to add a new tier. Rather, apartment buildings over 5 stories will now be able to earn ZERH certification and thus qualify for the new High-Performance pathway via ZERH certification.
4. After Passive House, and then ZERH, the next highest incentives (i.e., lowest within the High-Performance pathway) should be for both ENERGY STAR and ASHRAE (assuming it’s essentially identical standards to current P4P program). ENERGY STAR and P4P (aka new ASHRAE pathway) are the next level of energy efficiency down from ZERH and are approximately equivalent in terms of energy efficiency.
 - a. On this note, we strongly suggest maintaining continuity between the current P4P program and the ASHRAE pathway in the new NC program. We are starting to see increased participation in P4P for new construction and it would be good for that to continue seamlessly. This also relates to paying incentives in stages throughout the lifetime of the project instead of only at the time of completion. If possible, the P4P model of staged incentives throughout should be considered as a model for all projects under any standard in the High-Performance pathway.
5. While it’s a nice idea to include LEED, the recognized standard for “green building” beyond just energy efficiency, it’s hard to include it into this program in a simple way. LEED has so many rating systems, with lots of flexibility to choose amongst them, and a lot of variation in associated requirements. The minimum energy efficiency requirements for LEED are in many cases less energy efficient than NJ energy code, because LEED doesn’t update requirement by state to stay ahead of energy code. If you want to include LEED, I suggest requiring a minimum number of points of the Optimize Energy Performance category (as well as still requiring ENERGY STAR certification for all residential buildings). In some ways, LEED is may more suited to be an Advanced Measure bonus to any of the energy efficiency certifications/standards in the High-Performance pathway. Generally, including LEED within the High-Performance pathway is very complicated because it’s the only standard that isn’t primarily



an energy efficiency standard, so it's hard to value the incentive for it compared to those standards. We would reconsider doing this, or at least take a very nuanced approach to its inclusion.

6. There should be a higher \$/sq ft for a building that is all-electric/carbon-neutral ready, which could be all for all pathways. The current proposal does not do anywhere near far enough to incentivize electrification in a serious way that is consistent with the goals of the NJ Energy Master Plan. The result of this would be that highest incentives are reserved for all all-electric Passive House projects.
7. We have never had a project in the RNC program qualify for the ZERH + RE tier, as the threshold for Net Zero in that current program is distorted and inhibits participation. We would assess how to better incentive actual Net Zero energy buildings in the new NC program.
8. We would suggest not introducing the "Streamlined Pathway," which has no precedent in current NJCEP program offerings. We believe it will confuse the marketplace, disconnect participants from energy consultants, and cannibalize participation in the High-Performance pathway that is most comparable to the current RNC/P4P programs. We believe this pathway, which is meant to simplify and fill in the gaps, will ironically complicate, confuse, and cannibalize. We recommend its exclusion from the NC program. If not excluded, there needs to be a dramatic difference in incentives for it versus the High-Performance pathway.
9. Similarly, there should be much higher incentives for the High-Performance pathway than the Bundled Pathway. We want a race to the top, not to the bottom.
10. We also suggest allocating funding priority to High-Performance pathway projects over any other pathway. In general, regarding registration/administration of enrollments/allocation of funds, it is imperative that NJCEP ensure the NC program do not ever run out of funds or stop accepting applications. However, the program is administered, it cannot erode the confidence of the marketplace in the availability of these rebates. The NC program needs to be able to lock-in projects once registered to an agreed upon set of rules and rebate amounts (i.e., issue commitments) while also never being unable to issue those commitments due to lack of budgeted funds. This has happened a couple times in the past with the RNC program, and further incidents could have irreversible deleterious effects on participation.
11. The idea of \$/sq ft is good, as its easily understood. But perhaps there should be a minimum and maximum per unit for residential units of various types? Or, for residential buildings, a total \$/sq ft for the building and then a separate \$/unit add-on. This would better consider energy use intensity.
12. It is important to ensure coordination with both NJHMFA and NJEDA for their green requirements to follow the new NC program structure in way that is consistent with their current requirements that reference both RNC and P4P.
13. We are not sure it's worth giving higher \$/sq ft to LMI because generally such projects already must do ENERGY STAR or above to comply with LMI financing source requirements (NJHMFA, DCA, etc.). If you



are going to give a higher incentive to such projects, it should be specific to the ZERH and Passive House standards within the High-Performance pathway. This would encourage such projects to go above and beyond what they already must do, and result in low-moderate income occupants having the lowest possible energy costs. It would also align New Jersey with neighboring states that have prioritized ZERH Passive House standards through their Low-Income Housing Tax Credit Qualified Allocation Plans.

14. Incentives for Raters/service providers **do not work**. The Rater/service provider isn't in control of whether a project successfully completes a pathway - that falls on the developer/builder/trades. Raters/service providers aren't going to discount their fees in anticipation of receiving incentives that are out of their control. It also sets up a weird conflict of interest and leads to all sorts of convoluted contractual arrangements. All incentives should be paid directly to program participant, not the Rater/service provider.
15. The Prevailing Wage law applicable to NJCEP rebates continues to be arguably the largest obstacle to participation for commercial buildings and market-rate apartment buildings over 4 stories. That will continue to be the case for the NC program, unless NJCEP can work with NJDOL to offer some clarity. Basically, no commercial buildings or market-rate apartment buildings use prevailing wage in New Jersey. There is so much confusion in the marketplace regarding NJDOL interpretation enforcement of the law (e.g., does a 4-story building over a 1-story podium fall under the requirements of law?) This law scares everyone away, and will continue to do so, unless NJCEP/NJDOL can clarify how it applies.

Thank you for this opportunity to provide comments during this program design update process. We encourage TRC in its role as program administrator to engage on an ongoing basis with the builder and rater community and to provide further opportunities for input in a less formal structure as well. On behalf of the entire ReVireo team, we look forward to continuing to support our many clients and projects under the program. As always, we would welcome the opportunity to further discuss these comments and contribute to the program's evolution.

Very truly yours,



Matthew Kaplan, MBA, LEED AP BD+C
CEO

