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PUBLIC HEARING

before

STATE AID SUBCOMMITTEE OF THE
ASSEMBLY APPROPRIATIONS COMMITTEE

on

The possible uses of \$85 million in oil overcharge funds
the State will receive within the next 60 days

March 11, 1986
Hamilton Township Library
Community Room
Hamilton Township, New Jersey

MEMBER OF COMMITTEE PRESENT:

Assemblyman John K. Rafferty, Chairman

ALSO PRESENT:

Joyce Rose
Office of Legislative Services
Aide, State Aid Subcommittee
of the Assembly Appropriations Committee

* * * * *

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State of New Jersey

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February 27, 1986

NOTICE OF A PUBLIC HEARING

Assemblyman John K. Rafferty, Chairman of the State Aid Subcommittee of the Assembly Appropriations Committee has announced that the Subcommittee will conduct a public hearing on

Tuesday March 11, 1986

at 7:30 P.M.

Hamilton Township Library-Community Room

1 Municipal Drive

Hamilton Township, New Jersey

The subject of the public hearing will concern the possible uses of \$85 million in oil overcharge funds the State will receive within the next 60 days. This is the largest single oil overcharge award received so far by the State. These funds may be used for a variety of energy-related activities such as energy conservation programs and energy assistance to low income individuals.

Persons who wish additional information or who wish to testify should contact Joyce Rose, Subcommittee Aide at 609-984-6799

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mjz: 1-45

ASSEMBLYMAN JOHN K. RAFFERTY (Chairman): Good evening, ladies and gentlemen. My name is John Rafferty. I am the Chairman of the State Aid Subcommittee of the Assembly Appropriations Committee of the New Jersey Legislature.

Before I get into my remarks, I have a list here of speakers for this evening. I know that some of you have come in without signing in, and I would appreciate it, if you wish to speak, if you would please come up to Ms. Rose -- Joyce Rose. She has a slip for you to fill out, and then we will put you on the list to speak this evening.

We are here tonight to discuss the expenditure of \$85 million received by the State of New Jersey. This money was received as settlement of a suit brought against Exxon for heating oil overcharges during the 1970s. This public hearing is a result of a committee meeting I chaired last month, at which I learned that New Jersey does not yet have a plan for the expenditure of this \$85 million settlement.

I believe it is critical that the public be given the opportunity to comment on ways to spend this money. Your comments at this public hearing, and the second hearing to be held next week in North Jersey, will help to shape the Assembly spending plan for this \$85 million windfall.

By way of background, let me note that the Federal government places restrictions on the ways that we in New Jersey can spend this money. The money may be used to pay for energy conservation improvements in our schools, hospitals, and other public institutions. In addition, the money may fund related energy conservation measures, such as van pooling, as well as educational programs on energy conservation.

Finally, the money may be used to provide direct grants to low-income households for utility and fuel payments and for weatherization home improvements.

Let me say at the beginning that I feel very strongly that to the maximum extent possible, this money should be

returned to the residents and households of New Jersey who were overcharged by Exxon. There is no question that many families, senior citizens, and households suffered great personal hardship because of skyrocketing oil prices during the 1970s. Many senior citizens were forced to choose between putting food on the table or heating oil in the furnace. Many households simply went without heat during the cold winter months.

It is clear to me that those who suffered most were those least able to pay for fuel. The impact of Exxon's decision to overcharge for fuel oil was most felt by senior citizens, the working poor, and the disabled. It is only fair that a substantial portion of this \$85 million settlement be returned to those individuals.

Tonight, we will hear several proposals to spend this settlement. I want you to know that I have a proposal, which may be no better or more significant than yours. What happens after this hearing, as after other hearings in different areas, is that the transcript will be put into written form and distributed to the members of the Assembly and the Senate. They will review it, and then they will come up with certain legislation they feel most appropriate. I would like to think that the Assembly could set aside a certain amount of money to benefit low-income households in our State.

I would like to recommend that the fund be used to pay grants to those households to help meet their utility and fuel oil bills. For example, we know there are approximately 120,000 senior citizen households in New Jersey with incomes below \$11,000 per year. Providing these senior citizen households an annual grant of \$100 would cost a total of \$12 million annually. By setting aside more money than that \$12 million of the Exxon oil overcharge, I would propose that we would have sufficient funding to offer grants to the disabled and other low-income households, and still have sufficient money left over for future years.

If we invest this fund wisely, we could have enough money to increase the grant if we should have a particularly cold winter next year, or the year following. We could even piggyback the grant program on to the existing Lifeline Utility Credit Grant Program, which pays certain seniors and disabled persons \$225 annually. Such program coordination would reduce administrative costs, leaving more money available to pay grants. That is just something after our initial hearing on this in the City of Trenton and discussing this with some individuals who are close to the senior citizen population and close to dealing with the elderly, the disabled, and the poor.

But, again, that is a proposal no better than any proposal you may come up with this evening. I would like to begin this hearing. Our first speaker-- Because of the time he has traveled, I would like to call on the former Assemblyman from the Fourteenth District, Joseph Patero. Joe?

J O S E P H D. P A T E R O: Thank you, Mr. Chairman. I am here speaking on behalf of Assemblyman Joe Bocchini of the Fourteenth District, who cannot be here. His presentation has been given to the Committee; it has been passed out to the membership. I will be very brief, since you have his comments.

As we all know, this money has come from the court judgment against the Exxon Oil Company. There is a total of \$85 million. Joe agrees with almost everything you have said. But, he also has here, a special program that is going on in New England. This initiative, which I would strongly suggest the State look into, would be to help organize an energy cooperative for the purchase of energy raw materials, such as natural gas or oil, at below market rates.

This is currently being done in areas in New England by a group called Citizens Energy Cooperation. By banding together the purchasing power of citizens, natural gas and oil can be provided to purchasers in specified income levels at below market rates. If those income levels were set high

enough, a substantial number of our citizens could be assisted in meeting their energy needs at significant savings.

Joe's staff is currently gathering data on this concept. I understand the Department of Energy has been asked to do the same. Joe will provide you with the information he gathers, and hopes it will be put to good use.

Finally, I would urge the State to forcefully and diligently petition the Federal government to relax some of their restrictions on use of these oil overcharge moneys. Some of these rules, such as the prohibition of use of these funds for energy conservation capital expenditures in public buildings, and the restriction on use of moneys to supplant Federal funds -- large sums of which we may stand to lose under the Gramm-Rudman Act -- are overly restrictive. They stand in the way of our using this fund in the most beneficial and creative ways possible.

So, in summary, I urge the State to return quickly, equitably, and efficiently these oil overcharge moneys for the place in which they originated -- the pocketbooks of our citizens. Joe has suggested several ways in which this can best be done. If he can be of further assistance to you in your work, he stands ready to do so.

I think this is a great idea about the cooperative with regard to oil heat and natural gas. I know in the City of New Brunswick, they have had a cooperative with regard to-- They set up programs where the workers were able to learn a trade by being butchers to cut the meat, and, also, to sell it at a low cost. I think this is one new initiative -- one way of looking at where this money can be used, instead of just going through the existing programs, which are notable, but in case this can't be done, I think we should look into the cooperative of oil and natural gas.

Thank you very much.

ASSEMBLYMAN RAFFERTY: Thank you, Joe. Ladies and gentlemen, before I continue with the next speaker, I would just like to introduce the individuals sitting here at the head table. To my immediate right -- as I mentioned before -- is Joyce Rose, our staff associate. To my left is Art Maurice, Director of Policy with the Assembly Majority. To my right is Fred Butler, Budget Director of the Assembly Minority.

I would now like to call Sheila Williamson, Community Foundation of New Jersey. Sheila, do we have a copy of your statement?

S H E I L A W I L L I A M S O N: Yes, you do.

ASSEMBLYMAN RAFFERTY: Okay, thank you.

MS. WILLIAMSON: Shall I read the copy, or just talk about it. How would you like me to do it, Assemblyman Rafferty?

ASSEMBLYMAN RAFFERTY: Well, whatever you feel most comfortable doing. If you want to read it, that's fine. But, if you feel more comfortable just--

MS. WILLIAMSON: Well, it is a somewhat long document. We are the Community Foundation of New Jersey. There are several community foundations in the State. We are the only statewide one. There are over 300 community foundations across the country. We are all independent groups, although we do network with each other. Our purpose is to administer endowment and other funds, primarily from private sources, and management them for charitable purposes.

We started in 1980 as an Essex County group. We then felt that there was a need for a statewide organization, and in 1983 we became the Community Foundation of New Jersey. Last year we merged together with the Mercer County Community Foundation. We have a number of other funds. We are a small organization at the moment. Our endowment is approaching \$3 million. We gave away over \$350,000 last year. Most of our activity is in cooperation and conjunction with other foundations, corporations, and government agencies.

The main purpose of the Community Foundation is to be the focus of community philanthropy; to support nonprofit organizations and the communities they serve; and, to address urgent local and statewide needs through innovative and long-lasting remedies.

In this regard, and the reason I am here today, is because we believe we can be a vehicle that New Jersey can use to help make effective and efficient usage of that part of the oil overcharge restitution settlements which can be used for nonprofit agencies, low-income housing, and economic development. I think New Jersey may be a leader in planning for the disposal of the funds, and we think it can demonstrate innovative approaches which will leverage additional moneys to target multiple goals, and maximize the impact of this large one-time opportunity. I feel very strongly about that.

While I think it is important that people be helped, if you weatherize a house, you continue to help because you cut the cost of the amount of fuel you need to heat a home every year, and you can create jobs. So, I think there must be addressed in this issue, a multiple targeting of goals.

Our goals -- the Foundation's goals -- vis-a-vis the overcharge funds, are really twofold: To work with the State to create ways by which the restitution moneys can be used creatively to leverage private capital and philanthropic dollars; and secondly, to help assure the dollars are spent in the spirit of *cy pres*, or "next best use," which was embodied in the court awards.

