State of New Jersey
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Michael Winka, Director
Office of Clean Energy

Tel. # (609) 777-3335
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November 10, 2009

Re: Solicitation for Proposals in the Renewable Energy Grid Connected Program in New Jersey's Clean Energy Program

Potential Applicants in the NJCEP RE Grid Connected Program:

Please note that due to the Office of Clean Energy's late release of responses to the questions submitted as part of this solicitation process, the deadline for proposal submission has been extended from November 30, 2009 to January 8, 2010.

All proposals are due by 5:00 pm on January 8, 2010.

The Office of Clean Energy plans to present the evaluation results and any recommendations to the Board for award decisions in this solicitation before March 31, 2010.

Please find the Office of Clean Energy's responses to questions posed by potential applicants and the original solicitation with updated cover page and Key Events section 1.4 revised to reflect the extended deadline.

Scott Hunter
Renewable Energy Program Administrator
Office of Clean Energy
New Jersey Board of Public Utilities

Solicitation for Proposals in the Renewable Energy Grid Connected Program in New Jersey's Clean Energy Program

Responses from the Office of Clean Energy to Questions from Potential Applicants

Question #1

Please address the following questions in regard to the Solicitation for Proposals in the Renewable Energy Grid Connected Program in New Jersey's Clean Energy Program.

1) At Section 1.1, the Solicitation states: "Grants will be awarded to Applicants who meet the criteria specified for the Program as described below in Section 3.0 and will be awarded on a first come, first served basis until the earlier of the allocation of the entire $6,038,605 budget or three (3) years from the date of this Solicitation."

   However, at Section 1.4, the solicitation states: "Funds are expected to be committed on a competitive basis to the applicant or applicants that successfully complete the application process and whose proposal is determined to be most advantageous to the State of New Jersey subject to the availability of funds."

   For purposes of this question, assume that Application A is submitted on November 1, 2009, and Application B is submitted November 25, 2009. The quoted portion from Section 1.1 seems to indicate that so long as Application A meets the minimum criteria and there are funds available, it will receive funding ahead of Application B, even if Application B better meets the objectives of the program. The portion quoted from Section 1.4, however, suggests that since both applications were submitted by the deadline, they would be evaluated competitively against each other. Application B would receive funding first since it more fully meets the program criteria, and Application A would only receive funding if available funds remained. Please clarify which approach will be taken.

2) We are working with a technology that produces energy from "biomass" as defined in the Solicitation and in Executive Order No. 13134. Specifically, the biomass consists of food waste and yard waste, which constitute "wood and wood residues" and "other waste materials" under EO 13134. These would be processed in a facility using anaerobic digestion to produce a methane-rich biogas. This is the same biological process that produces methane in landfills and biogas in wastewater treatment facilities, but is much more efficient and environmentally safe since it takes place under controlled conditions and captures all the available methane. Please confirm that this technology qualifies as "Class I Renewable Energy".

3) Same technology as discussed in Question #2. The process does not require combustion or gasification. The biological processes and required technology investment are most similar to the production of Wastewater Biogas. Please confirm that the relevant Technology Category for calculation of the Capacity Incentive would be "Wastewater Biogas."

Thank you. We would be pleased to provide additional technical information to substantiate these questions.

Wayne Davis
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www.harvestpower.com

OCE Response to Question #1

1. Projects will be evaluated and approved on a first come first serve basis. However key considerations are the installation of renewable generating technologies at economic terms and environmental performance most advantageous to the New Jersey resident ratepayer and taxpayer. There are limited funds available for this program and therefore project performance will be reviewed in light of budget availability.
2. As for food waste, we will review your process with the NJDEP to determine whether it meets the Biomass definition in Executive Order No. 13134 as a NJ Class I renewable resource. If it does not satisfy these requirements, you will be required to request a Sustainability Determination to both the NJBPU and NJDEP. Given you question part of the DEP determination would include whether the facility was managing source separated or mix waste streams which may require a DEP solid waste facility permit and solid waste plan inclusion. Upon receipt of the DEP report, the BPU will make the final determination concerning this type of project.
3. The sustainable biomass technology must generate electricity to be considered for funding under this solicitation.

