May 29, 2020

Timothy Sullivan  
Chief Executive Officer, New Jersey Economic Development Authority  
36 West State Street  
Trenton, NJ 08625

RE: 2020 Request for Information (RFI) for Potential Green Financing Mechanism to be Established by the State of New Jersey

Dear Chief Executive Officer Sullivan,

On behalf of the U.S. Green Building Council (USGBC) a non-profit organization with over 9,000+ member companies nationwide, and our strong community in New Jersey, we are pleased to provide our comments regarding the 2020 Potential Green Financing Mechanism (“Green Fund”). Per our earlier letter dated February 19, USGBC strongly supports Gov. Murphy’s 2020 Energy Master Plan and E.O. 100.¹

About USGBC
USGBC is a nonprofit organization dedicated to transforming the way buildings and communities are designed, built and operated, enabling an environmentally and socially responsible, healthy, and prosperous world. Best known for the successful Leadership in Energy & Environmental Design (LEED) green building certification system, we leverage our education, credentials, events, communications, and policy advocacy activities to support the public and private sectors in advancing high-performance, cost-effective, buildings that save energy, water and money. Reducing the contribution of buildings to climate change has long been a core area of our work along with a focus on supporting community resilience.

New Jersey is home to over 1,500 LEED Certified projects that span over 100 million square feet of real estate. Nearly 200 New Jersey organizations are USGBC member organizations, including builders, product manufacturers, professional firms, and real estate professionals.

On behalf of our member organizations and credentialed professionals in New Jersey, USGBC wishes to submit several comments to the Economic Development Authority (EDA). Below are our responses to the specific questions listed in the RFI:

ii) Please identify existing state government programs, if any, that you believe should be taken into consideration as part the development and operations of a Green Fund (i.e., to avoid duplication, to ensure consistent messaging to the market place, etc.).

Existing Programs

We believe the following existing statewide programs should be taken into consideration in the development of a Green Fund to ensure consistency:

- In 2003, the Board of Public Utilities established the NJ Clean Energy Program offering rebates and promotions for energy and water efficient appliances.²


2015, the program introduced a “Pay for Performance” incentive offering rebates to buildings that demonstrate significant energy savings.³

- In 2008, Gov. Corzine signed a bill requiring all new state building construction in excess of 15,000 square feet meet LEED Silver.⁴
- In 2011, Gov. Christie signed AB 4055 to allow green infrastructure projects to receive zero interest loans.⁵
- In 2013, Gov. Christie signed AB 3680, requiring EDA to offer tax credits for projects exceeding LEED silver certification.⁶
- In 2018, Gov. Murphy signed AB 3723 to require energy and water benchmarking on buildings larger than 25,000 square feet.⁷

In order to remain consistent with established state policy, the Green Fund should continue to incentivize third-party certification solutions like LEED and LEED Zero. Other incentives for sustainable strategies like green infrastructure, and energy efficiency retrofitting should also be supported. Additionally, EDA should consider how the Green Fund can support these solutions in sectors – such as affordable housing, nonprofit, and local government - that may not be able to take advantage of the programs listed above. The availability of energy and water benchmarking data can also be leveraged to help prioritize investment, and track improvements.

v) What kinds of clean energy-related technologies or projects should a Green Fund support? What are the key financing gaps in New Jersey with respect these technologies or projects that need to be urgently addressed?

Support High-Performing Buildings

The Green Fund should support significant building performance improvements. According to the International Energy Agency, the Buildings and Construction sector accounted for 39 percent of global carbon emissions in 2018.⁸ In New Jersey, commercial, industrial, and residential sectors account for about one-third of the state’s energy-related emissions.⁹ The sector’s high rate of emissions demonstrates an urgent need for financing.

Successful whole building incentives across the country have leveraged private sector interest in green building to enhance participation. Third-party green building certification programs like LEED integrate both components of energy efficient systems and energy performance into the design, construction and operation of the built environment. Importantly, whole building incentives using third-party green building certification programs like LEED stand up to scrutiny. One analysis from a state energy efficiency agency, published by the American Council for an Energy-Efficient Economy (ACEEE), found LEED projects achieved an average gross square-foot-weighted savings

⁴ [https://www.njleg.state.nj.us/2006/Bills/AL07/269_PDF](https://www.njleg.state.nj.us/2006/Bills/AL07/269_PDF)
⁵ [https://www.njleg.state.nj.us/2010/Bills/A4500/4055_I1.HTM](https://www.njleg.state.nj.us/2010/Bills/A4500/4055_I1.HTM)
⁶ [https://www.njleg.state.nj.us/2012/Bills/PL13/161_I1.HTM](https://www.njleg.state.nj.us/2012/Bills/PL13/161_I1.HTM)
⁷ [https://www.njleg.state.nj.us/2018/Bills/A4000/3723_I1.HTM](https://www.njleg.state.nj.us/2018/Bills/A4000/3723_I1.HTM)
⁹ [https://www.nj.gov/dep/aqes/oeo-ghgei.html](https://www.nj.gov/dep/aqes/oeo-ghgei.html)
of 23% over baseline building energy consumption and a gross square-foot-weighted realization rate of 90%.