We are an organization -- as I said -- one of 300 across the country. We do network with other groups and, therefore, have the opportunity of finding out what communities across the country are doing. There are over 16 community foundations in the country which have provided thousands of nonprofits with a million dollars of savings in the energy field. Weatherization, maintenance, and education have reduced

the energy costs of low-income housing. Jobs created to implement energy conservation efforts have been targeted to low-income and unemployed youth.

There is one especially interesting program that has been spearheaded by the New York Community Trust and involving both the Cleveland Foundation and the St. Paul Foundation, which is being financed by a million dollar grant from the Federal Department of Energy, some of the same moneys that we are talking about tonight. Each foundation has established a separate fund with its share of the Department of Energy grant, and has sought advice from public, private, and nonprofit sectors on programs to support, and has solicited proposals and has made grant awards. The Community Foundation, in this effort, serves as organizer, catalyst, and grantmaker. The following objectives are being pursued, which I'm sure you will be looking at, too:

- 1) To assist nonprofit organizations with energy conservation initiatives so as to reduce the operating costs of their facilities;

- 2) To assist nonprofit organizations with energy initiatives which benefit low-income housing projects and residents;

- 3) To assist nonprofit organizations with energy conservation initiatives which provide economic development benefits;

- 4) To leverage additional public and private investments in energy conservation targeted to nonprofit organizations;

- 5) To strengthen the relationship among Federal, State, and local private and nonprofit interests regarding energy conservation efforts; and,

- 6) To identify policy and program recommendations to improve existing energy conservation programs.

We believe we may be in somewhat of a unique position to help New Jersey, because we offer the ability to identify small and medium-sized nonprofits and to target conservation resources to meet their energy needs most effectively.

We have had the experience of networking with other public and private entities to creatively expend these restitution moneys for maximum long-term impact. We can offer the ability to leverage private sector support. We offer a long-term commitment as a neutral institution to address the problem of unnecessarily high energy consumption and costs.

In partnership with others, we can make it possible to consider new models for delivering energy conservation services and allow new ideas to be tested.

Several conditions now make it attractive for New Jersey to consider an energy conservation partnership with the Community Foundation of New Jersey. These conditions are, obviously:

- 1) The availability of a substantial amount of oil overcharge restitution funds;
- 2) The obligation of the State to address broad classes of overcharged consumers, including nonprofits and low-income people;
- 3) The experience of community foundations with energy conservation grantmaking targeted to these groups;
- 4) The desirability for the State to leverage its money;
- 5) The need to achieve long lasting results, rather than immediate one shot savings; and,
- 6) The access of community foundations to private capital.

Such a partnership might take two forms. The first would be replicating, supporting, and expanding the grantmaking experiences of other community foundations in energy conservation. The second would be for the State to take

advantage of the operating strength of the Community Foundation. Our grantmaking resources come from income earned on endowment. New Jersey could create energy conservation endowment funds with the Community Foundation of New Jersey, which would annually yield money to be used for grantmaking in this area. There have been some legal opinions given that this is possible.

We think that a strong argument can be made to work with the Community Foundation by directing a portion of the oil overcharge restitution settlements to the energy needs of nonprofits and the low-income communities which they serve. There was a national survey taken in 1981. The prices of oil were very high then. But, it did find that over 10% of grants made to nonprofits went for unnecessary energy costs. In that year, \$4 billion worth of grants were made from corporations and foundations, and in that year \$40 billion went from the Federal government. If 10% of that represents unnecessary energy costs, even if the oil prices are dropping, in this day of Gramm-Rudman and budget cutbacks, it really is necessary to do something to -- mandatory to do something for nonprofits, in order to increase the cash flow for service delivery and to make more efficient the use of taxpayers' dollars.

Thank you for allowing us to present our views.

ASSEMBLYMAN RAFFERTY: Thank you, Ms. Williamson. I know you traveled a long distance this evening. One question I would like to ask: You mentioned, in closing, about the 1981 national study. Are there any more current studies on that, to your knowledge?

MS. WILLIAMSON: Not that I know of, but I can find out for you. The Urban Institute did a part, and I will see if I can get something for you.

ASSEMBLYMAN RAFFERTY: Because they are very interesting statistics, and I think it would be helpful if you--

MS. WILLIAMSON: Well, they're frightening, aren't they?

ASSEMBLYMAN RAFFERTY: Yes, they are. If you could get an update on those, it would certainly help, I'm sure.

MS. WILLIAMSON: All right, I will try.

ASSEMBLYMAN RAFFERTY: Thank you, Ms. Williamson. Thank you very much. Mr. Sharpe James, Councilman-at-Large from Newark, New Jersey. Welcome to Hamilton, Councilman.

C O U N C I L M A N - A T - L A R G E S H A R P E J A M E S:
Thank you, Mr. Chairman. I have been here before, and it still looks lovely.

Assemblyman Rafferty, ladies and gentlemen: My name is Sharpe James, and I am a Councilman-at-Large from the great City of Newark, New Jersey.

Initially, I would like to thank this Committee for giving me the opportunity to come before you and offer suggestions on how to use the oil profits windfall returned to the citizens of New Jersey.

I would also like to take this opportunity to remind you that almost two weeks ago, I had asked the Honorable Governor Thomas Kean to use the power of the State Commission of Investigation to launch an all-out, no-holds-barred investigation of the oil industry in New Jersey.

The citizens of Newark were shocked when they became aware of the magnitude of the money being returned to the citizens of New Jersey. Eighty-five million dollars is a lot of money, and I empathize with the State's concern, and certainly this august Committee, on how these dollars will be spent.

However, I would like to suggest that the direction of how the money will be used misses the mark, for it is my understanding that it is only to be used for energy-related programs.

When the oil companies mugged the poor people of New Jersey with their extortionate (sic) gasoline and home heating oil prices, these were not energy-related dollars they robbed

from those who reside in the City of Newark -- my people, the poor people of New Jersey, unsuspecting victims. These were dollars that were diverted from food; dollars taken from the hungry children and families barely able to meet their most basic needs in life; families who live in terror of their landlords because they may not be able to meet the rent or pay for repairs to the cars they need to get them to the jobs in suburbia, as we witness the decreasing number of jobs available in the inner city. These are not energy dollars.

These are blood dollars, taken from people who could not defend themselves and, as their representative, I strongly suggest that the money be returned to them with as few strings attached as possible.

I would recommend that this Committee tell the Assembly to give the \$85 million to the cities in block grant form, and let the cities decide how to use the money, with the State Legislature using its oversight powers to make sure the money is used in a fashion that would benefit the most people.

If you decide to keep the money in energy-related programs, then let us use it to create jobs in the energy field. On one of my walks around the city this winter -- most recently about two weeks ago -- I spoke to a group of unemployed young men huddled near a trash can warming themselves at the fire, and all they wanted were jobs, jobs, jobs.

Without meaning to be facetious, they were recycling energy sources from empty buildings, the dried wood of abandoned houses, and no one thought to compliment them on their creative use of a throwaway society's leavings or for finding a way to use the wasted energy of their lives. I do not want to see them there next winter, Mr. Chairman and members of this Committee, and you hold the key to their future.

I call upon you to consider their needs first, and then decide how best to use this money:

a) Let us use it to train our unemployed youth and give them new skills, such as oil burner and air conditioner installation and repair persons. Skills and jobs for a better America. A chance for young people, for urban Americans to join the mainstream of America.

b) Let us set a new goal of using this money as the foundation of a new energy service industry that would be low on the use of new technology, but high on the use of people. Let's put America to work; let's put young people to work. Let's put those who are on the street corners to work; let's give a person a job. Jobs result in decreasing crime; jobs result in people having hope for a better way of life.

c) Let us use this money for summer programs, where unemployed young people could be employed in projects to insulate the homes of low-income families. Again, skills and jobs, weatherization and education for a better America, for a permanent use of this money that would elevate the standard of living for all Americans.

d) Let us use this money in a revolving fund to help minority businessmen become insulation contractors, and give them the basic financial backing they will require to bid on jobs, post performance bonds, and make advance purchases of materials. Give them a chance to join the mainstream of America.

This money can make a difference in many lives. To waste it on one-shot, quick-fix programs would be a sin. Most recently you witnessed Mr. Bill Moyer showing on CBS the "Vanishing Families in America." Everyone has been sending editorials in and talking about that. The decisions you reach, or your recommendations, could address those problems of the vanishing families, could bring about stabilization of the family, could give an individual, perhaps, the most fundamental thing in life -- a job. A person who has a job can take care of a family, can become a decent citizen, can help America.

Therefore, we would hope that we not just say "One quick fix," but would look at trying to make people provide job training programs, give them skills, weatherization, insulation, all of this, which would mean that these dollars would not evaporate and would not bring about a significant change in America -- in urban America, in Newark -- but would bring about something which this Committee, long after the \$85 million is spent-- Or, if you put it in a revolving fund, and you utilize the interest, you could provide loans and other type job training programs to help urban America.

So, we would just hope that you would give these kinds of things consideration, whereby these dollars could assist urban America, low-income families, minorities, and others as well.

Thank you, Mr. Chairman, for the opportunity to be here in Hamilton again, and also to address this august Committee.

ASSEMBLYMAN RAFFERTY: Thank you, Councilman-at-Large James. You brought out some fine points. I am sure the Legislature will give them due consideration.

One thing I would like to bring out is, it isn't the State of New Jersey which imposes the limitations and restrictions on the use of these funds. They are restricted by Section 155 of the Oil Overcharge Funds. It is a Warner amendment. It is a Federal restriction. At our initial meeting, we were speaking about how we could address broadening those to incorporate other areas, with the exception of just these energy conservation measures, and you bring out some very interesting points with regard to the educational aspect of that.

It is very much appreciated. Thank you for coming all the way from Newark.

COUNCILMAN-AT-LARGE JAMES: Thank you for your time.

ASSEMBLYMAN RAFFERTY: Very good. Mr. Joseph Morris, Assistant Commissioner, New Jersey State Department of Health.

A S S T. C O M M. J O S E P H I. M O R R I S: Thank you, Mr. Rafferty. I have provided the Committee with copies of my testimony. Instead of going over the testimony, I am just going to highlight portions of it because there are still many people who will yet testify.

