

Multifamily Carbon Emissions Reduction Program (MCERP)

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Introduction

The Multifamily Carbon Emissions Reduction Program (the “Program”) provides financial assistance to owners of multifamily buildings seeking to convert their heating systems from those that burn #6 fuel oil to those that burn less carbon-intense fuels or utilize renewable energy sources.

Currently, #6 fuel oil is burned in more than 9,000 New York City buildings. Its combustion produces 13% higher carbon emissions than #2 fuel oil and 49% higher carbon emissions than natural gas. #6 fuel oil is a major contributor to citywide soot and sulfur dioxide emissions, which have a severely negative impact on air quality, and have been linked to public health problems including asthma, cancer, and lung and heart disease. Converting #6 fuel oil heated buildings to cleaner fuels will reduce carbon emissions, improve city air quality and produce positive public health benefits.

This Program is intended to encourage early adoption of the City of New York’s planned phase-out of #6 fuel oil and to reduce the usage of #6 fuel oil throughout New York State.

Less carbon-intense fuel alternatives for buildings that currently use #6 fuel oil include natural gas, #2 fuel oil, biofuels/biodiesel blends, revenue-grade waste gas from landfills and digesters, propane, woody biomass, and renewable energy sources such as solar thermal and geothermal systems. Buildings that intend to switch to #4 fuel oil are not eligible to receive incentives through this program.

The Program includes the following steps:

1. The building owner submits a completed Application Package including a Application Form, Project Description Form, NYSERDA’s Carbon Emissions Reduction Incentive Calculator, a signed Terms and Conditions form and three years of oil bills for the period of time directly preceding submission of application to NYSERDA.
2. NYSERDA schedules and conducts a pre-construction site inspection to verify existing conditions.
3. If the Site visit establishes eligibility in the program, NYSERDA approves the application, accepts the project into the program, and issues an incentive award letter signifying the allocation of funds to the project.
4. The building owner installs the full scope of work detailed in the Project Description Form and as required under the Program Guidelines.
5. NYSERDA conducts a site inspection to confirm that the #6 fuel oil equipment has been decommissioned and that all other required upgrades to the system have been installed.
6. NYSERDA releases the incentive to the building owner.

Program Rules

All projects accepted into the Program must adhere to the following *Program Rules*. This listing focuses on programmatic requirements and is not intended to cover all Program eligibility requirements as listed in the remainder of this document.

1. Buildings burning #6 heating oil at the time of their application are eligible to participate and receive incentives from NYSERDA for this Program.
2. Incentives will be capped at \$175,000, or 80% of the total costs associated with converting the building system(s) away from burning #6 fuel oil; whichever is less.
3. All equipment replaced or installed under this program must meet the program's Minimum Performance Standards contained in Section 4 of this document.
4. Participants of this Program may be asked to allow NYSERDA's project managers or their affiliated contractors to perform a site visit or inspection at any time during the course of their participation in the Program. When requested, the Participant and NYSERDA will find a convenient time for both parties. The Participant shall comply with such requests.
5. Funds committed through the Program shall supplement and not supplant tariff funds committed to gas conversion projects by an investor-owned utility. NYSERDA requires all oil-to-gas conversion projects to submit a funding commitment letter from the relevant gas utility outlining the utility's potential investment in the project.
6. Milestones:
 - a. After the Application Package has been received by NYSERDA, a site-visit will be scheduled within two weeks.
 - b. If there are any required revisions to the Application Package after the site-visit, a revised Application Package must be submitted to NYSERDA no later than two weeks after the site-visit is conducted.
 - c. Once the site-visit has been conducted and any necessary revisions to the Application Package have been made, NYSERDA will issue a Notice to Proceed and an incentive award letter signifying the allocation of funding to the project.
7. Program Timeline:
 - a. All applications to the program must be submitted by November 30th, 2011. No applications will be accepted after that date.
 - b. Projects shall complete construction and transition to use of the less carbon-intensive fuel by December 31st, 2012.

1. Application Eligibility

Prior to submitting an Application Package to NYSERDA, interested building participants should determine whether or not they meet the eligibility criteria listed below:

1.1 Eligibility

Participation in the Program is based on the following criteria:

1. Project Size and Building Characteristics
 - a. The project must be a multifamily, residential building(s) with five (5) or more units.
 - b. Projects larger than 500 units require pre-approval from NYSERDA
2. Fuel Use
 - a. Only buildings that burn #6 fuel oil at the time of pre-installation site inspection are eligible to participate in this Program
 - b. Buildings converting to #4 fuel oil are not eligible for this program.

