



RETROFIT NJ Program FAQs

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- **How is this program different from other energy efficiency programs in the state?**

Most state energy efficiency programs in New Jersey focus on individual systems or measures—such as HVAC, lighting, or controls—to achieve incremental energy savings. RETROFIT NJ is distinct in that it supports flexible, large-scale, integrated building decarbonization projects that deliver deep, verifiable reductions in greenhouse gas emissions across entire buildings or campuses.

- **Who is eligible to apply?**

Eligible applicants must be commercial, industrial, or institutional building owners OR equivalent tenants seeking to complete retrofit construction projects in existing eligible building spaces. Tenants must demonstrate owner approval and a valid lease for one year beyond the length of the proposed project's construction timeline.

Institutional buildings are defined as those buildings that serve a non-profit or public purpose, such as a library, hospital, public school, institution of higher education, municipal utility, public recreation or cultural facility, or government entity.

- **What are the project scope requirements?**

Projects must be located in New Jersey and have a minimum total eligible overall cost of \$5,000,000. They must either involve Thermal Energy Networks OR include work from at least three of the following scope categories: on-site renewable energy generation; on-site energy storage; electrification/fuel switching of heating systems; refrigerant replacement for cooling systems; general energy efficiency improvements (BMS, envelope, heat recovery, lighting upgrades, green roofs/cool roofs, electrifying appliances, etc.)

- **How do I know if my building is eligible for the program?**

Please review the Eligibility Requirements on the program webpage (www.njeda.gov/retrofit). Your building must meet one of the following property classes: Class 4A: Commercial Property; Class 4B: Industrial Property; Class 4C: Apartments (owned by a commercial or institutional entity); Class 15A: Public School Property; Class 15B: Other School Property; Class 15C: Public Property; Class 15D: Church and Charitable Property; Class 15E: Cemeteries and Graveyards; and Class 15F: Other Tax Exempt Property. Your building(s) property class should be designated on the building's property tax documentation or similar property records from your municipality or county assessor.

- **How much funding is available?**

\$75,000,000 in grant funding is available. For one calendar year after the Program application is open to the public, 50% of the grant's funding pool (\$37,500,000) will be set aside for applications submitted for projects in Overburdened Communities and for Institutional applicants. Upon expiration of this set-aside, any unallocated set-aside funding will be open to all eligible applicants on a first-come, first-served basis.

- **Where does the program funding come from?**

The RETROFIT NJ Program is funded through proceeds from New Jersey's participation in the Regional Greenhouse Gas Initiative (RGGI) — a multi-state, market-based program that reduces carbon dioxide (CO₂) emissions from the power sector.

Through RGGI, New Jersey auctions carbon allowances and reinvests the proceeds into programs that advance clean energy, energy efficiency, and greenhouse gas reduction goals.

For more information about RGGI funding and investments in New Jersey, visit <https://www.nj.gov/rggi/index.html>.

- **What is the grant size?**

For all projects, the minimum grant award size is \$2,500,000. For projects involving Thermal Energy Networks (TENs), the maximum grant award size is \$12,500,000 per project/Employer Identification Number (EIN). For all other projects, the maximum grant award size is \$10,000,000 per project/EIN.

- **How much of the project cost does the grant cover?**

The grant award covers up to 50% of total eligible project costs for for-profit commercial projects, and up to 60% of total eligible project costs for Institutional and non-profit projects, with a maximum grant award amount of \$12,500,000 for TENs and \$10,000,000 for all other projects. The percent of project costs that can be reimbursed through the grant will be increased by an additional 5% (up to the maximum grant award amount) if the applicant's proposed project/building is located within an Overburdened Community (OBC) or adjacent census block.

- **How will the grant funding be disbursed?**

Grant funds will be disbursed on a reimbursement basis following NJEDA review and approval of paid invoices, proof of project milestones, and completion of required pre- and post-construction site inspections.