I would like to propose that the Committee consider a way that you can implement a revolving fund for use by hospitals, in order to implement energy conservations. New Jersey hospitals spend, on the average, \$110 million per year on energy, so the saving potential is very great.

The total expenditure in future years will only increase. At this time, New Jersey hospitals are faced with aging physical plants. If you think about some of the hospitals we have right here in Mercer County -- in Trenton, Helene Fuld, Mercer Medical Center -- they now have physical plants that are not as efficient with energy as they might be.

The New Jersey Department of Health, in conjunction with the Department of Energy and the New Jersey Hospital Association, participated in a Federal Department of Energy Grant Program. That grant program had certain restrictions. It appears that any time there is money from the Federal government, there are restrictions that go with it. We see there were many good benefits that came from that program. There were energy audits of 86 participating hospitals, and already identified by those audits, are many measures which could be taken to have energy conservation through retrofit programs.

The various proposals for energy renovations in hospitals have payback periods from three to ten years, so it would be possible for hospitals to repay low interest loans back to the fund, so that it would continue for many years to come.

The type of programs that can be achieved by these energy conservation projects are as follows: Improvements in hospitals' heating, ventillating, and air conditioning systems; installation of heat recovery systems on incinerators; and, replacement of outdated boilers.

Our current Gramm-Rudman Act at the Federal level will completely annihilate not only many of our other great social programs, but the Energy Grant Program. At a point in time when the changes in the Federal tax law is eliminating tax exempt financing for hospitals, hospitals will have no chance to finance some of these necessary programs and, without that needed capital, will continue to expend money inefficiently on energy.

The Department of Health stands willing to work with your Committee to develop the parameters for any energy conservation program directed at hospitals. We believe that along with all the many other great uses that the Committee will hear about for these funds, I would like to propose that there is a way to benefit all of New Jersey by making sure that New Jersey hospitals can participate and have energy conservations they otherwise may not have.

Thank you very much.

ASSEMBLYMAN RAFFERTY: Thank you, Commissioner. We appreciate your coming here. Betty Wilson, Center for Non-Profit Corporations.

B E T T Y W I L S O N: Thank you, Assemblyman. I would like to address my remarks to the process you use to distribute the funds.

I'll tell you a little bit about the Center for Non-Profits before I get to my statement. The Center is an umbrella organization of New Jersey nonprofit groups, of which there are approximately 4000. Our offices are located in Trenton, New Jersey.

The Center for Non-Profits recommends that the State of New Jersey allocate a major part of the oil overcharge funds to New Jersey communities through the Community Foundation of New Jersey.

The Community Foundation is uniquely suited and especially well qualified to work with neighborhood nonprofits and the communities they serve across New Jersey. The Community Foundation offers the ability to identify local unmet needs and to address urgent local needs through innovation and long-term strategies. The Community Foundation can leverage private sector support to enhance these oil overcharge funds. It offers long-term commitment as a neutral institution to addressing the problem of unnecessarily high energy consumption and costs.

In addition, the Community Foundation is an experienced partner with business, government, and the nonprofits in addressing community needs, and they are guided by unique public benefit requirements under Federal statutes and regulations.

They are also experienced grantmakers to nonprofit organizations, and in working with low-income housing and economic development organizations.

Energy conservation programs initiated by community foundations in other states have produced substantial conservation results for nonprofits in 16 cities. New Jersey can join that group.

The State has an obligation to address broad classes of overcharged consumers, including low-income people and the 4000 nonprofit groups in New Jersey. We urge you, Assemblyman Rafferty, to take the lead in forming a powerful and effective partnership between the State of New Jersey and our Community Foundation, to help distribute these funds in the best interest of the State and all of its citizens.

ASSEMBLYMAN RAFFERTY: Thank you very much, Ms. Wilson. We appreciate your testimony. Hy Gold, independent consultant. Good evening, how are you?

C H A I M S. G O L D: Good evening, how are you?

ASSEMBLYMAN RAFFERTY: Are we in for a special treat tonight, Hy?

MR. GOLD: If everything works, I promise you an electrifying experience. (Mr. Gold prepares equipment to give a demonstration.) If there are any short circuits, somebody please lengthen them.

I am going to abandon the first paragraph of the prepared testimony here because I am pleased to see that you have not been confronted by a list of people seeking primarily to expand on their subsidies, but there is some real interest in investing the oil overcharge funds, rather than simply spending them.

There are basically two points that I want to make tonight. The purpose of this demonstration is to show you. The first point is that New Jersey has been a leader in energy research and development and marketing, and this is not widely appreciated. I think the citizens of New Jersey -- the taxpayers, its elderly and poor people -- would be very well-served if you would designate a portion of the available funds -- possibly 10% -- for the further development and marketing of new energy-saving technologies in New Jersey.

Secondly, let's change the focus from subsidizing energy consumption, via things such as Lifeline electric rates, into subsidizing energy efficiency by decreasing the costs to consumers of products such as high efficiency refrigerators and high efficiency light bulbs, which can actually reduce energy consumption not only this year, but for years to come.

First, we might as well acknowledge the obvious. The energy crisis has come and gone. Oil and gasoline prices have plunged in the last month, and natural gas prices will probably

follow. They won't stay down, though. Energy is no longer Page 1 news, but, like Halley's Comet, it is a very cyclical matter. The next cycle is coming up this summer. Electric rates in Public Service's territory are going up by 25%. Whether they go up all at once in August, or whether they are phased in over three years, the cost of the Hope Creek nuclear plant must be covered. This increase is going to have a devastating effect on a lot of people who have barely accommodated themselves to sharply rising costs of oil and gas, even with government assistance.

Some of them may well be here tonight, and you can hear from them the problems they face. Let's help them, but let's do it differently than we have done in the past. Rather than subsidizing their electric bills, let's subsidize instead products which will enable them to use less electricity.

And now, the demonstration. This is not the laser sword of Obie-Wan-Kenobee. This is a light bulb, a very, very high efficiency light bulb, which didn't exist a few years ago. It has five times the light intensity of a traditional fluorescent bulb. In fact, you can imagine the size of one of those bulbs. This has about one-fifth of the power of that four-foot long bulb. So, it is much smaller, and you can fit it into lamps -- you can see that is a lamp socket -- and you can put it in your living room. But, there is another difference. It isn't a standard fluorescent color. It is a natural color bulb. If you screw this into a lamp socket and you put a shade over it, you would never know you were looking at a fluorescent bulb.

ASSEMBLYMAN RAFFERTY: Excuse me for interrupting, Hy. Jim, cut those lights for a second. Let's see what the-- Just for a second; we might as well go all the way with this demonstration.

MR. GOLD: This is a big room, but-- Okay.

ASSEMBLYMAN RAFFERTY: How about hitting the other one? Is there another button there? I mean, if you are going to put a show on, we might as well get the whole effect. (Unknown gentleman complies with Assemblyman Rafferty's request.) That gives us a better indication. Okay, that's fine.

MR. GOLD: You could say that what I am advocating is, if you have to turn on, this is the way to do it. (laughter)

Now, if you put this bulb in a living room lamp and you put a shade over it, you are going to see, in effect, the light output of a 40-watt light bulb. But, this is a 9-watt bulb. It uses about one-fourth of the electricity. Those savings can really add up. Now, if that shape looks a little strange, as technology improves, there are newer and better products. One of these is called a "light capsule," and that is in this very pretty red, white, blue, and green box, and this looks a bit more like a standard electric light bulb, such as we are familiar with. This also has what is called a "warm color." It is a bit more standard. That is the equivalent of a 60-watt bulb, and it uses 17 watts.

By the end of the year, I have been told by the people who are in the business of producing these, we will have 25-watt bulbs which will directly replace standard 100-watt light bulbs. This means that most applications in the homes will be suitable for this kind of bulb.

Now, even more new and interesting products in this area are on the way because 10 days ago at Princeton University, I saw a bulb that was smaller than this, much thinner, about one-fourth the weight, and it will have 50% more light output yet. So, as technology advances -- as we learn how to develop and produce these products -- we are getting more and more efficiency out of them.

Now, what do the economics look like? Lots of people keep a bulb on 24 hours a day. If you do, this bulb -- a T17

-- will use 375 kilowatt hours less in a year than a comparable 60-watt bulb. Now, what do you pay for 375 kilowatts? Well, today you are paying about \$40--some for that, and by August, if Public Service gets its rate increase, you will pay \$56 for that amount of electric. Fifty-six dollars less to run one of these bulbs in place of a 60-watt light bulb. It also lasts about five times as long.

Now, what is the catch? The catch is that a regular light bulb is a buck, maybe 50 cents on sale. This bulb costs \$18 in a store. But, it doesn't cost \$18 because there is anything in it, like gold or platinum, that makes it cost \$18. It costs that much money because other light bulbs are made by the zillions, and these are probably made by the hundreds of thousands. Suppose we were in a position to sell millions of these a year? What would happen to the cost? Like any good mass market consumer product, the cost is going to drop very, very sharply.

I might also add, by the way-- Assemblyman Rafferty, you have probably seen these hundreds of times and not known it, because the State of New Jersey has done an extensive bulb replacement project in the State House, and I do know that in the Senate Chamber, all of the ceiling bulbs, and many of the bulbs in the outer vestibule are this kind of bulb. They have been using them for about three years now with tremendous success.

I am going to tell you a very important fact, and a very disturbing fact about these bulbs. This bulb was invented in Holland. This bulb is Panasonic. It comes from Japan. The newer high-tech bulbs are coming out of West Germany. They are all being made overseas. You may have noticed, if you have been shopping for regular bulbs lately, that they are now coming from Poland, Hungary, and Rumania. I find very little satisfaction that both Panasonic and Philips have chosen to establish U.S. distribution centers in New Jersey. I think

that a product which is so vital to our energy future should be made in America. While this Committee may not be the appropriate forum for that, I think it is important that the appropriate legislative committee consider why yet another manufacturing industry is leaving this country, and whether somehow the Legislature might be in a position to do something about it.

