



# Governor Corzine's Energy Master Plan: Property Owners Should Pay Attention

Last fall, Governor Corzine unveiled New Jersey's latest Energy Master Plan (EMP), which will provide the blueprint for the state's energy policies through 2020. The EMP addresses the threats of global warming, our ever-increasing demand for energy, and the growing imperative to further develop renewable energy sources. The EMP emphasizes energy efficiency in buildings, because buildings are among the largest consumers of energy and emitters of greenhouse gases. To improve the energy efficiency of buildings, the EMP advocates enhanced building and appliance regulations and codes, and expansive use of solar energy. Property owners should pay attention to these evolving energy policies, as the policies will require significant investments in, and the retrofitting of literally all properties located throughout the state.

The EMP candidly acknowledges its goal to position New Jersey "at the forefront of a growing clean energy economy with aggressive energy efficiency and renewable energy goals." The state's original goal was to reduce the state's energy consumption 20 percent by the year 2020. The EMP now advocates a 30 percent goal, and largely adopts energy efficiency and renewable energy solutions to achieve the goal, in lieu of developing conventional infrastructure, such as new base load power plants, to replace a fleet of plants that is nearing the end of its useful life.

The first stated goal of the EMP is to significantly increase energy efficiency in new buildings through changes to the state's building code to be implemented by the end of 2009. The EMP also proposes to dramatically increase the implementation of energy efficiency and conservation measures in existing buildings, advocating a "massive effort to address more than 300,000 buildings each year," and utilizing a "whole building approach" that includes building envelope, HVAC, lighting and appliance retrofits, among other things.

The EMP also advocates a strategy to achieve "net zero carbon emitting buildings" status for all new and existing buildings, including homes and commercial and industrial buildings. "Net zero carbon" and "net zero energy" buildings are self-sustaining, meaning that they are designed and constructed in a manner to obviate the need to purchase energy for the building. Net zero buildings rely on self-generated renewable solar and geothermal energy and innovative, state of the art building designs that exceed LEED certification standards. There is now only one

such building in the state, a unique warehouse facility developed with considerable state subsidies, which is properly viewed as experimental in nature.

It has been acknowledged that achieving these EMP goals will radically change the way we live and work and will require what the state's energy efficiency experts call "a paradigm shift." These solutions will be expensive, and the costs will largely be assumed by building owners.

[ The requirements would be based on 10-year projections provided by the BPU regarding the future cost of energy ]

The Board of Public Utilities (BPU) is developing many of the EMP's proposed policies with the assistance of a team of experts that have recommended the adoption of aggressive, costly and largely untested policies and standards. In their recent report to the BPU, these experts recommended, among other things:

1. "An unprecedented scale of investment" in energy efficiency, about \$11 billion over the next 11 years, with the "bulk of investments" paid by the business sector.
2. The establishment of building energy performance requirements, enforced through time of sale restrictions (implemented in 2015) that would be interposed as a condition precedent to the sale or lease of residential, commercial and industrial properties.
3. A goal that by 2030 all new buildings be "net zero energy" and "carbon neutral."

To put the enhanced energy efficiency standard into perspective, a major New Jersey-based real estate company recently determined that the retrofitting of a 1980s vintage, 180,000 square foot office building to a 30 percent higher energy efficiency standard (the minimum standard being discussed), would require an investment of \$2 million, most of which would not be recoverable from tenants. This investment would equate to a cost of almost \$12 per square foot of building space and be subject to a 17+-year simple payback period. The adoption of the 30