Consequently, the Green Fund should build on existing statewide LEED requirements listed above by adding incentives for more stringent deep decarbonization strategies like LEED Zero. Adding these new incentives will offer important financial support for proven greenhouse gas emission reduction strategies in the state, in line with the Green Fund’s stated goals.

**Promote Commercial Property Assessed Clean Energy**

The Green Fund should also support Commercial Property Assessed Clean Energy (C-PACE). C-PACE is a fast-growing green financing structure that can overcome common financing barriers in energy efficient commercial projects. New Jersey currently allows municipalities to implement C-PACE programs but has no statewide program in place. USGBC supports implementing a statewide C-PACE program, to fill the gaps in availability across the state. A statewide C-PACE program could utilize verification, including third-party certification, to protect taxpayer investment and ensure outcomes are achieved. Also, leveraging Green Fund monies as an add-on to C-PACE financing could be used to deepen green retrofits, supporting strategies beyond energy efficiency including solar, water efficiency, building energy storage, microgrids, resilience strategies, and indoor air filtration. Despite the many benefits that result from affordable, long-term financing for energy upgrades, local New Jersey C-PACE programs have grown far more slowly than expected since being enabled in 2012. EDA should leverage the Green Fund to both support existing projects that use C-PACE and encourage additional municipalities to enable C-PACE programs that feature third party certification across New Jersey.

**Leverage Environmental Co-Benefits and Resilience**

In addition, when choosing measures to support via the Green Fund, EDA should focus on provisions with environmental co-benefits. Projects that improve a combination of both sustainability and human health amplify the impact of the Green Fund and ensure taxpayer dollars are maximized to their fullest potential. Additionally, allowing funds to be used on green infrastructure projects will support environmental livability, mitigate heat island effects, limit runoff, and improve stormwater management. The Green Fund should also support resilient infrastructure so that projects in the State are adequately equipped to respond to shocks like natural disasters. Strategies like funding local government and business district resilience planning and retrofitting, protecting anchor infrastructure, supporting vulnerable populations, and promoting coastline resilience can all pay dividends—and save lives—in the case of a catastrophic event. These strategies offer synergistic benefits that improve sustainability, equity, and human health.

vii) How should the State think about minimum performance requirements for a Green Fund? For example, should those requirements consider elements such as: the extent to which private capital is leveraged, the estimated amount of greenhouse gas emissions mitigation per dollar

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12 [https://www.newjerseypace.org/resources/legislation/](https://www.newjerseypace.org/resources/legislation/).
13 [https://www.newjerseypace.org/resources/legislation/](https://www.newjerseypace.org/resources/legislation/).
Emphasize Third-Party Certification

Successful strategies to meet the proposal’s goals to leverage “private sector investment in clean energy” and reduce “the emission of harmful pollutants into the State’s air and water” must center around third-party certification. Performance-based or whole building incentives can take many different forms. Examples include programs that reward incentives based on building modeled performance, realized performance, or above-code third-party certification programs like ENERGY STAR and LEED. LEED certification establishes minimum energy efficiency requirements based on ENERGY STAR or improved design efficiency beyond ASHRAE standard baselines. Each project receiving above-code certification goes through well-established and rigorous processes and documentation. Above-code building certification is an attractive compliance measure because it increases the electricity efficiency of buildings, which represent 70% of retail electricity use in the United States.

Measurement & Verification

The State should require Green Fund recipients to implement robust Measurement & Verification strategies. Third-party certification can ensure accurate measurement and verification of building performance. Existing New Jersey law requires energy and water benchmarking on buildings over 25,000 square feet, and the Green Fund marks an excellent opportunity to broaden that requirement to smaller buildings. LEED encourages benchmarking plans by offering multiple energy metering credits in the LEED credit library. In addition, USGBC’s benchmarking platform, Arc, provides an easy pathway to measure ongoing project performance. USGBC recommends adopting third-party strategies to ensure robust performance tracking for projects supported by the Green Fund.

Conclusion

On behalf of our member organizations and credentialed professionals in New Jersey, we urge you to make the most of the unique opportunity a Green Fund presents. As noted above, the state is home to nearly 1,500 LEED Certified projects that span over 100 million square feet of residential, commercial, healthcare, education, retail and public space. The recommendations outlined above are proven measures to further transform New Jersey’s built environment into one that responsibly reduces electricity demand and better serves residents, businesses, and utilities.

USGBC thanks EDA for its continued leadership and commitment to our shared goal to move the state forward on the path towards a green, sustainable economy. Should there be any questions regarding our comments, please contact Skip Wiltshire-Gordon at swiltshire-gordon@usgbc.org.

Sincerely,

Skip Wiltshire-Gordon, Advocacy & Policy
Elizabeth Beardsley, Senior Policy Counsel

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15 https://arcskoru.com/