What I would like to recommend is that you provide funding to substantially subsidize the cost of these bulbs to the target population, by paying at least half, and perhaps three-fourths of the cost of each bulb, and that you further negotiate large quantity master contracts, on a competitive basis, with firms willing to manufacture these bulbs in New Jersey, under a guarantee of a minimum annual purchase.

I think that in quantities of a million, it should be possible to sell these not for \$18 apiece, but for under \$10 each. For each million bulbs you place in circulation, you will be using seven and a half million dollars in oil overcharge funds, and you will be saving the recipients of these bulbs up to \$40 million a year. Forty million dollars a year -- a lot of money.

I might also mention that the other major energy user for low-income and elderly persons is the common household refrigerator. The newest models provide about the same amount of cooling on about a third less electric, but they cost more. Again, by subsidizing a more efficient appliance when it is originally purchased, you are talking about significant reductions in annual costs, possibly \$80 a year, for as long as the refrigerator is in use, which might very well be 15, 20, 25 years. I think it makes a lot of sense to subsidize this additional purchase price, instead of paying out the premium in electricity costs each year.

I am pleased to tell you -- if you weren't sure, by the way -- that a high efficiency refrigerator looks exactly like a regular refrigerator. I didn't bring one tonight.

So, to recap, I would like to see up to 10% of the oil overcharge funds available for applied research into ways to further implement energy savings using these new technologies. This might take the form of grants to research institutions, grants to trade associations, nonprofit groups -- such as the Community Foundation, which we heard from tonight, and which is very active in New York City, I know, doing this kind of work -- and even grants to private companies to improve the manufacturing, marketing, and distribution of these products.

One of the frustrations, by the way, as we are talking about this bulb, is that if I offered a \$100 reward to the person who could first bring one of these back alive, nobody would come back tonight, and very few of you would make it back here tomorrow. They are not easy to find. They are not a supermarket item. You've got to know the electric distribution industry, and you've got to know who the distributors are, and it is much more complicated than it should be.

If you go to Russia, they build products for the purpose of sitting on warehouse shelves, so that they can fulfill production quotas. The genius of our economy is that we push products through the warehouses to consumers. We shouldn't let these bulbs pile up in the warehouses, or the many, many other technologies that have been developed in the last years.

So, in conclusion, let's stop subsidizing the cost of energy, and let's start helping people to use it more efficiently. Let's make available to people of low incomes the kinds of products which are the benefits of our technology, and we will benefit all of them in the short run, and in the long run it will benefit all of us.

Thank you.

ASSEMBLYMAN RAFFERTY: Thank you, Hy. You missed an interesting sentence in your presentation. I think the audience-- You ought to recap. "Give a man a fish and you

feed him for a day; teach a man to fish and you feed him for a lifetime."

MR. GOLD: It's not original with me, but it is a good point.

ASSEMBLYMAN RAFFERTY: Well, you missed it anyway. That was a very interesting presentation. We appreciate it. All of your comments here, as you presented them, and your written statement, will be given consideration.

Again, let me reemphasize that there is \$85 million available. Now, there are a lot of things that could be done with \$85 million. It can be apportioned accordingly to these different ideas. So, I think that the more ideas brought up to present to the Legislature, the more significant-- So far, I think this hearing is producing some excellent ideas.

Mr. Larry Lockhart, Deputy Commissioner of the New Jersey Department of Human Services. Commissioner Lockhart, do you have anything for us -- a statement?

D E P U T Y C O M M . L A R R Y J . L O C K H A R T :
Yes, I believe I handed them out earlier.

ASSEMBLYMAN RAFFERTY: Thank you.

DEPUTY COMM. LOCKHART: First of all, Assemblyman, let me say it is indeed my pleasure to be here this evening to have the opportunity to present to you the Department of Human Services' ideas on how these particular dollars can be spent.

It has been most informative in the few minutes I have spent here, and I certainly am very happy to hear on this occasion that individuals are discussing the plight of those who are less fortunate.

I am very pleased to be here this evening to discuss the Department of Human Services' preliminary recommendations for the use of the oil overcharge funds. I can assure you that it is a relief to consider the use of new funds after the Department lost approximately \$13 million as of about two weeks ago under Gramm-Rudman. Unfortunately, it is my understanding

that oil overcharge funds cannot be used to replace those lost Federal funds.

Nevertheless, these funds could be useful in expanding benefits to low-income persons who might suffer reduced services in other programs next year due to other Federal cutbacks. This additional assistance could be accomplished by expanding our weatherization efforts to protect low-income persons, particularly the elderly and the disabled, from future energy increases and making capital improvements in our institutions, in order to improve energy conservation.

There is a tremendous need for capital improvements which would create energy savings in our institutional and community facilities. The Department of Human Services operates the largest outlay of heated buildings of any State agency. Our institutional and community-based facilities comprise approximately 10.6 million square feet, contained in 1000 buildings. Many of these buildings are old, and, historically, the highest priorities for capital improvements have been providing for safety, and for environments which promote patient therapy growth.

This funding will provide us the opportunity to improve the living conditions of developmentally disabled, mentally ill, elderly veterans, and troubled youth.

We have determined that an opportunity exists for significant savings in the area of energy conservation, while at the same time upgrading the physical plants of our facilities. Some funding has been obtained for this purpose from the Energy Conservation Fund Bond Issue, administered by the New Jersey Department of Energy. However, the amount allocated to the Department of Human Services to date is only \$2.9 million. Most of this has been spent, and it does not approach the magnitude of the identified needs.

The next and final appropriation of the Energy Conservation Fund -- now pending in the Assembly -- is for the

amount of \$22 million. We specifically identified the needs at our facilities for energy conservation funds in requests to the Department of Energy. These requests show an unmet need of about \$26 million. Of the pending appropriation of \$22 million, I understand from the Department of Energy that, as a preliminary estimate, they only have sufficient funds to allocate approximately \$7.8 million to this Department. If this becomes reality, the balance of our needs in this area, or approximately \$18 million, would go unfunded.

These needs are all valid, and range in their variety from storm windows, insulation, and power-saving lamps to the replacement of boilers. As an investment in the future, oil overcharge funds are justified for this purpose.

Outside the Department's institutions, many of the State's elderly and disabled populations also reside in boarding homes and residential health care facilities. Most boarding homes and residential health care facilities are, by regulation, serving residents who need 24-hour care, as well as continuing health care and social services. About 25% of the 14,000 boarding home and residential health care facility population is over 80 years old, and 70% or more is over 60 years old. SSI recipients comprise 50% of the facility population, while the majority of the remaining residents depend on other Social Security payments. Improving the living environment for these vulnerable citizens should be a high priority for us all.

While proprietary, supervised housing for the elderly and disabled represents a low-cost alternative to State-sponsored living arrangements, recently some facilities have closed due to soaring insurance rates and a SSI rate too low to cover operating costs. Other proprietors have ceased accepting SSI recipients due to the reimbursement rate. This trend has been especially true in smaller facilities which offer the family type environment the Department seeks to encourage.

There are approximately 600 boarding and residential health care facilities now operating in the State. Retrofit and weatherization funds could provide an opportunity for the State to assist the facility owners in meeting codes and otherwise maintaining this badly needed housing resource.

In addition, there are presently 59 shelters in the State which will soon be required to meet new codes. Twenty of these shelters provide services to battered women or serve as detoxification centers, while the remaining 39 are designed to care for the homeless. While detailed information on the homeless population in the State is not yet available, it is clear that this population includes AFDC families, as well as elderly and disabled individuals who cannot afford more permanent housing. As with boarding homes, weatherization funds directed for shelters would be beneficial in offsetting operating costs, and could, in the long run, provide a savings to State-supported facilities. Our preliminary estimates for weatherizing shelters and boarding homes in the State of New Jersey is approximately \$8 million.

Also, it is important that we address the energy conservation needs of the low-income households in their own homes. As part of our continuing effort to assist families in conserving energy, we propose instituting an oil furnace retrofit program for AFDC and SSI households which receive services through the Division of Public Welfare. Presently, we fund a similar project supported by the Low-Income Home Energy Assistance Block Grant, which is being organized by the Department of Community Affairs through the community action agencies.

Our project would supplement the Department of Community Affairs' efforts and would specifically target AFDC and SSI families who are participating in the Home Energy Assistance Program, which is operated through the county welfare agencies.

Initially, we would like to institute a supplemental pilot project through several counties where the concentration of oil-heated homes is quite high.

We would like to take advantage of the structure which has been put into place by the Department of Community Affairs, and coordinate the project with the same participating parties which include the Alliance to Save Energy, the Institute for Human Development, and the Fuel Merchants Association. An estimated \$1.5 million will be required as a start-up for implementing this project.

By utilizing the county welfare agencies, we will be able to greatly expand the delivery of weatherization services in our State, as well as assure that those households which have the greatest needs are served.

Lastly, we recommend that funds be made available to increase the eligibility income guidelines to the level authorized in the Low-Income Energy Assistance Act, which is 60% of the State's median income. Almost half of the states have established their income eligibility criteria at that level. The current eligibility criteria for this program in New Jersey is set at 150% of the poverty level, or \$1331 a month for a family of four. This level would be raised to \$1822 under our proposal.

This increase will attempt to offset the continuing decline in Aid to Families with Dependent Children and food stamp participation experienced during the past several years, while attempting to assist many needy households on fixed incomes such as Social Security benefits, whose incremental increases in recent years have made them ineligible for Home Energy Assistance Program benefits. We anticipate serving an additional 10,000 to 15,000 households at this higher income level with an average Home Energy Assistance benefit of approximately \$200 per household. Currently, the average benefit in the program is about \$315. This proposal would

result in increased expenditures of up to \$3 million on an annualized basis.

In conclusion, oil overcharge funds should first be used to assist those persons who are in greatest need of assistance. The State has a responsibility to make use of available resources to assure that our most vulnerable citizens are protected from high energy costs, now and in the future. I am confident that with your help, New Jersey will meet that responsibility and maintain its national reputation as a State that cares.

Thank you.