1.2 Incentives

Incentive levels for the Multifamily Carbon Emissions Reduction Program are calculated using NYSERDA's Carbon Emissions Reduction Incentive Calculator and will be released in one single payment at the completion of the project. Incentives levels are calculated on a per-ton-of-emissions-avoided basis due to the fuel conversion. Projects switching to renewable energy sources such as landfill-generated methane, geothermal, or solar thermal systems will be evaluated for incentive level eligibility on a case by case basis in conjunction with a NYSERDA project manager.

Project incentives will be encumbered by NYSERDA upon application approval. In order to approve an application, NYSERDA needs to:

1. Receive all documents contained in the Application Package including: an Application Form, A completed W-9, a signed Terms and Conditions, three years of all #6 oil bills pertaining to the participating project, a Project Description Form, and a completed NYSERDA Carbon Emissions Reduction Incentive Calculator.
2. Conduct a pre-construction site visit to establish eligibility, to confirm that work that is anticipated to be performed under the program has not previously been performed, and to verify that information contained in the Project Description is accurate.

Therefore funds will not be committed to project until pre-construction site visit has been performed.

Incentives will be released to the Participant after NYSERDA conducts a post-construction site inspection. The participant is responsible for scheduling the post-construction site inspection and for filing a "Request for Incentive" form. The incentive request form will serve to allow participants to invoice NYSERDA incentives. "Requests for Incentive" forms can be found online at www.getenergysmart.org

In conjunction with the "Request for Incentive" Participants are required to submit copies of all invoices received for work performed under the program. These invoices will serve to establish the eligible project costs, above which NYSERDA cannot pay an incentive. If no invoices for work performed are received, no incentive can be released for the project.

In no case shall NYSERDA’s incentive exceed 80% of the total project costs associated with the approved scope of work, or \$175,000; whichever is less. The total project cost is defined as all costs associated with the design and installation of physical improvements made to the building for the express purpose of effectuating a fuel conversion to a less carbon-intense fuel source including decommissioning and removal of existing equipment required to comply with program rules. Again, the Participant will be required to submit cost documentation in the form of invoices along with their “Request for Incentive”.

Fuel Conversion Incentives

Incentive Schedule Fuel Conversion Incentives	
Conversion	Payment
#6 fuel oil to #2 fuel oil and all Biofuel Blends	\$30/ton of CO2
#6 fuel oil to natural gas or propane or steam	\$30/ton of CO2
#6 fuel oil to renewable energy (including biomass)	\$30/ton of CO2

The incentive structure for the Program is designed to reward Participants that choose to switch to the least carbon-intense fuel sources available.

Projects interested in converting to renewable energy sources such as solar thermal, geothermal, biomass, or wind must contact a NYSERDA Project Manager for assistance in calculating their incentives

1.5 Technical Service Providers

In order to complete a detailed Application Package, the Participant may wish to work with a technical service provider.

Building owners may work with a technical service provider of their choosing to compile and submit the required documentation and analysis. Technical service providers may be any individual or firm selected by the Participant and will not be qualified or vetted for participation in the program by NYSERDA. Potential service providers participating in MCERP could include oil vendors, gas utility representatives, energy consultants (such as NYSERDA Multifamily Performance Partners or FlexTech Consultants), heating system contractors, plumbers, accountants, building owners, and property managers, etc.

2. Application Package

Interested Participants must submit a completed Application Package with the following required documents.

2.1. Contents of the Application Package

Templates for the following documents will be available for download on NYSERDA's website www.nyserdera.org. It is up to the Participant and any technical service providers they employ to complete the required forms and provide the requested documentation.

2.1.1 Application Form

This form collects basic information about the applicant

2.1.2 W-9

This tax form is essential in allowing NYSERDA to release funds to the project

2.1.3 Terms and Conditions

This section is an acknowledgement by the Participant of the rules and requirements of the program. The signatory to this agreement must have the authority to legally bind the applicant to an agreement.

2.1.4 Project Description

Participant will detail the work that will be performed under the program. The minimum scope of work required by the program includes:

1. Removal of equipment used to heat #6 oil and circulate it in the tank
2. Removal of combustion pre-heating equipment for #6 oil
3. Decommissioning or cleaning of oil tank

Beyond these requirements, the building may need to perform other work in order to move away from using #6 oil.

Different heating systems require varying equipment installation/modification in order to convert them to a different fuel type. The Project Description will form the basis of the expectation for the work that will be performed under the program. In some cases it may be necessary to employ a technical service provider in order to determine which equipment needs to be added or decommissioned.

