



# Energy Efficiency Incentives for Municipalities and Schools Webinar



December 3, 2025

# Agenda

## Direct Install Updates

*Stacy Richardson, NJBPU*

*Deputy Director, Division of Clean Energy*

## Direct Install Overview and Resources

*Tracey Woods,*

*Sustainable Jersey Energy Team*

## Direct Install and ESIP

*Michelle Rossi, NJBPU*

*ESIP Coordinator*





# SUSTAINABLE JERSEY

# COLLECTIVE IMPACT



**91%**

OF NJ POPULATION  
LIVES IN A  
REGISTERED  
OR CERTIFIED  
COMMUNITY



**83%**

OF MUNICIPALITIES  
PARTICIPATING

**67%**

of NJ public school districts  
registered with Sustainable  
Jersey for Schools



**191**

**65** SILVER  
CERTIFIED

**MUNICIPALITIES  
CERTIFIED**

**126** BRONZE  
CERTIFIED



**370**

**65** SILVER  
CERTIFIED

**SCHOOLS  
CERTIFIED**

**305** BRONZE  
CERTIFIED

**30,251**

**SUSTAINABILITY ACTIONS  
COMPLETED** by both municipalities and schools



**\$8.6  
MILLION**



**IN GRANTS FOR MUNICIPALITIES,  
SCHOOLS & SCHOOL DISTRICTS**



# SUSTAINABLE JERSEY GRANTS PROGRAM

**\$20k\*, \$10k, & \$2k  
Municipal and School  
Sustainability Grants  
Currently Available!**



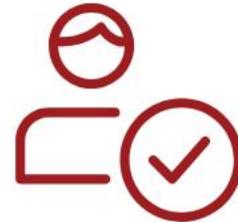
**PSEG**

**FOUNDATION**

**\*Municipalities only**

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FOUNDATION

 **njea**  
NEW JERSEY  
EDUCATION  
ASSOCIATION®



**ELIGIBILITY**



**Municipalities**



**Public Schools**



**APPLICATION  
DEADLINE**

**Friday  
2/13/26  
11:59pm**

**Friday  
3/9/26  
11:59pm**

**Apply Now**





# Direct Install Update

## Stacy Richardson, NJBPU





# **Direct Install Overview and Resources**

**Tracey Woods, Sustainable Jersey**





# Overview of Direct Install

- Longstanding energy efficiency program for NJ businesses, nonprofits, and local governments
- Formerly run by NJ Clean Energy Program; since 2021, offered directly by NJ's electric and gas utilities
- Covers up to 70% of project costs (80% for projects in Opportunity Zones, UEZs, OBCs, and some non-profits)
- Several utilities offer low or no interest financing

**DIVISION OF LOCAL GOVERNMENT SERVICES**  
**Local Finance Notice**

**LFN 2025-11**  
August 19, 2025

Philip D. Murphy Governor  
Tahesha L. Way Lt. Governor  
Jacquelyn A. Suárez Commissioner  
Michael F. Rogers Director

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Fire Districts

**Direct Install (Open Network) Energy Efficiency Program for Public Sector Entities**

On July 16, 2025, the New Jersey Board of Public Utilities (BPU) released an [Order](#) focusing on the "open network" model of Direct Install energy efficiency program offered by many electric and gas utilities throughout the State. The Order established various parameters to ensure that local governments, boards of education, and county colleges (collectively, "contracting units") can participate in the program consistent with public procurement laws. Through this Notice, the Division of Local Government Services (Division) provides further guidance on the Direct Install program as it pertains to contracting units, in particular detailing the process a contracting unit must follow in utilizing a Direct Install open network program offered by their electric or gas utility.

**The Direct Install Program**  
The Direct Install program implements "turnkey" energy savings measures in areas such as lighting, refrigeration, and HVAC that would be eligible for substantial incentives and repayment options with 0% interest. Direct Install is tailored to existing small and mid-sized non-residential facilities with an average annual energy demand of less than 300 kilowatts/40,000 therms. Specifications for the work to be performed are generated from an energy usage assessment (i.e. a non-investment grade energy audit) of the contracting unit's facilities.