ASSEMBLYMAN RAFFERTY: Thank you, Deputy Commissioner. We appreciate your testimony. Ron Tola, Director of Facilities - Planning and Construction, New Jersey Department of Higher Education.

R O N A L D F. T O L A: The Department of Higher Education agrees with the statements and goals of the Subcommittee. What I bring before you is a choice that will benefit future generations and take advantage of existing state-of-the-art technology in the area of energy conservation.

You have before you a list of projects which are already in place, which have paybacks of less than five years for energy conservation measures at senior public institutions. With those five-year paybacks, we would be turning over the money which the Subcommittee has to spend at least once every five years. Some of the paybacks are as low as three months. The benefits which we feel will be derived from our utilization of these funds would be an effective and efficient use of these moneys. We feel the benefits would be shown to all taxpayers, and would benefit future generations.

In addition, implementation of these programs would create jobs which would help eliminate other problems which we have today.

Thank you.

ASSEMBLYMAN RAFFERTY: Thank you very much, Mr. Tola. Mr. James Putnam, Chief of Staff, New Jersey Department of Energy.

J A M E S P U T N A M: Mr. Chairman, I want to thank you for allowing me to be here again before your Committee.

I have two purposes: One is to review, once again, the eligibility and background information on the Exxon settlement, so there is an understanding by most parties who are interested in spending the money what the restrictions are that apply, or at least what the primary ones are. Then, I will give you an update on our progress in terms of getting more flexibility from the Federal government.

First, regarding the overcharge funds-- For background information, the United States Supreme Court decided, on January 27, 1986, not to accept an appeal by Exxon Corporation on the United States vs. Exxon Corporation, a \$2.1 billion petroleum violation case. As a result of the U.S. Supreme Court action, District Court Judge Flannery's (phonetic spelling) May, 1983 ruling stands. This ruling requires distribution of the Exxon funds to states for the purposes of providing restitution to consumers.

Restitution must be provided by expenditure of the funds within the Warner Amendment Guidelines. Section 155 of the so-called Warner Amendment was a 1982 congressional amendment to the continuing resolution passed by Congress, which was attached to a \$200 million national settlement that was released to the states. This was one of the first oil overcharge settlements. The amendment directed the United States Department of Energy to distribute money to the Governors of all states and territories in proportion to their consumption of petroleum products during the period of price controls. It directs the states to use the funds in one or more of five eligible program areas.

New Jersey State Library

It prohibits the use of funds for administrative purposes and directs the states to report to the U.S. government on the uses or intended uses of the moneys. In addition, the court ruling requires the allocation of all interest earned on the funds to the same five program areas.

Finally, it directs that the distribution of oil overcharge dollars supplement, and not supplant State and Federal program appropriations. This last restriction would prohibit the use of Exxon funds to offset the loss of State or Federal revenues.

Following are the summaries of the five eligible programs to which funds may be allocated:

1) The State Energy Conservation Program. A variety of programs and projects are undertaken through this effort, in which the State attempts to promote the use of existing energy conservation technology and demonstrate energy-saving techniques. Generally, capital improvements, including equipment supplies and building materials are prohibited from use, unless a demonstration certification is given for the project. Care programs of all residential, commercial, industrial, and transportation efforts.

2) The Energy Extension Service Program. This program addresses the public education needs of the State to promote energy conservation within targeted segments of the population. In addition, it is oriented to the small or individual energy users.

3) The Institutional Conservation Program. Matching grants are given to qualified schools and hospitals to identify energy-saving opportunities in their facilities and to implement the improvements in these buildings. Capital expenditures are allowed under this program.

4) The Weatherization Assistance Program. This provides funding for low-income households and public housing authorities for the direct installation of weatherization in

low-income households. In addition, it provides funds for heating oil retrofits in low-income households. Capital expenditures within the program guidelines are allowed, and I believe the cap right now is \$1600 per household.

5) The Low-Income Energy Assistance Program. This program provides fuel assistance payments to households in the same income category as the weatherization.

These are the eligible areas of activity under the District Court ruling. One comment on that ruling, Mr. Chairman. In the initial distribution of funds from Exxon, the United States government has withheld a couple of pots of money that affect aviation fuel and affect fuel used in ports. New Jersey has several ports that were affected. So, the initial amount of money that the State received -- and I brought you a copy of our wire transfer that we deposited last Thursday -- was \$75,432,931.59. This is for your records. This has been deposited in the State accounts.

In terms of the status of our efforts to get more flexibility from the United States Department of Energy, we have to date appealed to a number of various offices at the national level, including the Secretary of Energy and the appropriate Assistant Secretary and General Counsel's offices in the United States Department of Energy. They initially were going to issue revised program regulations allowing increased flexibility, but last Tuesday an order was given by the Secretary of Energy to withhold those regulations pending action by Congress on a rescission request by the Secretary. What they have effectively done is eliminate the funding for four of the five programs in the 1987 budget.

The first four programs I mentioned -- the State Energy Conservation, the Energy Extension Service, the Institutional Conservation, and the Weatherization -- have all been recommended for zero funding by the President. Only the fifth program will be maintained at its current level -- the

Low-Income Energy Assistance Program. This is the fourth straight year they have done this, so it is not a surprise that they have recommended no funding. Each year, Congress has overridden the request by the White House. However, it is going to be an issue this year because of the billions of dollars in oil overcharge that are also involved.

So what the Secretary has done has effectively stopped any efforts toward reform of the program regulations until the determination is made on the budget by the Congress. We think that is going to be on hold indefinitely, so we are anticipating-- We are studying the possibilities of going back to the U.S. District Court and asking for a directed ruling to either increase flexibility or at least allow us to provide some administrative direction to the use of these funds. We will make a judgment on that sometime in the next 30 days, in consultation with the National Association of Attorneys General.

That is where we stand right now in terms of flexibility. We are still back at square one; we are still fighting the battle. This amendment was passed well before Gramm-Rudman was even an issue, and the amendment strictly prohibits using this money to offset any loss of Federal revenue. Four of these programs are targeted for elimination. So, it is kind of a-- We could add money to a program that may not exist, is what it amounts to right now.

ASSEMBLYMAN RAFFERTY: That could be the case, Mr. Putnam, if those programs were eliminated, notwithstanding the restriction, we would be able to put this money into those programs?

MR. PUTNAM: As it stands right now, we cannot use it to replace existing expenditures, but only to expand the programs. It could be that the base expenditures are eliminated, or the revenue for the base costs of the programs could be eliminated.

Also, one other complicating factor is that the only money that can be used indirectly for the administration of this money -- and \$75 or \$80 million is a rather substantial amount-- Every other program I have been involved in has at least a minimum of 5% dedicated to program support and internal monitoring reporting. Right now, there is a prohibition that no funds can be used. The only account where we can use money is under the SCCP Program, of which we get about a half a million a year. So, at the present time, if we took all of our SCCP money that is going for existing programs and diverted it, we would have a total of a half a million available to administer this package. That is probably cutting it awful thin. That also means that any of the programs funded by this amount of money cannot have administrative costs involved.

Now, on the regulatory side of this, I submitted to the Committee -- I believe they finally wound up over there -- about six or seven hundred pages of regulations on these programs. Sorry. But, those are the programs as they exist today -- the regulations -- the ones we are trying to get amended.

ASSEMBLYMAN RAFFERTY: Thank you very much, Mr. Putnam.

MR. PUTNAM: Okay.

ASSEMBLYMAN RAFFERTY: Bill Curzie, New Jersey Department of Education. Bill?

W I L L I A M D. C U R Z I E, J R.: Good evening. Thank you, Assemblyman Rafferty. Just before the hearing I heard Assemblyman Rafferty explain to somebody that he was not the famous basketball player with a name that sounds something like Rafferty. I don't understand why, my name is Curzie, and nobody ever asks me if I am Cousy. I don't know why that's true.

This evening I am here to talk to you -- as the others who spoke prior to me -- about the use of these funds which are available. The last time I spoke at an energy hearing, the gas

prices were going up -- in fact, they were going way up -- and it was very easy to see why we needed to conserve. Now the gas prices are going down, and we have this false sense of security, I think, that, "Okay, the crisis is over. There is no more energy crisis."

I think this is a mixed blessing. The fact that we are now paying less money for oil does not mean that we are going to have oil forever. And, if it is a finite resource, in which generation is this finally going to reach the low level on the dip stick?

I think it is time for us to realize that we have to put greater emphasis on education of the facts of the situation. We need to educate people. Councilman James, of Newark, prior to my speaking, mentioned about the direction of education and how he thought education was a key thing. He almost stole my thunder. That is supposed to be my part, education. But, he is right. Yes, we should put young people to work, and I am sure he was speaking from a little bit different direction of where the money should go and how it should be used for putting people to work.

However, if we can't talk directly tonight about educational programs, I would like to talk to you with regard to how we might be able to use some of this money at least for the schools. It could be tied in some way to educational programs, but certainly specifically could be tied in to buildings and the conservation going on in school buildings that we need.

There are two reasons why I think it is important that we should speak this way. Number one, I already mentioned the educational process basically-- Our schools -- I think you will agree -- really should be examples of what we are trying to do for our students, for people in life ahead. The schools themselves, if they are not examples of energy conservation, how can we teach the students to conserve energy, and to have that attitude for life?

The second thing is, the taxpayer is paying a lot of money for lack of energy conservation, where school buildings are not energy efficient. It is a fact that we have so many old schools in our State that they are not energy efficient at this time. We have worked with the Energy Department trying to get schools to upgrade their facilities through grants, and so on. We have many schools in grant programs, but to this day there are not enough schools that are actually, right now, efficient in their use, and there are thousands and thousands of dollars being wasted every day.

If we were to invest money that we have from this amount that is available right now in our school buildings, we would actually be helping those people who are losing money, as it were. It was mentioned before about the fact that the money that is coming back is really money that has been taken from people -- who actually had it stolen from them. If you want to use that analogy then, I would like to say that, therefore, we could use money to invest it in the buildings in order to give it back to those people it was stolen from, and to make that money grow, because you are actually going to be conserving and saving money that would be wasted otherwise.