Any new equipment that is installed as part of the project's scope of work must meet NYSERDA's Minimum Performance Standards. Although new equipment that meets these standards may result in an improvement in efficiency, and therefore a further reduction in carbon emissions, these additional emissions reductions will not be included in the calculation of the incentives that a participant is eligible to receive.

The Minimum Performance Standards (version 4.0) are included in Appendix A of this document.

2.1.5 Carbon Emissions Reduction Incentive Calculator

In order to project accurate carbon savings, buildings will need to compile 36 continuous months of fuel use records that will be used to develop an average annual fuel-use baseline that will be used to calculate the incentives a project is eligible for.

NYSERDA's Carbon Emissions Reduction Incentive Calculator contains pre-set carbon content values for each potential fuel type. The Calculator auto-calculates the carbon emission reduction resulting from fuel conversion using these preset carbon values (expressed as a function of Btu content in each fuel) and the baseline use. The tool is available for download on NYSERDA's website, www.getenergysmart.org.

Carbon emissions calculations will be calculated based on a ten-year time horizon. **All projects that propose to switch to biofuel blends will be required to submit a copy of their purchasing contract with their chosen oil supplier.** Emissions reduction for biofuel projects will be calculated using the carbon intensity of the biofuel blends for the term specified in the purchasing contract, and subsequently stepping down to #2 fuel oil emissions levels for the duration of the ten year evaluation term.

Incentive payments will be based solely on the emissions factors of the post-retrofit fuel type relative to the calculated pre-retrofit baseline emissions without regard to efficiency gains.

Projects switching to renewable energy sources such as landfill-generated methane, geothermal, or solar thermal systems will be evaluated for incentive level eligibility on a case by case basis in conjunction with a NYSERDA project manager.

2.1.6 Fuel Use Records

The Participant must submit #6 fuel oil bills for the 36 month period directly preceding the submission of the Application in order to provide evidence of the baseline used in the carbon savings tool.

3. Measure Implementation

After the Application Package has been received and approved by NYSERDA, a NYSERDA Project Manager will schedule a site visit to verify existing conditions. After a successful site visit, NYSERDA will issue the project an incentive award letter and a Notice to Proceed. The incentive award letter will serve to allocate funding for the project, which will be held by NYSERDA until the project is complete and the incentive is ready to be paid out.

Upon receiving the Notice to Proceed, Participants may begin to implement the improvements detailed in their Project Description Form. Participants have 1 year from the issue date of their Notice to Proceed to complete the project and submit the necessary documentation.

3.1 Post Conversion Documentation

This section describes the documents that are required to be submitted in order for Program funds to be released to the participant.

3.1.1 Post Construction Inspection Request Form

The participant shall use the Post Construction Inspection Request Form template to request a Post Construction Inspection from NYSERDA. The template must be fully completed in order for an inspection to be scheduled. The Post Construction Inspection Request Form can be found online at [\(insert link\)](#)

3.1.2 Invoices

The Participant will include copies of all invoices for any services used and contracted, as well as equipment installed and/or added.

3.1.3 Heating Contracts

The Participant will provide copies of any and all long-term purchasing contracts between the building and its heating supplier. This will serve as proof of the fuel conversion, as well as help to determine the total amount of CO₂ saved.

3.1.4 Revised Carbon Savings Calculator (optional)

If any component of the original carbon savings tool has changed, the Participant will be responsible for recalculating the building's adjusted carbon savings. For instance, if the Participant originally planned to purchase a four year contract for #2 oil with a B20 biodiesel blend, but then changed it to only a three year contract, the carbon savings tool would need to be updated.

4. Minimum Performance Standards

If the following equipment or systems is (are) replaced under the Multifamily Carbon Emissions Reduction Program, said equipment or systems must meet the Minimum Performance Standards:

Boiler systems:

Atmospheric gas boilers shall not be specified as replacement boilers

Heating System Efficiency:

Replacement heating plant(s) shall be ENERGY STAR labeled, where applicable. Boiler systems (hot water and steam) larger than 300,000 Btuh input shall have a thermal efficiency of $\geq 80\%$. Exception: steam systems with input capacities between 300,000 Btuh and 2.5 MBtuh shall have a thermal efficiency of $\geq 79\%$. For all other systems where the ENERGY STAR label is not available, the specified heating plant(s) shall have a minimum rated efficiency no less than that required by the NYS ECCC.

Burners:

Replacement Burners must be dual fuel and capable of full modulation.

Motors:

All replaced or newly installed three phase motors 1 HP or larger shall be NEMA Premium efficiency or greater.

Domestic Hot Water:

The temperature stored DHW shall be just sufficient to deliver DHW to the apartments when measured at the tap to within a temperature range of 120° - 125°F.