**Open Network vs. Closed Network**  
There are two different models through which a utility can implement Direct Install; "open network" and "closed network." Under the open network model, a contracting unit procures a contractor that, together with any necessary subcontractors, will perform the work recommended in the energy assessment. The contracting unit must procure the contractor through competitive bidding if the dollar value of the contract exceeds the contracting unit's bid threshold, with the contract awarded to the lowest responsible, responsive bidder.

Guidance for Direct Install Procurement is set forth in the DCA's Local Finance Notice 2025-11



# Direct Install Updates

- Two pathways:
  - Open Network -- competitive bidding process
  - Closed Network -- pre-procured vendor designated by one of the utilities serving the local government
- Resources (*coming soon*):
  - Direct Install Explainer Guide
  - Open Network Bid Template





# Direct Install Eligibility

## Which facilities are eligible?

- Review all energy use across facilities—electric, gas, and delivered fuels (oil, propane).
- Gather 12 months of utility data for each facility.
- Include all sites (e.g., schools, town halls, wells, water treatment, and sports/transportation facilities).

## Direct Install Eligibility

- Average monthly electric demand  $\leq$  300 kW, or
- Annual natural gas use between 5,011–40,000 therms.

*Other NJ Clean Energy or utility incentives available if not eligible.*



# Closed Network – Process for Local Governments

## Step 1. Select Contractor

- Choose a prequalified Direct Install vendor utility list.

## Step 2. Define Scope of Work

- The contractor identifies measures (lighting, HVAC, controls) and provides proposed costs and incentives for approval.

## Step 3. Implementation

- Contractor completes installation and coordinates incentives.

Utility	County	Pre-Selected Contractor
ACE	No data available about Closed Network	
JCP&L	No data available about Closed Network	
ETG	No data available about Closed Network	
NJNG	No data available about Closed Network	
PSE&G	Bergen, Hudson, Morris, Passaic	<a href="#"><u>Facility Solutions Group (FSG)</u></a>
PSE&G	Burlington, Camden, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Ocean, Somerset, Union	<a href="#"><u>Tri-State Light &amp; Energy</u></a>
SGJ	Data coming soon	



# Open Network – Process for Local Governments

## Step 1: Scoping Audit

- Conduct an ASHRAE Level 1–3 audit (LGEA satisfies this requirement).
- If getting private audit, the company conducting the audit may not submit a proposal for the construction work.
- Audit identifies cost-effective measures for bid specs; only measures in the audit can be bid.
- Discuss desired measures with the auditor, including which qualify for Direct Install incentives.

*Consider evaluating additional opportunities while the auditor is on site:*

- Electrical upgrades for future EV charging
- EV charger installation (may qualify for separate incentives)
- Building management systems (BMS) or controls



# Direct Install Eligible Measures

## Direct Install Eligible Measure Categories

- Lighting Measures
- Lighting Controls Measures
- Motors
- Variable Frequency Drives (VFD)
- Refrigeration
- Electric HVAC
- Heating & Hot Water
- HVAC & Hot Water Improvements
- Food Service
- Plug Loads
- Miscellaneous

ENERGY STAR Lamps: G30
ENERGY STAR Lamps: G40
ENERGY STAR Lamps: PAR16
ENERGY STAR Lamps: PAR20
ENERGY STAR Lamps: PAR30
ENERGY STAR Lamps: R14
ENERGY STAR Lamps: R16
ENERGY STAR Lamps: R20
LED Exit Signs: Single-Sided
LED Exit Signs: Double-Sided
<b>Lighting Controls Measures</b>
Networked Lighting Controls
Luminaire-Level Lighting Controls
Integrated Fixture w/ Room-Based Controls
Dual Occupancy and Daylight Sensors
Combination of High-End Trim and Daylight Dimming
Combination of High-End Trim and Occupancy Sensors
Daylight Dimming
Occupancy Sensors
<b>Motors</b>
NEMA Premium Motor: Type A/B, ODP, 900 RPM, 1 HP - 250 HP
NEMA Premium Motor: Type A/B, ODP, 1200 RPM, 1 HP - 250 HP

Full Direct Install eligible measure:

[https://www.sustainablejersey.com/fileadmin/media/Actions\\_and\\_Certification/Actions/Energy\\_Efficiency\\_for\\_Mun\\_Facilities/Direct\\_Install\\_Eligible\\_Measures.pdf](https://www.sustainablejersey.com/fileadmin/media/Actions_and_Certification/Actions/Energy_Efficiency_for_Mun_Facilities/Direct_Install_Eligible_Measures.pdf)



# Open Network – Process for Local Governments

## Step 2: Define Project Scope

- Define list of measures for bid documents – does not have to be limited to Direct Install eligible items.
- All measures in the bid documents must be included in the scoping document.
- Select a contractor through competitive bidding -- Template Bid Document available.
- Contractors may include or exclude Direct Install incentives—award is based on lowest total cost.

