

ASSEMBLY, No. 1976

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

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District 18 (Middlesex)

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SYNOPSIS

Authorizes NJ Infrastructure Bank to issue up to \$20 million in bonds to finance cost-effective energy efficiency improvements in State, local, and school district buildings.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 1/27/2021)

1 AN ACT concerning energy efficiency in State, local, and school
2 district buildings, supplementing Title 58 of the Revised
3 Statutes, and amending P.L.1999, c.23.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. (New section) This act shall be known and may be cited as
9 the “Energy Efficiency and Renewable Energy Financing Act.”

10
11 2. (New section) As used in this act:

12 “Department” means the Department of Environmental
13 Protection.

14 “Energy efficiency improvement” means a modification or
15 improvement to a building that is designed to reduce energy
16 consumption or provide a renewable energy source, and reduce
17 energy costs for a State entity, local unit, or school district.
18 “Energy efficiency improvement” shall include, but need not be
19 limited to, insulation; storm windows or doors; caulking, weather-
20 stripping, or other window and door system modifications or
21 improvements that reduce energy consumption; automated or
22 computerized energy control systems; energy efficient heating,
23 ventilation, or air conditioning systems; energy efficient lighting
24 systems; on-site solar energy systems or other renewable energy
25 systems; energy recovery systems; cogeneration or combined heat
26 and power systems; and other modifications or improvements as
27 may be determined appropriate by the department.

28 “Local unit” means a county or municipality, or any agency,
29 authority, or other entity thereof.

30 “Program” means the “Energy Efficiency and Renewable Energy
31 Financing Program” established pursuant to this act.

32 “School district” means any local or regional school district
33 established pursuant to chapters 8 or 13 of Title 18A of the New
34 Jersey Statutes.

35 “State entity” means a department, agency, or office of State
36 government, including a State university or college, or an authority
37 created by the State.

38 “Trust” means the New Jersey Infrastructure Bank, created
39 pursuant to section 4 of P.L.1985, c.334 (C.58:11B-4).

40
41 3. (New section) There is established in the New Jersey
42 Infrastructure Bank the “Energy Efficiency and Renewable Energy
43 Financing Program.” The purpose of the program shall be to
44 provide loans and other forms of financial assistance, as the trust
45 deems appropriate, to State entities, local units, and school districts

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 to finance cost-effective energy efficiency improvements in
2 buildings owned or operated by the State entities, local units, or
3 school districts.

4
5 4. (New section) a. A State entity, local unit, or school district
6 seeking financial assistance under the Energy Efficiency and
7 Renewable Energy Financing Program shall first submit an
8 application to the Department of Environmental Protection in a
9 form and manner as determined by the department. The
10 department, in consultation with the New Jersey Infrastructure
11 Bank, shall develop criteria for the approval or disapproval of
12 applications pursuant to this section.

13 b. As part of the application process, the department shall
14 perform, or require the applicant to perform, an energy efficiency
15 assessment of the buildings owned or operated by the applicant.
16 The assessment shall identify the energy efficiency improvements
17 that can be installed and operated in the buildings at a total cost that
18 is less than the energy cost savings, in the form of lower energy
19 bills, realized by the applicant over a 10-year period, or such shorter
20 time as the department deems appropriate. The assessment shall
21 include a schedule for funding and installing the energy efficiency
22 improvements that will realize the greatest cost savings to the
23 applicant.

24 c. Upon approval of an application pursuant to this section, the
25 department shall submit a copy of the application and the energy
26 efficiency assessment to the trust. Subject to the availability of
27 funds under the program, the trust may make and contract to make
28 loans or other forms of financial assistance, as the trust deems
29 appropriate, to the applicant to finance the cost of the energy
30 efficiency improvements as identified in the energy efficiency
31 assessment and approved by the department. The loans and other
32 forms of financial assistance may be made subject to such terms and
33 conditions as the trust shall deem appropriate.