Up to 20% of the total grant award may be used to cover eligible soft costs (including design and engineering for the project) incurred either during an 18-month pre-application lookback period and/or after application submission. Additional disbursements will occur as follows: 25% of the grant funding at

one-third (1/3) construction completion, 25% of the grant funding at two-thirds (2/3) construction completion and the remaining 30% upon final project completion and approval by NJEDA. In the event the proposed eligible soft costs are below 20% of the total eligible project cost, the remaining disbursements will be increased proportionally by the NJEDA within the grant agreement for the awarded project. NJEDA will determine construction progress based on construction cost and schedule data, including expenses incurred to-date vs. total project cost, and amount of work completed vs. remaining based on construction project schedule.

Applicants must submit supporting documentation—including invoices, proof of payment, and progress reports—in accordance with the grant agreement and NJEDA's disbursement schedule.

- **What are eligible project costs?**

Eligible project costs include construction labor and equipment that are directly related to emissions reductions/energy efficiency improvements or enabling work necessary for proposed emissions reducing/energy efficient building systems to be operational. Equipment and materials procured directly by the applicant that are directly related to emissions reductions/energy efficiency or enabling work necessary for proposed emissions reducing/energy efficient building systems to be operational are also eligible.

All projects award under this grant will be subject to the NJEDA regulations on Prevailing Wage Act (NJAC 19:30-4.1 et seq.) and affirmative action (NJAC 19:30-3.1 et seq). All labor on the project must be conducted by Registered Public Works Contractors whose workers are paid prevailing wage.

Soft costs including construction management, commissioning, engineering, building certification, and design costs relevant to scope categories listed above that exceed no more than 20% of total project costs can be allocated for this purpose. This can include soft costs incurred up to 18 months prior to application submission.

Electric vehicle charging infrastructure can optionally be included in project scopes but electric vehicle charging infrastructure projects on their own would not be eligible.

- **What are ineligible project costs?**

Ineligible project costs include: permitting and inspection fees; taxes; property or facility acquisition costs; interior finish improvements and upgrades not related to operating energy/emissions reductions; other building system upgrades not related to operating energy/emissions reductions even if required for overall building code compliance; furniture and non-permanent items; prior construction work related to energy efficiency/emissions reductions improvements that began or completed before the time of application to the program; new construction and gut rehab/redevelopment projects including enlargements or additions to existing buildings that increase overall building square footage; demolitions; fines incurred because of code or zoning violations during construction project associated with this grant; and the installation of new combustion-based systems regardless of efficiency.

- **Would converting combustion-based backup generator to a clean source qualify under the fuel-switching scope?**

No. Converting a diesel backup generator to a clean or non-combustion alternative would not fall under the fuel-switching scope, since that category applies only to heating system electrification. The program is focused on permanent, building-level energy system upgrades that reduce or eliminate on-site fossil fuel use for regular building operations, such as heating, domestic hot water, or process loads.

Because backup generators are typically used only for emergency power and are not part of normal building energy consumption, they are not considered eligible for fuel-switching incentives under this program.

However, if a proposed project includes a new clean energy or storage system that provides both backup capability and contributes to overall building decarbonization (for example, peak load reduction or renewable energy integration), that portion of the project may be reviewed for potential eligibility under a different scope.

- **Can projects that were started, or for which a deposit was placed, be included in a RETROFIT NJ project?**

Projects that have already commenced construction or incurred significant costs outside of design, scoping, and engineering work prior to application submission are not eligible for RETROFIT NJ funding. Making a payment toward project costs, signing construction contracts, or beginning physical installation before submitting a RETROFIT NJ application would be considered project commencement and would render the project ineligible.

To qualify, project work, including procurement or installation, must begin after the application is submitted and the project is approved for participation.

- **What level of project drawings/plans are required to apply for the RETROFIT NJ Program?**

Applicants are not required to have full design or engineering drawings at the time of application. Conceptual or design-level drawings, along with a clearly defined project scope, are sufficient for submission. Design and engineering plans can be developed after the application is submitted, and related costs may be incurred following submission.