**Appendix B: Template bid document (Open Network)**

**How to use this document:**

- Customize all bracketed fields (e.g., entity name, audit type) and remove any placeholder instructions.
- Ensure red text is updated to reflect the specifics of the project before releasing the bid. Once complete, convert all text to black.
- Attach the audit document referenced in the Project Overview. This audit serves as the official scoping document.

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**1. Project Overview**

This bid document outlines the required energy efficiency upgrades for [insert name of entity]'s facilities under PSE&G's Direct Install (DI) Program, based on the [Choose one: Level 1, or Level 2 Local Government Energy Audit (LGEA), OR Private Level 1, 2, or 3 ASHRAE audit] conducted for the participating facilities.

**Note:** The project scope has been developed using the [insert audit being used as outlined above], which is included for reference. This bid document includes all items for which [insert name of entity] wishes to receive pricing under PSE&G's Direct Install Open Network. Contractors must base pricing on the identified measures.

The Base Bid includes all measures identified in the [insert audit being used] as cost-effective and eligible under the Direct Install program.

The Bid Alternates section includes:

- Required Bid Alternate: All applicable building electrification measures (see Section 3.1).
- Optional Bid Alternates: Other recommended measures from the LGEA that are not cost-effective but may be of interest to the project owner.

To be responsive, the bidder must include all of the measures identified by the [insert audit being used as outlined above] that are eligible for Direct Install, except for the items that are included in this document as bid alternates.

**2. Contractor Requirements**

All bidding contractors must:

- Comply with all applicable State Labor Laws and New Jersey Prevailing Wage requirements.
- Be qualified and approved under the State Treasury's Division of Property Management and Construction (DPMC) certification list in category P051 – Energy Auditing.
- Possess a current Public Works Contractor Registration (PWCR).



# Local Government Energy Audit

- NJ BPU's free audit offered to local governments
- New features have been added:
  - utility bill gathering assistance
  - more solar feasibility assessment
  - assessment of decarbonization measures
- Ongoing process to adjust LGEA to support Direct Install Program
- Default audit creates a list of recommended measures from walkthrough audit including pricing estimate and estimated energy savings
- If you want specific measures included in audit, let the audit team know before or at the time of application.

## 4.3 Unitary HVAC

#	Energy Conservation Measure	Annual Electric Savings (kWh)	Peak Demand Savings (kW)	Annual Fuel Savings (MMBtu)	Annual Energy Cost Savings (\$)	Estimated M&L Cost (\$)	Estimated Incentive (\$)*	Estimated Net M&L Cost (\$)	Simple Payback Period (yrs)**	CO <sub>2</sub> e Emissions Reduction (lbs)
<b>Unitary HVAC Measures</b>		<b>193</b>	<b>0.2</b>	<b>0</b>	<b>\$28</b>	<b>\$7,000</b>	<b>\$400</b>	<b>\$6,600</b>	<b>235.3</b>	<b>195</b>
ECM 3	Install High Efficiency Air Conditioning Units	193	0.2	0	\$28	\$7,000	\$400	\$6,600	235.3	195

### ECM 3: Install High Efficiency Air Conditioning Units

Replace standard efficiency packaged air conditioning units with high efficiency packaged air conditioning units. The replacement unit will incorporate efficient gas furnaces. The magnitude of energy savings for this measure depends on the relative efficiency of the older unit versus the new high efficiency unit, the average cooling and heating load, and the estimated annual operating hours.

**Affected Units:** Carrier condensing unit



# Open Network – Process for Local Governments

## Step 3: Procurement & Implementation

- Issue bid documents
- Award project to lowest responsible bidder
- Finalize contract and proceed with upgrades

### Tips for attracting vendor attention and getting more bids

Give potential bidders the opportunity to visit the site, especially for projects with limited project drawings included in the bid documents.