34
35 5. (New section) Pursuant to an energy efficiency assessment
36 performed pursuant to section 4 of this act, and with the approval of
37 the department and the trust, a State entity, local unit, or school
38 district may install or contract for the installation of, energy
39 efficiency improvements on its buildings, as identified in the
40 assessment. The installation or contract shall address provisions
41 concerning payment schedules, monitoring, inspection, measuring,
42 and warranties as are necessary to ensure that the energy efficiency
43 improvements will be installed and operated in the buildings at a
44 total cost that is less than the energy cost savings realized by the
45 applicant over the 10-year period or such other timeframe as the
46 department deems appropriate.

1 6. (New section) a. The New Jersey Infrastructure Bank is
2 authorized, from time to time, to issue bonds, pursuant to the
3 provisions of P.L.1985, c.334 (C.58:11B-1 et seq.) and any other
4 applicable laws, in an amount outstanding at any one time not to
5 exceed \$20,000,000, for the purpose of providing financial
6 assistance to State entities, local units, and school districts under
7 this act. The payment of interest on, and repayment of principal of,
8 these bonds shall be secured by and paid out of:

9 (1) moneys obtained from the payment of interest assessed on,
10 and the repayment of principal of, any loans made pursuant to this
11 act;

12 (2) moneys transferred to the trust from the Board of Public
13 Utilities pursuant to section 7 of this act; and

14 (3) any other moneys appropriated by the Legislature or
15 otherwise made available to the trust for the purposes of this act.

16 b. The trust may establish such reserves, funds, or accounts as,
17 in its discretion, are necessary or desirable to carry out the purposes
18 of this act, within the limits of funds appropriated or otherwise
19 made available to the trust for its purposes.
20

21 7. (New section) Notwithstanding the provisions of section 12
22 of P.L.1999, c.23 (C.48:3-60), or any rule, regulation, or order
23 adopted pursuant thereto, to the contrary, commencing with the first
24 State fiscal year in which a loan or other form of financial
25 assistance is made pursuant to this act, the Board of Public Utilities
26 shall, from available balances accumulated in accounts of the board
27 from funds collected through the societal benefits charge imposed
28 pursuant to section 12 of P.L.1999, c.23 (C.48:3-60), transfer to the
29 trust such amounts as are necessary to secure the debt service
30 payments on any bonds of the trust to be issued pursuant to this act.
31 The board and the trust may enter into any contract deemed
32 necessary to implement the payment arrangement that is provided
33 for in this section.
34

35 8. (New section) No later than one year after the first loan or
36 other form of financial assistance is made pursuant to this act, and
37 for each succeeding year in which such financial assistance is made,
38 the Department of Environmental Protection and the New Jersey
39 Infrastructure Bank together shall prepare and submit a report to the
40 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
41 19.1), to the Legislature, on the effectiveness of the program in
42 promoting energy efficiency and energy cost savings for State
43 entities, local units, and school districts. The department and the
44 trust may include any recommendations for legislation to improve
45 the effectiveness of the program.
46

47 9. (New section) The Department of Environmental
48 Protection, in cooperation with the New Jersey Infrastructure Bank,

1 shall adopt, pursuant to the "Administrative Procedure Act,"
2 P.L.1968, c.410 (C.52:14B-1 et seq.), such rules and regulations as
3 are necessary to implement the provisions of this act.
4

5 10. Section 12 of P.L.1999, c.23 (C.48:3-60) is amended to
6 read as follows:

7 12. a. Simultaneously with the starting date for the
8 implementation of retail choice as determined by the board pursuant
9 to subsection a. of section 5 of this act, the board shall permit each
10 electric public utility and gas public utility to recover some or all of
11 the following costs through a societal benefits charge that shall be
12 collected as a non-bypassable charge imposed on all electric public
13 utility customers and gas public utility customers, as appropriate:

14 (1) The costs for the social programs for which rate recovery
15 was approved by the board prior to April 30, 1997. For the purpose
16 of establishing initial unbundled rates pursuant to section 4 of this
17 act, the societal benefits charge shall be set to recover the same
18 level of social program costs as is being collected in the bundled
19 rates of the electric public utility on the effective date of this act.
20 The board may subsequently order, pursuant to its rules and
21 regulations, an increase or decrease in the societal benefits charge
22 to reflect changes in the costs to the utility of administering existing
23 social programs. Nothing in this act shall be construed to abolish or
24 change any social program required by statute or board order or rule
25 or regulation to be provided by an electric public utility. Any such
26 social program shall continue to be provided by the utility until
27 otherwise provided by law, unless the board determines that it is no
28 longer appropriate for the electric public utility to provide the
29 program, or the board chooses to modify the program;