Applications should include a detailed description of the proposed improvements, such as HVAC replacements, chiller upgrades, or building envelope measures, along with any available schematic or design drawings, a project timeline showing anticipated design and construction milestones, and budgetary cost estimates that reflect the current understanding of the project scope.

It is understood that project budgets will be preliminary and subject to change as designs and pricing are finalized. However, grant awards will not be increased to cover any subsequent project cost overruns. Applicants must demonstrate the financial capacity to cover all costs not funded by the grant, including

a 10 percent project contingency to account for any potential project cost overruns.

- **Is there a specific timeline the project must follow?**

Projects that receive a RETROFIT NJ grant must provide proof of committed matching funds or financing and begin construction within 12 months of execution of the grant agreement and complete the project within three (3) years from project construction commencement.

Failure to meet these timelines may result in withdrawal of the grant award or the need for formal extension approval by NJEDA.

- **What application materials do I need to submit?**

Applicants must submit a complete **application package** that includes:

- Building address and property information (size, type, occupancy, etc.)
- Proof of building ownership/proof of building owner permission to undertake project
 - If Applicant leases space, a copy of their lease extending one year past the construction timeline and a signed acknowledgement from the landlord that they have reviewed and approved the proposed facility improvement(s).
 - If Applicant owns space, a deed, property tax statement, or current mortgage statement from the lender.
- A description of the proposed project
- Project design drawings
- Photos of the existing building space
- Cost estimate budget spreadsheet using NJEDA template, which is supported by:
 - Quote(s) from contractor(s) that are registered with NJDOL as a Public Works Registered Contractor with costs consistent with New Jersey State prevailing wage rates
 - Vendor quotes or similar retailer price information for any relevant items/equipment to be purchased directly by the applicant
- A soft commitment for matching funding (e.g., promissory note, letter of commitment from a financial institution, etc.) OR proof of funding in-place (e.g. bank statements, executed financing agreement, or similar indication of availability of working capital for proposed project) to demonstrate applicant's ability to cover the balance of project costs not covered by the grant IN ADDITION TO a 10% contingency to cover any potential project cost overruns.
- Estimated project schedule using NJEDA template
- Requested grant award amount
- Expected utility/state energy efficiency incentive payments (if applicable)
- Recent utility bill(s) (water and energy), as well as building occupancy and energy consumption (e.g. oil, propane) data for prior 12 months of operation

- Projected operating greenhouse gas emissions savings to be realized as a result of the project (calculated by a 3rd party qualified professional) with supporting information and additional documentation as required (HVAC equipment information, etc.).

Additional materials may be required during the review process to verify eligibility or evaluate technical feasibility.

- **When is the deadline to apply for the grant?**

There is currently no deadline. Applications will be accepted and reviewed on a rolling basis until all funding is committed.

- **How will applications be scored or evaluated?**

Applications will be reviewed based on a first completed, first reviewed basis when the application is opened to the public. There is no formal scoring process or competitive evaluation, just a review to ensure that the proposed project meets minimum program, eligibility, and documentation requirements.

If NJEDA staff have questions or documentation is missing from the application, NJEDA will follow up with applicants directly, who will have up to 15 business days to respond and/or resubmit any needed materials or documentation. The timelier and more thorough you are with addressing any issues identified, the quicker we can process your application. Please note that applications may be declined or withdrawn for unresponsiveness to NJEDA's request(s).

- **Are there any fees associated with the RETROFIT NJ Program?**

Yes. There is a non-refundable application fee of \$1,000 to apply to this program. The fee cannot be refunded once paid.

- **What is considered a "campus" or "multi-building" project?**

Campus-wide and multi-building facilities are defined as a group of two or more buildings owned and/or leased by either a single entity or a group of two or more building owners/leaseholders. A "campus" must have two or more adjoining buildings on the same lot, or on separate lots whose property lines are touching. The adjoining buildings would be considered the "main campus."

In addition to buildings located on the "main campus", buildings located within ¼ mile of the "main campus" can be considered a "campus" for program eligibility. For the purposes of projects with Thermal Energy Networks, the ¼ mile distance requirement does not need to be met, so long as all buildings in the proposed project are connected to that thermal energy network.