So, I think this is a way we could look at it, to help us to get at those people who were the victims -- mostly those people in urban districts, the people with low incomes. These buildings in the urban school districts are the worst right now -- the older schools. Some of them are deplorable in the lack of energy conservation that is going on right now.

Let me just explain a little bit about the fact that in this State we have-- In this area here, you probably don't have too many buildings of the kind I am speaking of, so it is hard to relate to that. You have newer buildings; they are more efficient. But, the older ones are the ones we are trying to get at. But even with some of the newer ones, there could be more done. The gentleman who had the light bulb up here--

Even some of the schools that are newer are not yet utilizing the better types of lighting. They are still using a lot of incandescents, where they could use fluorescents. They are not using the newer things that he brought up. This is something that could be addressed in that way.

My experiences in general are that in going around the State-- And, I do go around the State; in fact, today I was up in East Orange, and tomorrow I am going back again. We are looking at different situations in school buildings. But, over my time with the State Department of Education, which has been since 1972-- I have been a great energy advocate since that time, by the way, also, and I have been involved in a lot of energy programs and have tried to look at schools along those lines.

I walk into a school, and the first thing I see is that the school is usually overheated. The second thing I see is that the windows are open. Now, if you have an overheated building with windows open, that is money out the window. Why are those windows open? Why is the school overheated? It is not under the right controls. There are things that are inefficient in that building which need to be addressed, and this is an energy conservation situation. Put this money into that kind of a thing where you can upgrade those systems, and you are saving those taxpayers all those dollars that are now going out the window.

The incandescent lights I mentioned as an example-- You can relate to that. You know how much more inefficient they are than fluorescents, and so on. Upgrading the lighting system would be another way. In fact, those are only two of the things. I have a whole laundry list of things which could be done here -- the heating, ventilating, and air conditioning in school buildings; unit ventilators that are not efficient but could be upgraded; hot water situations; the whole building envelope -- doors, windows, weatherizing types of things we

could do. Electrical systems-- I mentioned that. Alternative systems-- There are possibilities of some types of solar down the road perhaps.

Yes, there have been energy audits in our schools, and we are still trying. Many school districts are going on energy audits and are upgrading as they go. But, basically, we have a great need in this State for our school buildings -- as I said before -- to be examples of energy conservation. We should encourage the people who are in those buildings now to use this kind of conservation in their own homes, and look toward the future, so that we will have generations that can actually utilize the energy that we are going to need down the road.

Yes, gas prices are going down, but believe me, the oil we have is a finite substance. If we don't have alternatives, if we don't teach our kids right now to go after those alternatives -- these are the future generations who are going to be our leaders -- then where are we going to be two generations down the road?

So, Jack, you said, "Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime." It is the same thing with conservation. Let's teach them conservation through upgrading our buildings and possibly tying these into some kinds of programs. I don't know what kind of money there could be for energy programs at this time, but I certainly see the two tied together. So, let's see that the taxpayers don't have the money going out the window. Let's put it where it belongs.

Thank you very much.

ASSEMBLYMAN RAFFERTY: Thank you very much, Mr. Curzie. Oliver Bartlett, New Jersey Hospital Association. Mr. Bartlett? (no response) I guess Mr. Bartlett is not here. Mr. Fred Sacco? I saw Fred here.

F R E D S A C C O: Thank you, Assemblyman. I do not have a written text, sir, but I will--

ASSEMBLYMAN RAFFERTY: I have never known you to need one, Fred.

MR. SACCO: I will provide you with one, sir, after I record what I am about to say.

My name is Fred Sacco. I am the Executive Vice President of the Fuel Merchants Association of New Jersey. We are a trade group comprised right now of about 430 fuel oil distributors across New Jersey. We supply about 90% of the home heating oil to 1.1 million homes across New Jersey. We also have a division within our organization that is called the Gasoline Jobbers Division, and there are approximately 70 members of that group who supply gasoline to about 1200 service stations across New Jersey, and we supply about 19% of the gasoline that is sold.

I wanted to give you this capsule of what we are because some of the things I am going to say may sound self-interested. But, I also want to indicate to you that the Exxon overcharge money-- In fact, our organization was one of the leaders in the suit to try to get some of the money back. It took place during the period between 1974 and about 1979. I told you how big our organization is today because I wanted to let you know how big it was back in that period. We had 700 retail home heating oil distributors at that time, and we had 6000 retail gasoline service stations in New Jersey at that time. Now, it is very important for you to understand that when this problem was occurring, many of these marketers were caught in the middle, in that the prices that were being charged to the consumer were not all of the charges that were being given to these marketers.

Now, it is unfortunate that many of them are now gone, and do not have an opportunity to get some of that back, which is rightfully due them because they didn't pass all of their costs on to their consumers and, as a result of that, many of them are out of business today because they couldn't meet what was going on in the marketplace.

There is an irony here that the U.S. government provides \$1.7 million for oil heat research and technology -- \$1.7 million for the whole country. There is a very serious threat that that might even be eliminated from the Federal government's budget in the coming year. It is the mosquito on the back of an elephant. That is the essence of what it is in the total pot.

So what I am saying to you in this regard is, we are a part of about 30 states across the country that have a predominance of the fuel oil market, and if each of the states were to give \$100,000 -- which is probably less than a tenth of a percent of this overcharge money-- But, if we all got together and were able to contribute that into a pot, that would provide \$3 million for oil heat research.

Why is that so important? It is so important today because all of the research -- just as Mr. Gold pointed out -- is happening in the other parts of the world -- in Europe. There is no reason why we should not be able to reach Stoic Emetric. What that means is 100%, or very close to 100% of a burn of the fuel we are using. Right now, about 76% of every fuel oil produces heat. The other 24% goes up the chimney. In the area of natural gas, about \$34 out of every \$100 is going up the chimney. So, that is how important this research money is to the benefit of the consumers in the end. That is a very small bid for a piece of this pie.

There is a provision in State government for low-interest loans to heating oil users, and I am constantly going to talk about heating oil users because I am not too amorous of your ideas of giving some of this oil overcharge money to the gas utilities to help feather their nests. I don't believe we ought to add any more money to the allowances that we are giving -- the benefits we are giving them under the Lifeline Programs.

But, anyhow, the low-interest program is provided as a mechanism, but the financial institutions are reluctant to participate. They are reluctant to take their investors' money and loan it out at less than market value. If you were to take a piece of this \$85 million -- \$3 to \$5 million -- and do it the same as you do with the Economic Development Authority, and say, "All right, institutions, these dollars are dedicated to giving low-income and senior citizens who use oil heat an opportunity to modernize their heating oil equipment. You are to do it at a less-than-market value interest rate," it would become a revolving fund. And that revolving fund could have a life of a decade or longer.

The heating oil industry at this point-- Since 1979 to date, we have retrofitted 300,000 of those million customers, and we have cut their average consumption of heating oil by about 26%. Now, this little part of the pot would go a long way to make a program really work, where right now there are chinks in it because of the problems of interest rates and investors' money. It is a very small part of the pot, but it would be a great investment for the State of New Jersey in the long-term.

Deputy Commissioner Lockhart pointed out the burner retrofit package. We are able to go in for about a \$550 investment, take a low-income family, who probably has an efficiency of 50%, or 55%, where 45 cents out of every dollar is going up the chimney, and we are able to modernize that equipment and bring it into an 80% efficiency, so that that low-income family now has a burner system that is functioning. It is now giving us \$80 out of every \$100. The reason that is so important is because now it gives the Department of Human Services the opportunity to take the money we have been giving them-- As Mr. Gold pointed out, we have been subsidizing them, but we have been subsidizing them with equipment that is sending most of the money up the chimney.

In 1979, we appeared before a committee in Congress that was chaired by U.S. Senator Bradley, and we asked them, "Please, take some of that money that you are spending on low-income energy assistance, and put it into equipment modernization." It took us to 1985 to get them to realize that it made some sense, so we are now doing it.

What I am pleading about to you, sir, is that you give this an opportunity to work. A small part of those dollars that would be invested in that program to make it work, would really be to the benefit of all the energy users.

I believe that Home Energy Assistance is still a very important program; that we ought to be able to give a few hundred dollars a year to some senior citizens and low-income people to help them to defray the costs of their energy. Apparently, I am not as eloquent as Mr. Gold, because I am putting the lights out, rather than putting them on. (referring to flickering lights in the room)

All right, let me get selfish here, because I think this is important. I know the parameters of the Warner Amendment, and I also know the parameters of the Federal court decision. I also counsel you that not only the Department of Energy is bidding, but we are now asking our Federal attorneys to petition the court to get some modifications on the limits -- the five areas -- because we feel this is super important, because you have about to be brought into regulation, the control of underground storage tanks. Across the country, we are losing millions and millions of gallons of product that was priced at about \$1 a gallon. I would say that in a couple of weeks it is going to be 85 cents, but it is still a lot of money that is going out of underground storage tanks into the environment, and we are losing a whole lot of energy.

I believe you should take this 10% of this fund -- and I think it is realistic to ask for 10% of the fund -- to put in an underground tank improvement trust fund, to help some of

these dealers who were able to weather the tide of high energy prices and the control period, and stay in the business. It is estimated that this program is going to cost -- maybe in New Jersey alone -- \$30 million, to do what the regulations are going to call for. What I am saying to you is, take this money, put it in a trust fund, give the small businesses, give the service station operators in the community of Hamilton Township -- that is one illustration -- an opportunity to get money out of this fund to improve their tanks, and to guarantee the integrity of those underground tanks for not only the immediate future, but on into a decade or several decades down the road. Let them establish a five-year program; give them a ten-year payback opportunity; and then provide that this trust fund that you established go back into the trust fund that you are probably going to establish, to administer the oil overcharge money.

What you would be doing would be cycling this money, giving a whole lot of small businessmen who were as impacted by this problem as all of us as consumers were, and giving them an opportunity for a business life extension, which is so paramount to where we are going to be 10 years down the road from now. That money, I believe, could be paid back in a 10-year cycle, and you would -- 10 years from now -- have the same 10% of the pot available to do any other energy opportunities that come along.

