

**CHAPTER 31**  
**GRANT AND LOAN PROGRAMS**

**Authority**

N.J.S.A. 52:27F-11q.

**Source and Effective Date**

R.2007 d.194, effective May 24, 2007.  
See: 39 N.J.R. 159(a), 39 N.J.R. 2366(a).

**Chapter Expiration Date**

Chapter 31, Grant and Loan Programs, expires on May 24, 2012.

**Chapter Historical Note**

Chapter 31, Grant and Loan Programs, was adopted as R.1990 d.28 and was originally codified as Chapter 6 of Title 14A (N.J.A.C. 14A:6), effective January 16, 1990. See: 21 N.J.R. 2005(a), 22 N.J.R. 240(a). Prior rules at Chapter 6, regarding grants and loans, expired on August 6, 1989.

Pursuant to Executive Order No. 66(1978), Chapter 6, Grant and Loan Programs, was readopted as R.1995 d.68. See: 26 N.J.R. 4482(c), 27 N.J.R. 503(a). As a part of R.1995 d.68, Chapter 6, Grant and Loan Programs, was recodified as Chapter 31 of Title 14, effective February 6, 1995. See: 26 N.J.R. 4482(c), 27 N.J.R. 503(a). Pursuant to Executive Order No. 66(1978), Chapter 31, Grant and Loan Programs, expired on January 12, 2000.

Chapter 31, Grant and Loan Programs, was adopted as new rules by R.2001 d.474, effective December 17, 2001. See: 33 N.J.R. 2731(a), 33 N.J.R. 3280(a), 33 N.J.R. 4385(a).

Chapter 31, Grant and Loan Programs, was readopted as R.2007 d.194, effective May 24, 2007. See: Source and Effective Date. See, also, section annotations.

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**SUBCHAPTER 1. BUSINESS ENERGY IMPROVEMENT PROGRAM**

**14:31-1.1 Scope and purpose**

This subchapter establishes the rules governing the Business Energy Improvement Program (“Program”). The Program provides funds to eligible applicants for the purpose of fostering energy conservation. The intent of the funds is to encourage investment in, and to provide cost reduction for, renovations, equipment replacement, energy conservation construction, alternative energy production facilities, resource recovery projects and energy demonstration projects.

**14:31-1.1A Suspension of Business Energy Improvement Program**

(a) Should this section conflict with any other provision of this chapter, this section shall govern.

(b) Notwithstanding any provision to the contrary, the Business Energy Improvement Program established by this chapter is suspended, and the Board shall no longer provide interest subsidies, loans, grants, or any other type of subsidy or funding under this chapter.

(c) This chapter shall apply only when:

1. The Board has, prior to January 1, 2006, provided a subsidy, loan or other type of funding under this chapter; and

2. The repayment, handling, or disposition of the subsidy, loan or other type of funding is materially affected by a provision of this chapter.

(d) In a situation described at (c) above, this chapter shall apply only to the extent necessary to carry out or complete the previously arranged subsidy, loan or other type of funding.

New Rule, R.2007 d.194, effective June 18, 2007.  
See: 39 N.J.R. 159(a), 39 N.J.R. 2366(a).

**14:31-1.2 Definitions**

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Alternative energy production facility” includes, but is not limited to, a facility that produces energy by using cogeneration, hydro power, wind power, solar technologies, resource recovery methods, or district heating/cooling geothermal.

“Applicant” means the owner of an eligible facility who applies for funds pursuant to this subchapter.

“Application” means a Business Energy Improvement Program document.

“Avoided costs” means the annual cost savings, based on improved efficiencies using the differences between the normal annual purchased energy costs, and the cost of equivalent energy production by the facility for which an application is made.

“Board” means the New Jersey Board of Public Utilities, or its designated successor.

“Closely held company” means a business organization in which ownership and control are vested in 10 or fewer individuals.

“Demonstration program” means an on-site installation of a state-of-the-art energy conservation measure, or integrated system of energy conservation measures, under the direction and control of a Division-approved organization that serves to demonstrate, by example, the practical application of energy conservation measure(s). The intent and purpose of such demonstration projects is to induce widespread adoption of the energy conservation measure(s) as a normal operating practice.

“Division” means the Division of Energy, Bureau of Planning and Research, within the Board of Public Utilities.

“District heating and cooling” means a system supplying heating and/or cooling for more than one facility when the energy source is remote from one or more users.

“Eligible applicant” means a person who qualified for one or more types of funding as defined in this subchapter. However, such person may not receive funds from more than one program category for a given project.

“Eligible loan” means a loan made by a lender to the applicant for energy conservation renovations or an alternative energy production facility that meets the requirements of N.J.A.C. 14:31-1.6 and 1.7.

“Energy audit” means a study of a building(s) or a facility(ies) conducted by an engineer, an architect/engineering firm, or any other Division-approved party to determine operating and maintenance procedures and renovations that would result in reduced energy consumption. The energy audit shall provide the estimated costs of implementation and the expected dollar and energy savings for the recommended project and maintenance procedures. The energy audit shall include, but not be limited to, the energy conservation renovations listed in N.J.A.C. 7:32-1.12.

“Energy conservation renovation” means any equipment, materials, alterations or improvements installed within an existing structure owned by an eligible applicant that would reduce energy consumption or increase energy efficiency, and which have been approved by the Division pursuant to N.J.A.C. 14:31-1.12. New construction or energy conservation renovations installed prior to receipt of a completed Business Energy Improvement Program application by the Division shall be included.

“Energy conserving construction” means materials, practices or equipment that exceeds the energy efficiency of those required under N.J.A.C. 5:23-3.18.

“Energy service company” (ESCO) means a vendor engaged in the business of furnishing energy conservation renovations to users through a shared-savings or guaranteed-savings program, and includes all representatives, agents, assignees, and other persons or entities performing activities for, or acting on behalf of, the vendor.

“Family-owned farm” means a farm which produces agricultural, horticultural or other food products worth \$2,500 or more annually and meets the eligibility criteria for differential property taxation pursuant to the Farmland Assessment Act of 1964, N.J.S.A. 54:4-23.1 et seq.

“Feasibility planning for future energy conservation techniques” means projects undertaken by eligible applicants to make their own facilities, or the facilities of other eligible applicants, energy efficient by utilizing the construction of alternative energy production facilities, demonstration programs, energy audits, energy conservation renovations, energy conserving construction or other conservation techniques as will be specified by the Division as these technologies reach commercial application.

“Incremental grant” means full payment for the incremental cost of using materials, practices and equipment that exceed those materials, practices and equipment required under N.J.A.C. 5:23-3.18.

“Interest subsidy” means funds provided by the Division to reduce the effective interest rate on an eligible loan.

“Lender” means State-chartered banks, savings banks, savings and loan associations, national banks, Federally-chartered savings and loan associations, approved out-of-State banks, economic development agencies, and other Division approved corporations authorized to transact the business of financing.

“Matching grant” means a one-time provision of funds by the Division to an eligible applicant to assist in the implementation of an approved project.

“Multi-family buildings” means buildings used for residential occupancy that contain five or more dwelling units.

“Municipal facility” means a facility owned and operated by either an incorporated unit of local government or a designee of the incorporated unit under contract to the unit for a specific energy conservation purpose.

“Payback” means the calculated number of years required for the first year energy cost savings, or avoided costs, to equal the capital cost of the renovation or alternative energy facility. It is calculated by the following formula:

Payback = Total estimated capital cost of renovation(s) or alternative energy facility divided by the estimated net annual