- **Can multiple properties owned by different entities be combined into one application?**

Multiple buildings or facilities may be combined into a single RETROFIT NJ project if they are contiguous (i.e., part of the same overall property or adjacent parcels) or in a campus-style arrangement and are

owned or controlled by the same entity or a group of two or more building owners/leaseholders. The combined project must function as a unified retrofit effort under a single application, with coordinated scopes, budgets, and implementation timelines.

If applying as a group of two or more building owners/tenants, a lead entity (e.g. special purpose entity) must submit the grant program application on behalf of the group as the primary applicant.

- **In the case of a group of building owners/tenants applying for the program, do the building owners or leaseholders need to have an ownership stake in the new or existing entity or LLC created specifically for the project?**

No. The applicant is not required to hold an ownership stake in the entity or LLC formed for the project. However, in the case of leaseholders, the lease must extend for at least year beyond the proposed construction completion date.

Under RETROFIT NJ, campus-wide and multi-building projects may be submitted by a group of two or more building owners or leaseholders. In such cases, the group may either designate a lead entity (one of the participating owners or leaseholders) to submit the grant application on behalf of the group, or utilize an existing or newly created business or institutional entity with its own EIN that represents the collective interests of the group for the purposes of the proposed project.

While individual owners or tenants do not need to hold a direct ownership interest in the newly formed entity, each participant must provide documented authorization confirming their participation and consent for the entity or lead applicant to act on their behalf.

This structure allows group-based or campus-style projects to apply as a single, coordinated proposal while maintaining accountability and compliance with program requirements.

- **How do I obtain a tax clearance certificate?**

A valid tax clearance certificate is required at the time of application approval. Tax clearance certificates are valid for 180 days after issuance.

Follow the directions in this document if you are not registered: [Getting Started in Premier Business Services](#)

Once you are registered, create an account on this webpage:
https://www16.state.nj.us/NJ_PREMIER_EBIZ/jsp/home.jsp

For additional questions, email businessassistancetc.taxation@treas.nj.gov.

- **Is RETROFIT NJ funding stackable with other energy efficiency and decarbonization programs?**

Applicants may combine RETROFIT NJ funding with other state, federal, or utility incentives, provided there is no duplication of funding for the same costs or measures, that total grant funding from all sources does not exceed total project costs, and that the other program also allows funding to be stacked. Financing from NJEDA, such as the NJ Clean Energy Loans, [Garden State C-PACE](#), or the New Jersey Green Bank, may also be used to cover complementary project costs. However, RETROFIT NJ

projects cannot be stacked with funding from NJEDA's NJ Cool program. NJEDA will coordinate with other State agencies to ensure compliance and prevent duplication of benefits.

RETROFIT NJ funding is calculated based on the total eligible project cost, not the net amount after factoring in other incentives. For example, if a project has \$6 million in total eligible costs and receives \$2 million from a utility program, NJEDA could still provide up to \$3 million (assuming 50% reimbursement) through RETROFIT NJ. Projects involving substantial rehabilitation, having the same meaning as "reconstruction" in N.J.A.C. 5:23-6.3." are not eligible for RETROFIT NJ grant financing.

What is the difference between a retrofit construction project and a substantial rehabilitation/redevelopment project?

Generally speaking, projects which are required to meet an energy code due to the extent of the work being performed are excluded from program eligibility. This would include but is not limited to the following: gut renovations where most of the major systems, interior partitions, or structure are replaced, redevelopments that change the use, occupancy, or footprint of the building and projects where the majority of the existing structure is demolished and reconstructed.

However, construction expenses for new multi-building energy systems are eligible if the system is connected to existing building(s) undergoing retrofits, even if new construction or gut-rehab/redevelopment buildings are also being connected to that system.