Include blueprints, engineering, architectural, and site drawings, if available,

Provide photos and videos of existing conditions, especially where mechanical and engineering drawings are limited or not available.

Be sure to include:

- Photos of nameplates for major equipment
- Photos of electric panel/meter
- Utility usage data for 12 months

Directly send notice of bidding opportunity to Direct Install Trade Allies and relevant DMPC List.

# Case Study – Union County Educational Services Commission



Courtesy of [TSE](#)

## *Project Highlights – PSE&G Direct Install:*

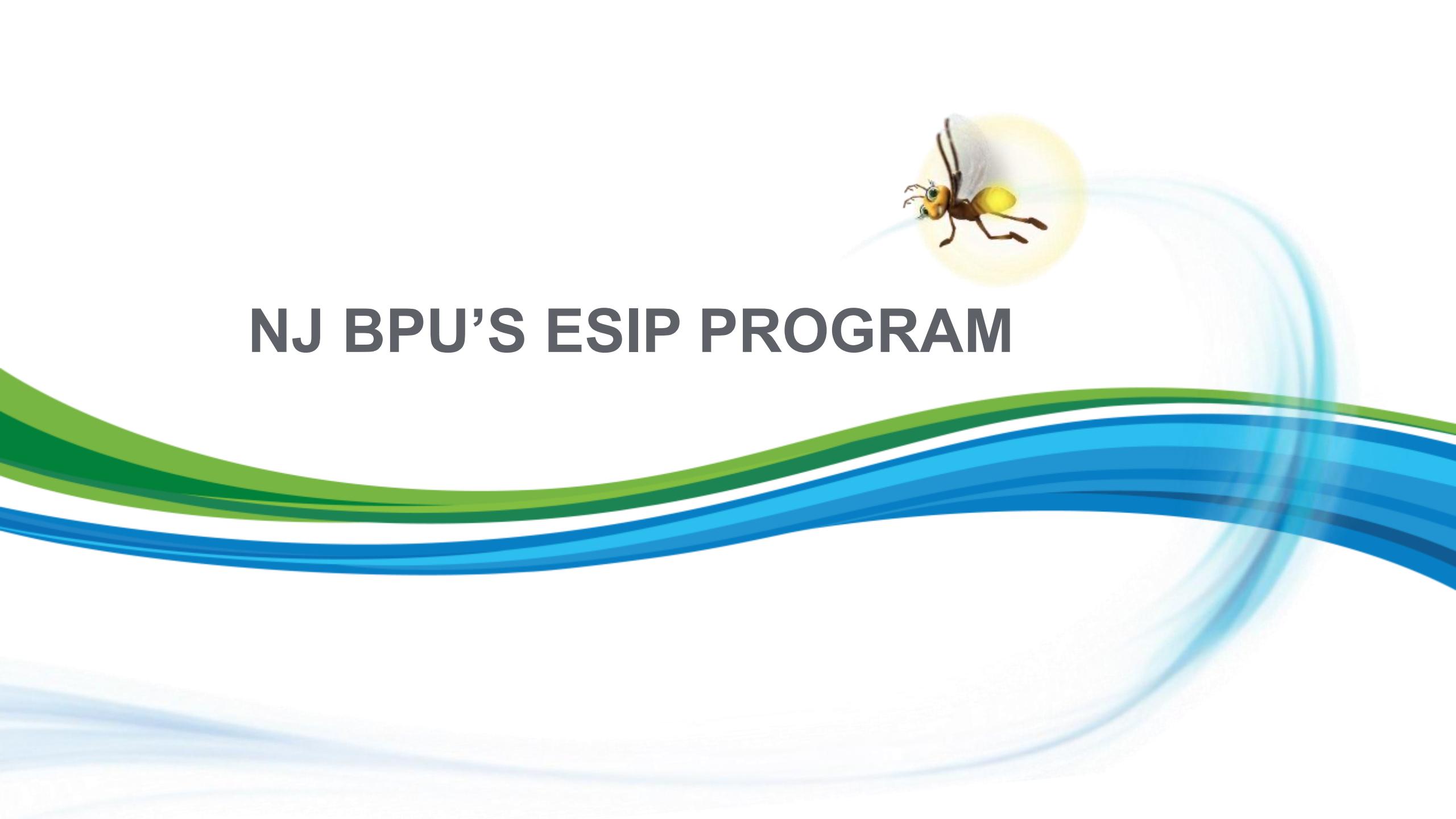
Urgent infrastructure modernization for 2 schools