We are talking right now about the Exxon case. We are participants in the Stripper Well case. That is only touching the surface now. There is an expectation that there is probably going to be an equal amount of money that will come back to New Jersey as a result of all the machinations that went on in the petroleum market industry during that Arab embargo period.

So, even if I am unsuccessful in my bid at my first opportunity to visit the trowel (sic), I wanted to plant the

seed in your minds, sir, so that I could come back when you are chairing this Committee next year, or 18 months from now, talking about where the Stripper Well money may be going, because we are putting in our petition an opportunity to maybe use some of this money for this trust fund. I believe it is super critical to the fuel oil marketers who exist today and the gasoline service station operators who exist today, to give them an opportunity to stay viable.

Presently, they are not going to be able to go to the local lending institutions and borrow the money at the interest rates -- even at 9% interest rates. Their P&Ls (sic) don't give them an opportunity to go be viable in bidding for that money. So, I believe it is imperative on the part of State government to provide such a trust fund. I think it is due them, just as it is due the low-income and senior citizens in the projects I have outlined before you today.

Thank you very much for giving me an opportunity to visit with you, and I hope my appeal is satisfied. Thank you very much, sir.

ASSEMBLYMAN RAFFERTY: Thank you, Mr. Sacco. You always do better without preparation, Fred.

MR. SACCO: Thank you, sir.

ASSEMBLYMAN RAFFERTY: Good job. Our final speaker will be Alfred Brady, from Rutgers University. Mr. Brady?

A L F R E D B R A D Y: Thank you, Assemblyman. For the 14 years since the Arabs tried to regulate the oil consumption of the rest of the world, I have been working at Rutgers trying to keep that institution's fuel consumption, energy consumption, under control. Having been joined by a lot of other people, I guess we forced the Arabs to give up for a while. I am not sure when they will be back.

However, one major area of waste of energy has not been addressed tonight that I have heard. I got here late, and maybe it was out here before I arrived. I am speaking now of

the two-thirds of every gallon and two-thirds of every ton of coal and two-thirds of every cubic foot of gas that gets thrown away when we generate electricity. We have many industrial installations in the State that are currently entering into cogeneration plants. We at Rutgers have been trying to put together a cogeneration project for about four years. We have succeeded in getting approval from the State group that was set up a couple of years ago with the help of energy bond issue money to review cogeneration feasibility at various sites in the institutions in the State. Right now, we are at the point where if we can find funding, we would be able to install a plant that would save us in excess of \$3 million a year, which is an awful lot of gas, or oil, whichever we would be burning. It is included in the list of projects that Mr. Tola furnished from the Department of Higher Education.

I think in the current push to improve the stature of the University -- which is the State University -- we are putting an awful lot of money -- State funding -- as well as money coming from various other sources within the State-- We are putting an awful lot of money into science laboratories and other kinds of high-tech installations, and we are trying to become one of the top 10 public universities in the country in that field.

One of the things that we really need to be able to do is provide the energy and the environment for research at the University that will enable it to achieve that stature. We cannot do that at the expense of the student body in general. We really don't want to do it at the expense of the taxpayers of New Jersey. We think that the \$3 million we could save from the installation of a cogeneration plant at our Busch Campus, where the science development will occur, would contribute significantly to maybe preventing increases in tuition and increases in rent for the students who live there and, in general, contribute significantly to improving the stature of the University.

I think the rest of the benefits of cogeneration have been done over and over and over again in the media. There is not much more I can tell anyone here, except to stress that it is, I think, a very, very significant candidate for some of the funding that is coming from this particular source, which is very, very hard to distribute to people like all of us in this room, who threw a few pennies extra into the pump every couple of weeks for a long, long time. This, I think, would be a very good way to get it back to the population in general.

Thank you.

ASSEMBLYMAN RAFFERTY: Thank you very much, Mr. Brady.

As I indicated, ladies and gentlemen, that is the extent of the people who signed up. Now I will open this up. If there is anyone out there in the audience who hasn't signed up but who would care to speak and have their comments on the record, I would be more than happy to entertain them at this time. (no response) If not, if you have remarks written down, you can submit them now, or at a subsequent date. There will be meetings of this Subcommittee-- I believe the next one will be in Hudson County on March 18. I believe there will also be one in South Jersey. We do not have the location of that one at the present time, but we are trying to cover the total State.

I thank everyone for showing up this evening. For those who testified, you can rest assured that all of your testimony will be given every consideration. Thank you and good evening, ladies and gentlemen.

New Jersey State Library

(HEARING CONCLUDED)

APPENDIX



STATE OF NEW JERSEY
DEPARTMENT OF HIGHER EDUCATION
CN 542
TRENTON, NEW JERSEY 08625

OFFICE OF THE CHANCELLOR

John K. Rafferty
Assemblyman, 14th District
Chairman, State Aid Subcommittee
Assembly Appropriations Committee
State House Annex
CN 068
Trenton, N.J. 08625

Dear Mr. Rafferty:

Attached is a list of energy conservation projects at New Jersey public senior institutions. This list reflects an intensive effort on the part of the state's public senior colleges and universities to define those projects that would reduce energy consumption at their institutions.

I submit this list to you for funding consideration under the \$85 million oil overcharge program. If these projects are approved for funding, I would request that the funds be transferred to the Department of Higher Education for subsequent allocation to the institutions.

Sincerely,

T. Edward Hollander
Chancellor

Attachment

Department of Higher Education
Request for \$85 Million
Overcharge Award Granted to New Jersey

Trenton 1. Decker and Cromwell Halls: Replace Windows:

Total Construction Cost:	\$ 800,000
College Contribution:	\$ 580,000
DOE Funding:	\$ 220,000
Total Annual Savings:	\$ 62,621
Payback:	3.5 years

2. Campus-wide: Replace Steam Traps In Underground
Distribution System:

Total Construction Cost:	\$ 38,437
Total Annual Savings:	\$ 139,546
Payback	0.275 years

3. Cromwell Hall: Roof Insulation:

Total Construction Cost:	\$ 22,289
College Contribution	<u>\$ 10,000</u>
DOE Funding:	\$ 12,289
Total Annual Savings:	\$ 3,304
Payback	3.7 years
Subtotal Requested	\$ 270,726

Campus: Upgrade existing Energy Management
System:

Total Construction Cost	\$ 200,000
Annual Savings	\$ 52,000
Payback:	3.8 years

Cogeneration Plant:

Total Construction Cost	\$5,000,000
Annual Savings	\$1,300,000
Payback:	3.8 years

Glassboro 1. Bunce, Wilson, Robinson, Bozarth, Bosshart,
Student Center, Esby Gym, Westby, Triad, Bole,
Savitz:

Install Storm Windows:

Total Construction Cost:	\$ 307,883
Total Annual Savings:	\$ 100,923
Payback	3.05 years

2. Bunce, Robinson, Student Center, Westby, Traid,
Bole

Annex Savitz: Add Solar Reflective Shades

Total Construction Cost:	\$ 31,147
Total Annual Savings:	\$ 6,647
Payback	4.69 years

3. Bunce, Robinson, Student Center, Traid, Savitz:

Insulate Exterior Walls

Total Construction Cost:	\$ 332,017
Total Annual Savings:	\$ 57,925
Payback	5.7 years

4. Wilson, Robinson, Esby Gym: Fan Reheat Coil

Installation

Total Construction Cost:	\$ 83,427
Total Annual Savings:	\$ 26,074
Payback	3.2 years

5. Central Heating Plant: Install a central chiller plant and a chilled water piping distribution sytstem:

Total Construction Cost:	\$1,168,960
College Contribution:	<u>\$ 750,000</u>
DOE Funding Savings:	\$ 418,960
Total Annual Savings:	\$ 88,004
Payback	4.76 years

6. Energy Management System with metering:

Total Construction Cost:	\$ 935,936
Total Annual Savings:	\$ 401,285
Payback	2.73 years

7. Bunce Hall Replace Windows:

Total Construction Cost:	\$ 532,196
College Contribution:	<u>\$ 400,000</u>
DOE Funding	\$ 132,916
Total Annual Savings:	\$ 24,000
Payback	5.51 years
Subtotal Requested	\$2,241,566

Jersey City 1. Student Center, Grossnickle, Irwin, Hepburn, Vodra
Science and Rossey Halls - Lighting Improvements:

Total Construction Cost:	\$ 141,865
College Contribution	\$ 10,000
DOE Funding	\$ 131,865
Total Annual Savings:	\$ 23,031
Payback:	5.7 years

2. Student Center, Grossnickle, Irwin, Hepburn, Vodra
Science and Rossey Halls: Auto Selection of
Outside Air/Free Cooling:

Total Construction Cost	\$ 88,290
Total Annual Savings:	\$ 48,160
Payback:	1.8 years

3. Student Center, Grossnickle, Irwin, Hepburn, Vodra
Science and Rossey Halls: Reduce Outside Air and
Rebalance the HVAC system:

Total Construction Cost:	\$ 57,600
Total Annual Savings:	\$ 31,638
Payback:	1.8 years

4. Grossnickle, Irwin, Hepburn, Vodra and Science Halls: Add Automatic Temperature Control Valves to Perimeter Radiation:

Total Construction Costs:	\$ 86,551
Total Annual Savings:	\$ 20,055
Payback:	4.3 years

5. Grossnickle, Irwin, Hepburn and Rossey Halls:
Install a Chiller Optimizer:

Total Construction Cost:	\$ 72,600
Total Annual Savings:	<u>\$ 28,510</u>
DOE Funding:	\$ 44,090
Total Annual Savings:	\$ 8,818
Payback:	5 years

6. Grossnickle, Vodra and Science Halls: Add Storm Windows:

Total Construction Cost:	\$ 88,949
College Contribution:	<u>\$ 39,019</u>
DOE Funding:	\$ 49,930
Total Annual Savings:	\$ 9,986
Payback:	5 years

7. Hepburn Hall: Boiler 02 Trim Controls:

Total Construction Costs:	\$ 125,000
* Total Annual Savings:	\$ 12,381
Payback:	10 years
* I believe the annual savings as calculated is in error. I suggest it is approximately 2-1/2% of fuel consumption.	