30 (2) Nuclear plant decommissioning costs;

31 (3) The costs of demand side management programs that were
32 approved by the board pursuant to its demand side management
33 regulations prior to April 30, 1997. For the purpose of establishing
34 initial unbundled rates pursuant to section 4 of this act, the societal
35 benefits charge shall be set to recover the same level of demand
36 side management program costs as is being collected in the bundled
37 rates of the electric public utility on the effective date of this act.
38 Within four months of the effective date of this act, and every four
39 years thereafter, the board shall initiate a proceeding and cause to
40 be undertaken a comprehensive resource analysis of energy
41 programs, and within eight months of initiating such proceeding
42 and after notice, provision of the opportunity for public comment,
43 and public hearing, the board, in consultation with the Department
44 of Environmental Protection, shall determine the appropriate level
45 of funding for energy efficiency and Class I renewable energy
46 programs that provide environmental benefits above and beyond
47 those provided by standard offer or similar programs in effect as of
48 the effective date of this act; provided that the funding for such

1 programs be no less than 50% of the total Statewide amount being
2 collected in public electric and gas utility rates for demand side
3 management programs on the effective date of this act for an initial
4 period of four years from the issuance of the first comprehensive
5 resource analysis following the effective date of this act, and
6 provided that 25% of this amount shall be used to provide funding
7 for Class I renewable energy projects in the State. In each of the
8 following fifth through eighth years, the Statewide funding for such
9 programs shall be no less than 50 percent of the total Statewide
10 amount being collected in public electric and gas utility rates for
11 demand side management programs on the effective date of this act,
12 except that as additional funds are made available as a result of the
13 expiration of past standard offer or similar commitments, the
14 minimum amount of funding for such programs shall increase by
15 an additional amount equal to 50 percent of the additional funds
16 made available, until the minimum amount of funding dedicated to
17 such programs reaches \$140,000,000 total. After the eighth year
18 the board shall make a determination as to the appropriate level of
19 funding for these programs. Such programs shall include a program
20 to provide financial incentives for the installation of Class I
21 renewable energy projects in the State, and the board, in
22 consultation with the Department of Environmental Protection, shall
23 determine the level and total amount of such incentives as well as
24 the renewable technologies eligible for such incentives which shall
25 include, at a minimum, photovoltaic, wind, and fuel cells. The
26 board shall simultaneously determine, as a result of the
27 comprehensive resource analysis, the programs to be funded by the
28 societal benefits charge, the level of cost recovery and performance
29 incentives for old and new programs and whether the recovery of
30 demand side management programs' costs currently approved by the
31 board may be reduced or extended over a longer period of time.
32 The board shall make these determinations taking into consideration
33 existing market barriers and environmental benefits, with the
34 objective of transforming markets, capturing lost opportunities,
35 making energy services more affordable for low income customers
36 and eliminating subsidies for programs that can be delivered in the
37 marketplace without electric public utility and gas public utility
38 customer funding;

39 (4) Manufactured gas plant remediation costs, which shall be
40 determined initially in a manner consistent with mechanisms in the
41 remediation adjustment clauses for the electric public utility and gas
42 public utility adopted by the board; and

43 (5) The cost, of consumer education, as determined by the
44 board, which shall be in an amount that, together with the consumer
45 education surcharge imposed on electric power supplier license fees
46 pursuant to subsection h. of section 29 of this act and the consumer
47 education surcharge imposed on gas supplier license fees pursuant
48 to subsection g. of section 30 of this act, shall be sufficient to fund

1 the consumer education program established pursuant to section 36
2 of this act.