\$3.07M total project cost - \$2.06M in incentives

Incentives covered 67% of project costs

HVAC and control system upgrades

Multi-phase project delivered by one turnkey provider



# NJ BPU'S ESIP PROGRAM

# Program Overview

## ENERGY SAVINGS IMPROVEMENT PROGRAM (ESIP)

- Performance Contracting
- A creative tool and financing mechanism that allows public entities to make energy efficiency improvements without impacting their budgets
- Administered by the NJBPU
- Energy Efficiency project gets paid for with the value of its own energy savings
- 2 Financing Options: Lease Purchase Loan Agreement or Refunding Bond
- 15 year repayment term; 20 years with CHP
- NJBPU Approved Incentive Programs
  - Utility or NJCEP
- No upfront capital expenses
- No referendum required



# The ESIP Process



## 1. ESIP Intake Form

Start the process...  
Get Informed!



## 2. Preliminary Energy Audit

Apply for **Free** LGEA  
or  
other ASHRAE Level II Audit



**3. Select Model**  
ESCO, DIY, HYBRID;  
RFP Template;  
Local Public Contract Law  
Compliance



## 4. Investment Grade Energy Audit

ASHRAE Level III Audit;  
Comprehensive & detailed analysis;  
Technical & economical foundation  
of project



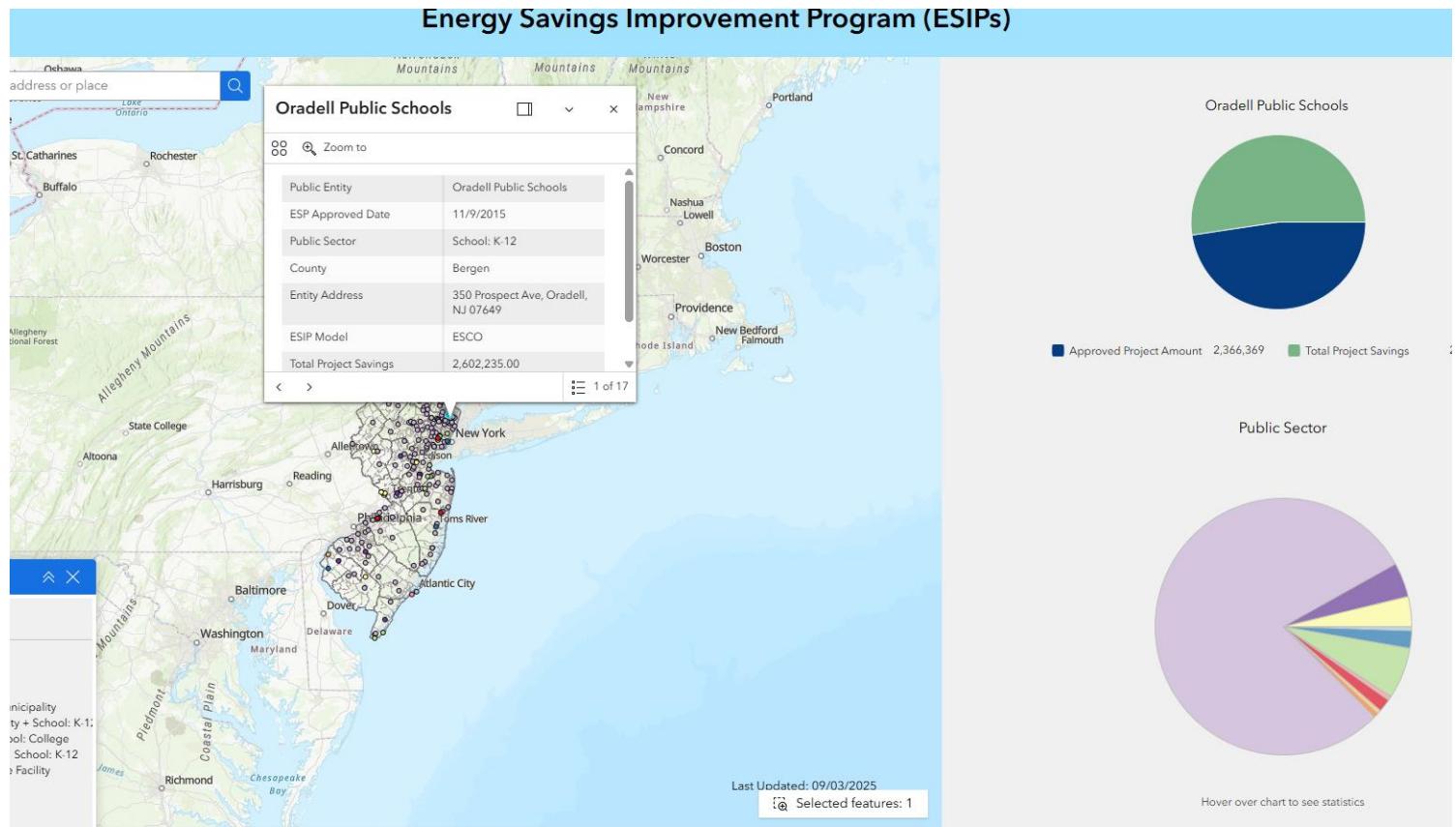
## 5. Energy Savings Plan

Cornerstone of Project  
Prioritize Needs  
Each ECM detailed;  
Financial Snapshot  
Energy Savings Guarantee?  
ESIP Law - Must be Cash Flow Positive  
Third Party Review – Out of Pocket \$

B  
P  
U  
A  
P  
P  
R  
O  
V  
A  
L

# ESIP GIS Map

- What is a GIS Map?
- What kind information will the ESIP GIS map contain?
- Where can I find this map?



# Energy Savings Improvement Program

**FOR MORE INFORMATION**

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ESIP Coordinator  
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o: 609.913.6295  
c: 609.915.0903



**Sustainable Jersey has provided technical assistance to over 100 municipalities and school districts**

Sustainable Jersey Energy Technical Assistance is funded by NJBPU, Elizabethtown Gas, New Jersey Natural Gas, PSE&G, Rockland Electric and South Jersey Gas.

