



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

**MUNICIPALITIES
CERTIFIED**

65

SILVER
CERTIFIED

126

BRONZE
CERTIFIED



370

**SCHOOLS
CERTIFIED**

65

SILVER
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



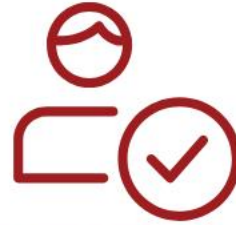
**\$20k*, \$10k, & \$2k
Municipal and School
Sustainability Grants
Currently Available!**



PSEG

FOUNDATION

***Municipalities only**



ELIGIBILITY



Municipalities



Public Schools



**APPLICATION
DEADLINE**

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

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





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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**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

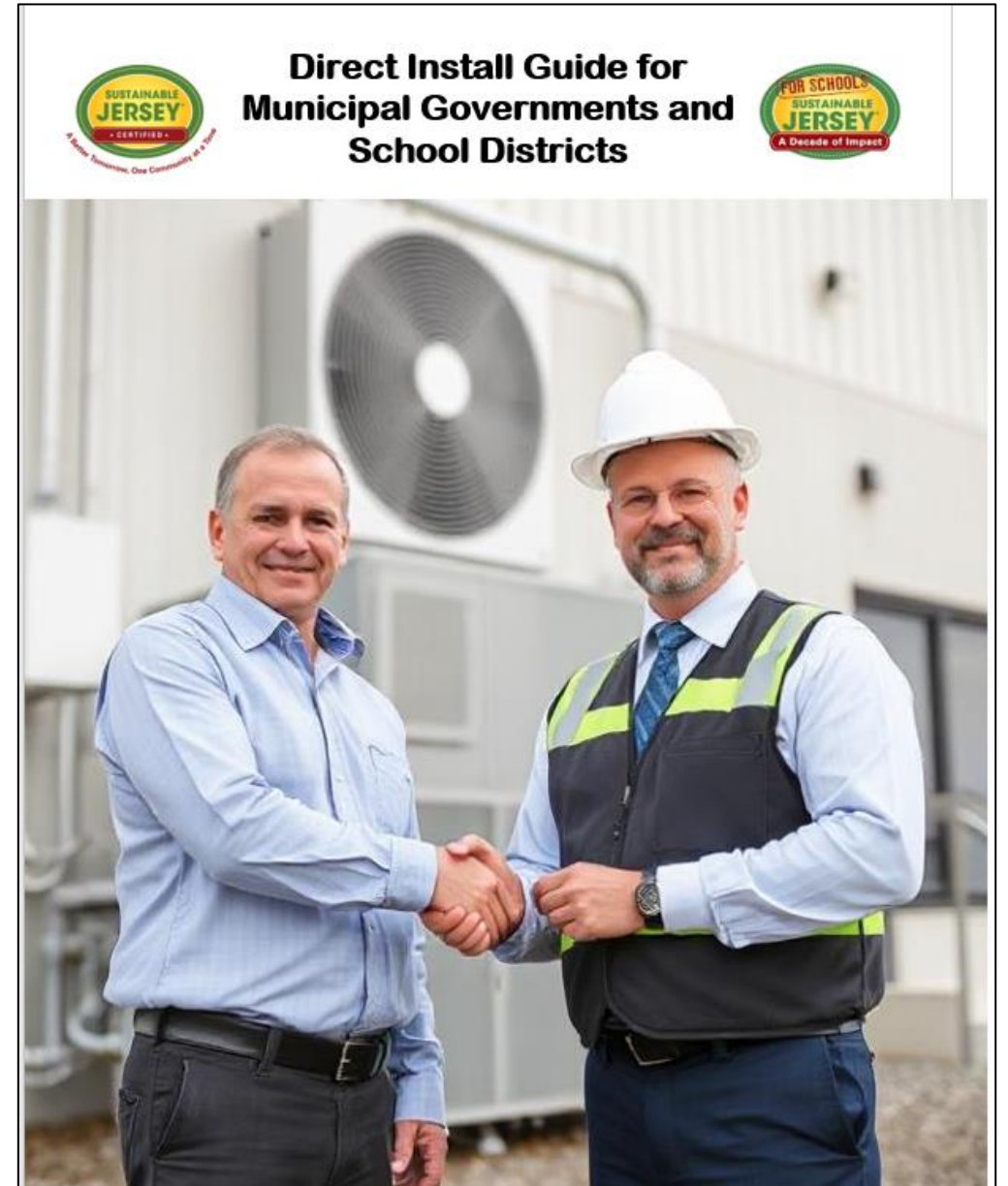
There are two different models through which a utility can implement Direct Install; “open network” and “closed network.” Under the open network model, a contracting unit procures a contractor that, together with any necessary subcontractors, will perform the work recommended in the energy assessment. 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 ≤ 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	Facility Solutions Group (FSG)
PSE&G	Burlington, Camden, Essex, Gloucester, Hunterdon, Mercer, Middlesex, Monmouth, Ocean, Somerset, Union	Tri-State Light & Energy
SJG	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

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

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

Lighting Controls Measures

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

Motors

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



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.

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.

NJCleanEnergy.com/LGEA

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 ₂ e Emissions Reduction (lbs)
Unitary HVAC Measures		193	0.2	0	\$28	\$7,000	\$400	\$6,600	235.3	195
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

Above: Example of measure scoping in LGEA.