Question #2

Thank you for the opportunity to comment/ask questions related to the Renewable Energy Grid Connected Program solicitation.

Pertaining to the following provision:

3.2.3 Project Description - Previous Experience

"Applicants will be required to certify after award that its proposed project team will remain the project team for the duration of the project, subject to any changes approved by the NJBPUOCE. Because multi-year projects and construction will not likely begin until after the award selection and in order to address the time gap between award and construction, the Board will require that applicants not reallocate the personnel/resources they used to obtain the award, without its prior approval by the NJBPU-OCE."

Could you please provide further clarification on the process through which NJBPU-OCE will evaluate and approve changes to the project team, and the criteria that will be the basis for approval?

Judging from the flexibility of the solicitation requirements in other areas, respondents will be at various stages of project development – some, perhaps, without title to the site or lacking adequate resource data to definitively know that their project is viable. Knowing that all of the necessary data to attract robust industry interest in a project might be lacking, the "teaming arrangements" encouraged in the solicitation are not likely to reflect the best pairings that would result from project information available in later

stages of project development, after various feasibility studies have been conducted and site data collected.

This is an especially important point for public agencies that have a responsibility to select partners through an open and equitable process, but also one that maximizes the public benefit of the project. The solicitation clearly encourages public projects through the higher performance-based incentives offered, so it follows that consideration should be given to the unique business requirements of a public entity. Allowing for project team changes that lead to a documented "greater than or equal to" technical or financial partner will provide all respondents with the flexibility needed to build the strongest project team possible.

Christine Weydig
Deputy Director for Energy
Office of Environmental Policy and Compliance
Port Authority of NY & NJ
office: 212.435.5460 | mobile: 347.626.9036

OCE Response to Question #2:

The process will be simple. It will ensure the project maintains the required expertise to complete the construction and generate electricity in a timely manner since the State will be investing a substantial amount of NJ ratepayer funds. The applicant will supply the proposed names and backgrounds of the new team members with justification on why these changes were made and how it will affect the proposed project. The BPU-OCE will review the proposed changes. If after the evaluation, we see that these changes will not significantly affect the scope or timing of the project, it will be approved. However, if these changes significantly affect the project as proposed, OCE staff will be required to present to the Board the request for changes to the approved project.

Question #3

RE: Solicitation for Proposals in the Renewable Energy Grid Connected Program in New Jersey's Clean Energy Program

Question: We operate a power plant in New Jersey with two existing 100% coal-fired generation units. Our inquiry: Could the investment in physical modifications of the unit(s) and related permitting to provide for the co-firing of woody biomass and coal qualify for a grant under this solicitation?

Jim Maiz
Rockland Capital

OCE Response to Question #3:

Coal is not a NJ Class I renewable resource and co-firing is not currently allowed in the NJ RPS. Therefore, this type of generation would not be considered in this solicitation.

Solicitation for Proposals in the Renewable Energy Grid Connected Program in New Jersey's Clean Energy Program

(Offshore Renewable Energy and Solar Projects are NOT Eligible)

Responses Due by 5 P.M. January 8, 2010

Issued by New Jersey Board of Public Utilities
Office of Clean Energy
November 10, 2009

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1.0 PROGRAM INFORMATION

1.1 PROGRAM SUMMARY

The Board of Public Utilities (Board or NJBPU) announces a competitive grant program to encourage the development of renewable electricity generation projects serving the electricity distribution system in New Jersey. Funding for this program will come from the New Jersey Clean Energy Program (NJCEP). In its 2009 Renewable Energy budget order, the Board directed the Office of Clean Energy (OCE) to develop a new program for funding with new 2009 NJCEP funding allocated through the NJCEP trust. The Board set the budget for this program within the 2009 NJCEP at $6,038,605 and now seeks proposals to facilitate the installation of onshore wind or biomass renewable electricity generating technologies at the economic terms and environmental performance most advantageous to the New Jersey resident ratepayer and taxpayer. Offshore wind, hydrokinetic projects, landfill gas injection into a natural gas pipeline or solar projects are not eligible for this solicitation.