## **Sustainable Jersey Energy Technical Assistance**

- Assistance applying for State and utility energy efficiency incentives
- Energy tracking and management
- Completing energy actions for Sustainable Jersey certification
- Assistance with energy outreach campaigns (PSE&G, NJNG, and RECO)

**To request Energy Technical Assistance:**  
[\*\*bit.ly/SJEnergyTAResquestForm\*\*](http://bit.ly/SJEnergyTAResquestForm)



## Drop-in Sessions for NJBPU's Urban Heat Island Funding Opportunity

The New Jersey Board of Public Utilities (BPU) has opened a [Urban Heat Island Funding Opportunity](#) to help reduce the urban heat island (UHI) effect in your community. Awards go up to \$1 million for municipalities and up to \$50,000 for community-based organizations (CBOs). If you have questions about this opportunity, attend a drop-in session and speak with NJBPU staff directly.

Application deadline is December 15th.

**Thursday, December 4, 2:00 – 3:00pm** [REGISTER](#)



# Upcoming Sustainable Jersey Events

## Green Grounds Equipment Working Group

Friday, December 12<sup>th</sup> 1:00-2:00 pm [REGISTER](#)

## Helping Municipalities Plan, Fund, and Implement Electric Shared Mobility Projects Webinar

Wednesday, December 17<sup>th</sup> 1:00-2:30 pm [REGISTER](#)

## PSE&G Grants Cycle Webinars

[Municipalities](#) - Thursday, December 18 from 1-2:30 pm

[Schools](#) - Tuesday, December 16 from 3-4:30 pm

## Sustainable Fleets for Schools Webinar

Wednesday, January 21, 2026 3:00-4:00 pm [REGISTER](#)

# Sustainable Jersey Underwriters and Sponsors

## Program Underwriters



Robert Wood Johnson Foundation

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Greener by Design



# Sustainable Jersey for Schools Underwriters and Sponsors

## Program Underwriters



## Corporate Sponsors



\*Digital Schools Underwriters and Sponsors



# Thank You

Tracey Woods – [woodst@tcnj.edu](mailto:woodst@tcnj.edu)