- **Do "Energy Efficiency Improvements" include replacing my building's old boiler or furnace with a more efficient model that burns less natural gas or heating oil?**

No, RETROFIT NJ grant funding will not reimburse applicants for costs of new fossil fuel-based systems. This includes, but is not limited to, new fossil fuel-based heating systems or new back-up power generation equipment.

- **Does each energy efficiency improvement qualify as a separate category, or do all energy efficiency improvements fall under one scope?**

Applicants are encouraged to bundle multiple energy efficiency measures such as lighting, controls, building envelope improvements, etc. into one comprehensive retrofit proposal that achieves meaningful energy and emissions reductions across the facility. However, all energy efficiency improvements included in a project application are considered part of a single project scope. Applicants would still need to meet two additional project scope requirements in addition to energy efficiency (e.g. refrigerant replacement, clean energy generation, etc.) unless a thermal energy network will be installed.

- **Is there a minimum threshold of cost, savings, or carbon reduction for each specific scope?**

There is no minimum threshold for individual measures/project scope categories. However, the project as a whole must demonstrate the avoidance of at least one metric ton of carbon dioxide equivalent

(CO₂e) for every \$250 in requested NJEDA grant award amount over the project's useful life.

- **I am constructing a new building that is energy efficient and does not use fossil fuel combustion systems for heating, can I apply for a grant?**

No. At this time, only projects that retrofit, upgrade, or improve existing buildings are eligible for the grant. However, construction expenses for new multi-building energy systems are eligible if the system is connected to existing building(s) undergoing retrofits, even if new construction or gut-rehab/redevelopment buildings are also being connected to that system. For strictly new construction projects, please explore other funding opportunities that may be available for new construction.

- **I am interested in reducing operating greenhouse gas emissions from my building, but don't know where to start.**

See additional resources below to learn about efforts to reduce greenhouse gas emissions through alternative heating and cooling systems and energy efficiency measures. We strongly suggest working with a building design professional or specialized building contractor to evaluate what systems will be most appropriate for your specific building.

<https://www.ashrae.org/about/tfbd-what-is-building-decarbonization>

<https://www.energy.gov/eere/energy-efficiency-buildings-and-industry>

<https://www.energystar.gov/buildings>

- **I'm having a hard time finding a Public Works contractor. Why can't I use any contractor?**

All contractors for this program must be Public Works contractors registered with the NJ Department of Labor and Workforce Development (NJDOL). State law requires that all contractors and subcontractors whose workers provide hands-on labor for a public works project be paid prevailing wage.

There are over 6,000 contractors that are registered with the NJDOL. The full list can be found [here](#).

- **Can the purchase of Renewable Energy Credits (RECs) fulfill the scoping requirements for onsite renewable energy generation under the RETROFIT NJ Program?**

No. The purchase of Renewable Energy Credits (RECs) alone does not satisfy the requirement for onsite renewable energy generation. To meet the Program's scoping criteria, renewable energy systems such as solar photovoltaic, solar thermal, or other eligible onsite generation technologies, must be physically installed and operational at the project site.

While applicants may choose to purchase RECs or other environmental attributes as part of their broader sustainability goals, these purchases do not count toward the onsite renewable energy component required under the RETROFIT NJ Program.

- **Can a community solar project be included as part of a RETROFIT NJ application if it is located on the same site as other building upgrades?**

Community solar projects designed primarily to serve offsite customers are not eligible under RETROFIT NJ. However, onsite solar installations that directly serve the applicant's own facilities and are integrated into a broader energy efficiency or decarbonization project may be eligible. If a solar installation includes a community solar component, that portion can be financed through a separate program, such as NJEDA's NJ CELs program, or the New Jersey Green Bank.

- **Are on-site solar generation Power Purchase Agreements (PPAs) allowable under this program?**

No. Solar installed through a Power Purchase Agreement (PPA) is not eligible for RETROFIT funding. Because the system is owned and financed by a third-party provider and not the applicant, the costs associated with installing PPA-based solar cannot be counted toward eligible project costs and cannot be reimbursed under the program. To qualify for RETROFIT funding, on-site solar must be purchased and owned directly by the applicant.