

NEWS RELEASE

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- High energy costs make energy efficiency an economic development issue
- Topical program also focused on office building efficiencies and provided a solar case study

"We have gotten an unbelievable response to our series of renewable energy seminars." *Michael McGuinness, chief executive officer, NAIOP New Jersey*

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NJ BPU PRESIDENT: STATE'S ENERGY MASTER PLAN "NEARLY READY" NAIOP New Jersey Seminar also featured discussions of Office Building Energy Efficiencies and a Solar Case Study

EDISON, N.J., April 15, 2011 – After a series of fits and starts, New Jersey's long-awaited Energy Master Plan will be released shortly. In the meantime, solar and other renewable sources of energy are just the beginning when it comes to creating more efficient office buildings, and solar installations in particular are fraught with complexities to get up and running.

Those were some of the topics of discussion at NAIOP New Jersey's Solar & Energy-Efficient Systems for Office & Industrial Buildings seminar at the Sheraton Edison. "We have gotten an unbelievable response to our series of renewable energy seminars," said Michael McGuinness, chief executive officer of NAIOP NJ, the commercial real estate development association.

Noting that "New Jersey has some of the highest energy costs in the country," keynoter Lee Solomon, president of the Board of Public Utilities, blamed congestion and density for the related expenses for bringing energy into the state. The focus now is, "to import less energy," he said, a task that equates to increasing generation capacity in the state, including through renewable sources.

On the subject of the long-awaited, new version of New Jersey's Energy Master Plan, it has been delayed because, "we had to look at all of the state's policies and discuss them in a way that also promotes economic development," Solomon said. "Gov. Christie is completely focused on growth and economic development."

A key factor in the delay, he said, is the Long-Term Capacity Agreement Pilot Program

(LCAPP) signed into law earlier this year by Gov. Christie as a means of accomplishing the goal of creating more generational capacity in the state, while simultaneously setting minimum capacity payments for generators. "This process is difficult, intricate, and will have to be assimilated into the master plan before the latter can be completed," he said.

In terms of specific energy sources, Solomon noted that 30 percent of New Jersey's energy comes from nuclear, and events in Japan notwithstanding, "it is carbon-free, and it cannot be ignored." Solar, in the meantime, "can drive your costs down 15, 20, 25 percent," and with the help of state and federal incentives, including the Solar Renewable Energy Certificates (SRECs) program as funding source, "New Jersey is second only to California in solar installations. And as yet another source of renewable energy, "we are analyzing off-shore wind," Solomon noted.

"We are looking at all renewable sources, and we are looking at them in economic terms," he said. "We have to find a way to bring energy costs down for rate payers, for economic, and for economic development reasons."

Leading off a panel on Energy Efficiencies for Office Buildings, Jeffrey Grant of Mack-Cali Realty Corp., pointing to a "wild ride" of energy rates since 2001, noted that his company's energy efficiency effort is "internally managed." The effort, he said, focuses on "best practices" for system and equipment specifications, operating practices, BOMA's seven-point program, and building awareness within the company, all tied together by the federal EPA Energy Star Program's strictures.

"Success is driven by awareness before action, learning to 'turn things off,' and measuring to manage," Grant said.

For Fred Fastiggi of Birdsall Services Group, energy efficiency amounts to a trade-off between a landlord's operating costs and a tenant's improved comfort. In any event, "green is good for business," he said. And while energy costs may continue to rise in the near term because of older plants coming off-line ("I don't foresee new nuclear"), solar is "a good investment." He also predicted a renewed push for co-generation, and made his case for the utilization of ESCOs (Energy Service Companies) as a means of making energy infrastructure improvements.

And Hemant Jain of Hess Energy Solutions Operations noted the importance of maximizing the value of energy. "Know your costs and how they're created," he said. "Shift your load—how do you use energy? Shed load where and when possible. And look at permanent load reduction with capital investments in lighting, HVAC, and even full conversion replacement."

A second panel provided a case study of an industrial solar installation, specifically a 128 KW rooftop installation covering one-third of the roof of a 50,000-square-foot food processing facility owned by Federal Business Centers within Edison's Raritan Center. "It became clear to us that the SREC program made solar viable," explained Frank D. Visceglia, Jr. of Federal Business Centers, who also serves as secretary/treasurer of

NAIOP NJ. "Our competition is doing it, our tenants are asking for it, and we selected a small building as a test case to learn on."

Early concerns for this installation, as well as for any potential solar installation, begin with the roof, about its weight-bearing capacity, load and penetrations. "Who's responsible needs to be determined," said Raymond Willer of Federal Business Centers. "There are many questions, including the aesthetics. There was a learning curve for us with this project, and it included talking to existing and future customers."

Jamie Hahn of Solis Partners, the company that designed the system, added that the complexities extend beyond the building and its ability to support the installation, to permitting and interconnect issues. "In any case, every project has its unique characteristics, beginning with the roof," he said. "And roof manufacturers are beginning to 'wake up' to the possibilities."

Legal issues abound as well. "There is always the question of roof warranties and other legal questions," noted attorney Kevin Moore of Sills Cummis & Gross, whose real estate-related responsibilities include negotiating solar installation-related contracts and agreements.

At the same time, "financing is a critical element," Hahn said. "It is important to fully understand the economics before moving forward. For example, if you own the building and the installation, that makes it a lot simpler by mitigating and streamlining the process. And if the tenant leaves, the installation makes your building more marketable."

"The larger the portfolio, the greater the opportunities," Moore noted.

As a result of the experience with this initial effort, "we will be doing more projects, and we will be doing bigger projects," Visceglia said. "This was a test case, and we're still learning, but we have more projects in mind. Our tenants are asking for it."

"There is plenty of opportunity for New Jersey, and we are just scratching the surface," Hahn concluded. ###

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PHOTO CAPTION: Panel Two at NAIOP New Jersey's Solar & Energy-Efficient Systems for Office & Industrial Buildings (l-r): Frank Visceglia and Ray Willer of Federal Business Centers, Jamie Hahn of Solis Partners and Kevin Moore of Sills Cummis & Gross