8. Vodra Hall: Add Gas Fired Hot Water Heaters:

Total Construction Cost:	\$ 1,450
College Contribution	\$ <u>450</u>
DOE Funding:	\$ 1,000
Total Annual Savings:	\$ 221
Payback:	4.5 years

9. Vodra Hall: Extend EMS to Vodra Hall:

Total Construction Cost:	\$ 26,000
College Contribution:	\$ <u>13,705</u>
DOE Funding:	\$ 12,295
Total Annual Savings:	\$ 2,459
Payback:	5 years

10. Hepburn Hall: Insulate Air Handler & Ductwork

Total Construction Cost:	\$ 2,142
Total Annual Savings:	\$ 439
Payback:	4.8 years
Subtotal	\$ 598,763

Kean

1. Energy Management System with Metering:

Total Construction Cost:	\$ 753,813
Total Annual Savings:	\$ 555,487
DOE Cycle II ECR	\$ 308,909
DOE Cycle III ECR	\$ 444,904
Payback:	1.35 years
Subtotal Requested	\$ 444,904

Montclair 1. Various Buildings: Install Solar Reflective Film:

Total Construction Cost:	\$ 110,669
Total Annual Savings:	\$ 24,010
Payback:	4.6 years

2. Locker Building: Install a Programmable
Thermostat:

Total Construction Cost:	\$ 5,000
Total Annual Savings:	\$ 2,458
Payback:	2.03 years

3. Sprague, Student Center and Math/Science
Buildings, Replace Chillers:

Total Construction Cost:	\$ 450,000
College Contribution:	<u>\$ 200,000</u>
DOE Funding:	\$ 250,000
Total Annual Savings:	\$ 49,037
Payback:	5.10 years

4. Parking Lot: Replace Lighting:

Total Construction Cost:	\$ 70,000
College Contribution:	<u>\$ 10,000</u>
DOE Funding:	\$ 60,000
Total Annual Savings:	\$ 11,284
Payback:	5.3 years

5. Freeman, Stone and Webster Halls: Install
Electric Heat in Directors' Apartments:

Total Construction Cost:	\$ 20,000
Total Annual Savings:	\$ 7,268
Payback:	2.75 years

6. General: Extend EMS to Include Student Center
and Blanton Hall and to Control Exhaust Fans:

Total Construction Cost:	\$ 110,000
Total Annual Savings:	\$ 30,040
Payback:	3.3 years

7. Speech, Music, Webster and Partridge Halls:
HVAC Gasketing and Linkage Repairs:

Total Construction Cost:	\$ 45,000
Total Annual Savings:	\$ 10,266
Payback:	4.38 years

8. Music Building: Install Time Clock on Ex Fan #4:

Total Construction Cost:	\$ 1,000
Total Annual Savings:	\$ 214
Payback:	4.67 years
Subtotal Requested:	\$ 601,669

Ramapo

1. Energy Management System with Metering:

Total Construction Cost:	\$ 991,546
Total Annual Savings:	\$ 207,945
DOE Cycle II Funding:	\$ 165,028
DOE Cycle III Funding:	\$ 826,518
Payback:	4.76 years
Subtotal Requested:	\$ 826,518

Stockton 1. Academic Building: Install Motion Detectors

Connected to Room Lighting:

Total Construction Cost:	\$ 20,4000
Total Annual Savings:	\$ 9,045.76
Payback:	2.26 years

2. Academic Building: Selective Relamping Including
Phantom Tubes:

Total Construction Cost:	\$ 11,200
Total Annual Savings:	\$ 10,403.68
Payback:	1.08 years

3. Academic Building Roof Insulation:

Total Construction Cost:	\$ 345,490
College Contribution:	<u>\$ 11,000</u>
DOE Funding:	\$ 334,490
Total Annual Savings:	\$ 119,412
Payback:	2.8 years

4. Housing I Roof Insulation:

Total Construction Cost:	\$ 52,275
College Contribution:	<u>\$ 13,090</u>
DOE Funding:	\$ 39,185
Total Annual Savings:	\$ 26,764
Payback:	1.46 years

5. Academic Building: Caulk Exterior Wall Panels:

Total Construction Cost:	\$ 162,000
College Contribution:	\$ <u>48,000</u>
DOE Funding:	\$ 114,000
Total Annual Savings:	\$ 24,767.60
Payback:	4.6 years

6. Academic Building: Fresh Air Damper Replacement:

Total Construction Cost:	\$ 14,400
College Contribution:	\$ 1,440
DOE Funding:	\$ 12,960
Total Annual Savings:	\$ 4,373
Payback:	2.96 years

7. Lighting Replacements:

Total Construction Costs:	\$ 104,040
College Contribution:	\$ <u>34,500</u>
DOE Funding:	\$ 69,540
Total Annual Savings:	\$ 23,181.16
Payback:	3 years

8. Science Building: Selective Switching of
Lighting:

Total Construction Cost:	\$ 8,500
Total Annual Savings	\$ 5,031.94
Payback:	1.7 years
Subtotal Requested:	\$ 610,275

Wm. Paterson 1. Energy Management System With Metering:

Total Construction Cost:	\$1,138,665.80
DOE Cycle II Funding:	\$ 207,702
DOE Cycle III Funding:	\$ 903,963.80
Total Annual Savings:	\$ 785,454
Payback:	1.45 years

2. Campus-wide Steamline Replacement - Phase II:

Total Construction Cost:	\$ 667,375
College Contribution:	\$ <u>526,875</u>
DOE Funding:	\$ 140,500
Total Annual Savings:	\$ 26,326
Payback:	5.3 years
Subtotal Requested:	\$1,071,463.80

NJIT

1. Student Center and Cullimore Halls:

DHW Installation:

Total Construction Cost:	\$ 7,232
Total Annual Savings:	\$ 1,876
Payback:	3.9 years

2. Colton, Cullimore, Dorm #1 and Weston Halls:

Install Night Temperature Setback:

Total Construction Cost:	\$ 37,370
Total Annual Savings:	\$ 14,433
Payback:	2.54 years

3. Faculty and Eberhart: Heating and Cooling

Controls Improvement:

Total Construction Cost:	\$ 24,598
Total Annual Savings:	\$ 6,362
Payback:	3.8 years

4. Cullimore and Student Center: Install Solar

Film:

Total Construction Cost:	\$ 39,080
Total Annual Savings:	\$ 9,373
Payback:	4.17 years

5. Various Bldgs. Energy Management System:

Total Construction Cost:	\$ 300,000
Total Annual Savings:	\$ 88,235
Payback:	3.4 years

6. Weston Colton and Cullimore Halls:

Replace Burner:

Total Construction Cost:	\$ 42,000
Total Annual Savings	\$ 7,600
Payback:	5.52 years
Subtotal Requested:	\$ 450,280

Rutgers

1. Newark-Law School - DHW Heater:

Total Construction Cost:	\$ 4,470
Total Annual Savings:	\$ 5,544
Payback:	0.8 years

2. New Brunswick: Various Bldgs.: Energy
Management System:

Total Construction Cost:	\$ 354,680
Total Annual Savings:	\$ 226,626
Payback:	1.56 years

3. Cook: Various Bldgs: Energy Management System:

Total Construction Cost:	\$ 236,675
Total Annual Savings:	\$ 119,451
Payback:	1.98 years

4. Douglass: Various Bldgs.: Energy Management System:

Total Construction Cost:	\$ 312,157
Total Annual Savings:	\$ 153,752
Payback:	2.03 years

5. Newark: Various Bldgs: Energy Management System:

Total Construction Cost:	\$1,012,894
Total Annual Savings:	\$ 736,205
Payback:	1.37 years

6. Newark: Power House: Heat Recovery System:

Total Construction Cost:	\$ 18,700
Total Annual Savings:	\$ 7,329
Payback:	2.55 years

7. Newark: Power House: Boiler Controls:d

Total Construction Cost:	\$ 34,100
College Contribution:	<u>\$ 14,100</u>
DOE Funding:	\$ 20,000
Total Annual Savings:	\$ 5,194
Payback:	3.85 years

8. Newark: Classrooms: Install Timers to Control
Lighting:

Total Construction Cost:	\$ 23,760
Total Annual Savings:	\$ 8,658
Payback:	2.74 years

9. Newark: Various Bldgs.: Replace Lighting:

Total Construction Cost:	\$ 42,834
Total Annual Savings:	\$ 15,541
Payback:	2.75 years

10. Newark: Smith & Hill Halls: Chiller Optimization:

Total Construction Cost:	\$ 423,600
College Contribution:	<u>\$ 113,940</u>
DOE Funding:	\$ 309,660
Total Annual Savings:	\$ 82,576
Payback:	3.75 years
Subtotal Requested:	\$2,335,830

11. Cogeneration Plant:

Total Construction Cost:	\$12,000,000
Annual Savings:	\$ 3,100,000
Payback:	3.9 years

UMDNJ

1. RMS (Piscat.), Med. Ed. Bldg. (N.B.), C.M.H.C.
(Piscat), Install Micro-Processor-EMS:

Total Construction Cost:	\$ 565,415
Total Annual Savings:	\$ 134,786
Payback:	4.2 years

2. RMS (Piscat.) and C.M.H.C. (Piscat.): Chiller
Optimization:

Total Construction Cost:	\$ 25,129
Total Annual Savings:	\$ 17,984
Payback:	1.4 years

3. Newark: Upgrade Ex. Johnson - JC-80 EMS:

Total Construction Cost:	\$ 182,000
Total Annual Savings:	\$ 677,484
Payback:	0.27 years
Subtotal Requested:	\$ 772,544
DHE Cycle III Request Total:	\$10,224,778.80

4. Cogeneration Plant:

Total Construction Cost	\$11,380,000
Annual Savings	\$ 3,568,000
Payback	3.2 years