3 b. There is established in the Board of Public Utilities a
4 nonlapsing fund to be known as the "Universal Service Fund." The
5 board shall determine: the level of funding and the appropriate
6 administration of the fund; the purposes and programs to be funded
7 with monies from the fund; which social programs shall be provided
8 by an electric public utility as part of the provision of its regulated
9 services which provide a public benefit; whether the funds
10 appropriated to fund the "Lifeline Credit Program" established
11 pursuant to P.L.1979, c.197 (C.48:2-29.15 et seq.), the "Tenants'
12 Lifeline Assistance Program" established pursuant to P.L.1981,
13 c.210 (C.48:2-29.31 et seq.), the funds received pursuant to the Low
14 Income Home Energy Assistance Program established pursuant to
15 42 U.S.C. s. 8621 et seq., and funds collected by electric and natural
16 gas utilities, as authorized by the board, to offset uncollectible
17 electricity and natural gas bills should be deposited in the fund; and
18 whether new charges should be imposed to fund new or expanded
19 social programs.

20 c. Notwithstanding the requirements of subsection a. of this
21 section to the contrary, the Board of Public Utilities shall, each
22 year, transfer to the New Jersey Infrastructure Bank, such amounts
23 from the moneys collected pursuant to this section as are necessary
24 to secure the interest payments on any bonds of the New Jersey
25 Infrastructure Bank issued pursuant to P.L. , c. (C.)
26 (pending before the Legislature as this bill).

27 (cf: P.L.1999, c.23, s.12)

28

29 11. This act shall take effect immediately.

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31

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STATEMENT

33

34 This bill would authorize the New Jersey Infrastructure Bank
35 (trust) to issue up to \$20 million in bonds to finance cost-effective
36 energy efficiency improvements in State, local, and school district
37 buildings.

38 Specifically, the bill would establish the "Energy Efficiency and
39 Renewable Energy Financing Program" in the trust. The purpose of
40 the program would be to provide loans and other forms of financial
41 assistance to State entities, local units, and school districts to
42 finance cost-effective energy efficiency improvements in buildings
43 owned or operated by those entities. State entities, local units, and
44 school districts that are interested in obtaining financial assistance
45 under the program would be required to apply to the Department of
46 Environmental Protection (DEP) in a form and manner determined
47 by the DEP.

1 As part of the application process, the DEP would perform, or
2 require the applicant to perform, an energy efficiency assessment of
3 the buildings owned or operated by the applicant. The assessment
4 would identify the energy efficiency improvements that can be
5 installed and operated in the buildings at a total cost that is less than
6 the energy cost savings, in the form of lower energy bills, realized
7 by the applicant over a 10-year period or a shorter time as
8 determined by the DEP. The assessment would include a schedule
9 for funding and installing the energy efficiency improvements that
10 will realize the greatest cost savings to the applicant in the shortest
11 time.

12 Upon approval of an application, and subject to the availability
13 of funds under the program, the trust would be authorized to make
14 loans and other forms of financial assistance to the applicant to
15 finance the cost of the energy efficiency improvements identified in
16 the energy efficiency assessment. The loans and other forms of
17 financial assistance would be made subject to terms and conditions
18 determined by the trust. The installation or contract for the
19 installation of the energy efficiency improvements would be
20 required to address provisions concerning payment schedules,
21 monitoring, inspection, measuring, and warranties as are necessary
22 to ensure that the energy efficiency improvements installed and
23 operated in the building are cost-effective.

24 The trust would be authorized to issue up to \$20 million in bonds
25 for the purpose of providing financial assistance under the program.
26 Beginning the first fiscal year in which a loan or other form of
27 financial assistance is made under the program, the Board of Public
28 Utilities (BPU) would be required to transfer, from available
29 balances accumulated in accounts of the BPU from funds collected
30 through the societal benefits charge established by the "Electric
31 Discount and Energy Competition Act," such amounts as are
32 necessary to secure the interest payments on any bonds issued by
33 the trust under the program. The BPU and the trust would be
34 authorized to enter into contracts to implement the payment
35 arrangement provided for in the bill.

36 The DEP and the trust would be required to submit an annual
37 report to the Governor and the Legislature on the effectiveness of
38 the program in promoting energy efficiency and energy cost savings
39 for State entities, local units, and school districts.