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

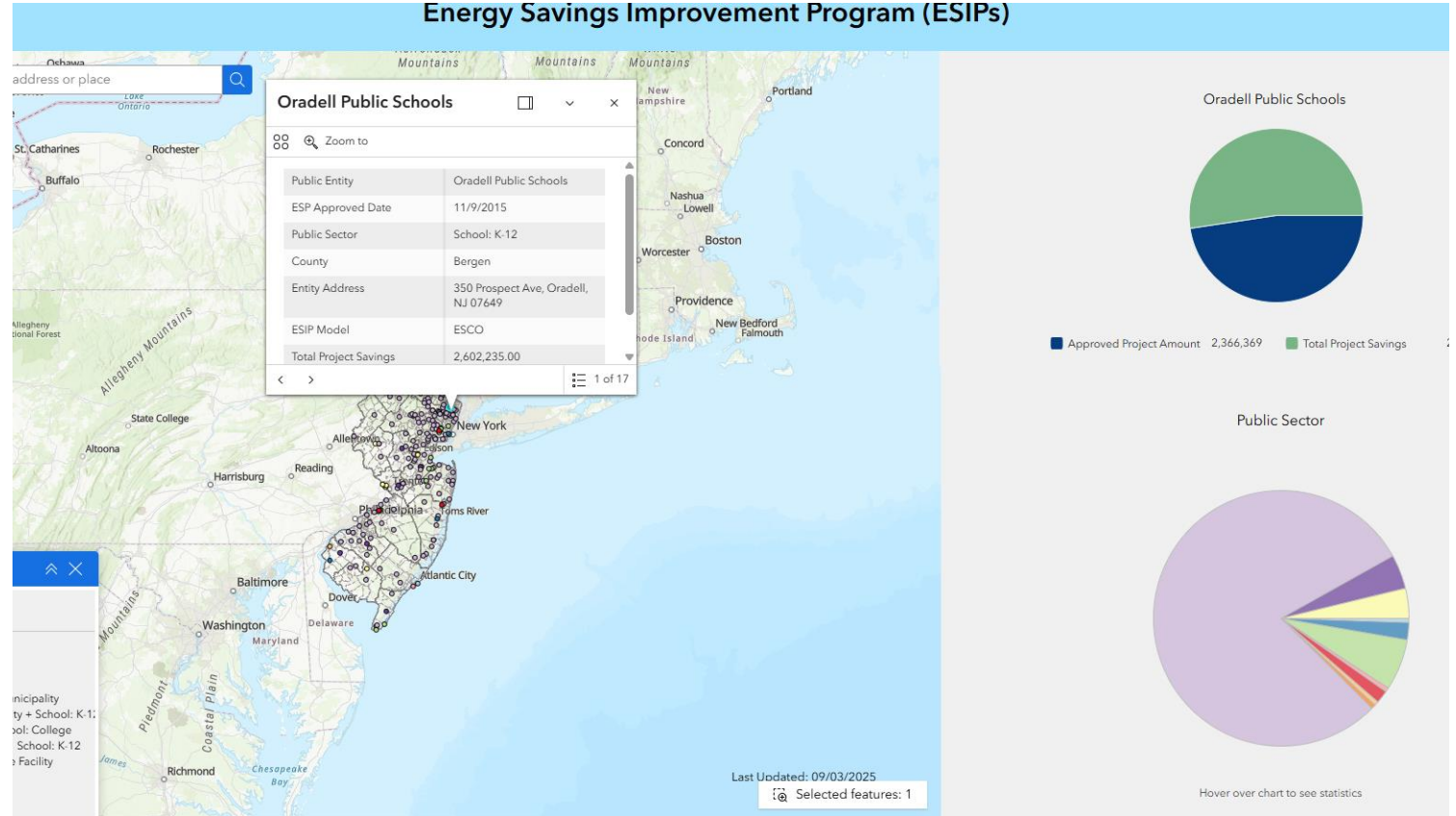
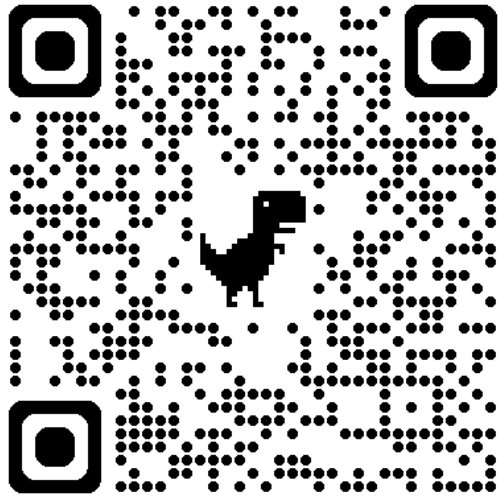
Cornerstone of Project
Prioritize Needs
Each ECM detailed;
Financial Snapshot
Energy Savings Guarantee?
ESIP Law - Must be Cash Flow Positive
Third Party Review - Out of Pocket \$

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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

Michelle Rossi

ESIP Coordinator

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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/SJEnergyTARequestForm



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 12th 1:00-2:00 pm [REGISTER](#)

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

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

PSE&G Grants Cycle Webinars

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

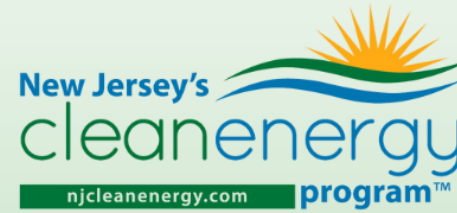
[Schools](#) - Tuesday, December 16 from 3-4:30 pm

Sustainable Fleets for Schools Webinar

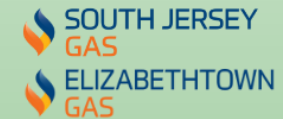
Wednesday, January 21, 2026 3:00-4:00 pm [REGISTER](#)

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Thank You

Tracey Woods – woodst@tcnj.edu