This solicitation's objective is to facilitate the development of Class I renewable energy onshore wind and biopower projects that are larger than one megawatt renewable in New Jersey. The selected proposal(s) will demonstrate the superior ability of the proposed project team to construct an onshore wind or biopower project, and the need for grant funds to document feasibility, secure permits, process feedstocks, demonstrate innovative financing, supplement revenue streams, or overcome other barriers to private investment in renewable electricity generation.

Proposals that provide renewable onshore wind and biopower energy generation using emerging, commercially available technologies that maximize energy production during peak demand periods with the greatest feasibility and likelihood of electricity generation in 2010 will be given preference. Projects proposals that demonstrate a new or innovative onshore wind or biopower technology may also apply. Proposals with new or innovative technologies must have performance data verified through a third party independent organization such as a federal lab, private independent third party testing lab or non-for-profit testing laboratory or organization. Proposals that develop biopower feedstock may apply with an additional requirement to document biopower contracts with an operating and permitted biopower facility. Proposals that develop renewable energy storage may apply with an additional requirement to document a contract with an operating and permitted Class I renewable energy facility for the storage of the energy from the Class I renewable energy facility. Proposals that provide clean energy generation that address load pocket or congestion problems within the electricity distribution system serving New Jersey will be given preference. Other evaluation criteria that will be considered, based on the information from the project proposal, are those that encourage increased energy security, reliability and maximized environmental benefits to New Jersey ratepayers.

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Proposed projects must demonstrate an ability to finance construction through market sources, which may include tax exempt bond financing through the NJEDA. The NJCEP-OCE will forward proposals to the EDA to provide long-term low-interest financing to renewable energy projects from applicants who request it. Respondents seeking low-interest, tax exempt bond financing may be required to qualify under the standards set forth in the Internal Revenue Tax Code (IRC) in addition to the general credit, underwriting, public purpose, and programmatic parameters discussed in this solicitation. There are several qualifying categories under the IRC for financing using tax-exempt debt that may be relevant to the types of projects contemplated under the NJCEP. Projects that do not qualify for tax-exempt bond financing under the IRC may still qualify for taxable bond financing or other loan products available through the NJEDA.

The Board will accept Applications up to and including 5:00 PM on November 30, 2009. Grants will be awarded to Applicants who meet the criteria specified for the Program as described below in Section 3.0 and will be awarded on a first come, first served basis until the earlier of the allocation of the entire $6,038,605 budget or three (3) years from the date of this Solicitation.

The Board will be responsible for receiving the Applications, reviewing Applications for completeness and evaluating Applications for financial capacity to undertake the Project.

Applications are not limited to any geographic area within the State.

The approval and payment of the Grant are contingent upon the successful Applicant obtaining all required local, State, and/or federal permits and/or approvals. Failure to do so will result in the Grant award being rescinded without any further obligation, financial or otherwise, on the part of the State or the Board

1.2 PURPOSE AND INTENT

The Board seeks proposals to develop the most cost effective onshore wind or biopower renewable energy facilities to be located in New Jersey capable of supplying electricity to the distribution system serving New Jersey. This solicitation seeks proposals for the development of biopower feedstocks, Class I renewable energy storage and innovative Class I renewable energy proposals with additional criteria. Biopower feedstock is defined as biomass. The winning proposals are expected to diversify the portfolio of Class I renewable energy technologies used to provide power and environmental benefits to New Jersey; to accelerate the deployment of large-scale renewable power plants; and demonstrate the development of onshore wind and biomass powered electricity technologies serving New Jersey including biopower feedstock, Class I renewable energy storage and innovative renewable energy technologies.

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Toward the goal of successful implementation of the full intent of the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq., (Act), the Board will provide an arena in which renewable energy technologies, which may not be able to compete as yet on a first-cost basis, are given the opportunity to prove themselves as viable alternatives to traditional electricity supply. Life-cycle environmental impacts and the need to foster diverse technologies, as well as total project costs and benefits, will be considered by an evaluation team when reviewing project proposals. Data must be supplied on the environmental attributes of each of the various renewable technologies proposed and their relation to the goals established in the New Jersey Energy Master Plan.

Each project offered in response to this solicitation must document all associated impacts from pre-construction activities through decommissioning including but not limited to environmental, tourism, natural resource, navigation, historic view shed, fisheries or other local economic impacts. These impacts may include, but are not limited to those covered by guidance issued by NJDEP on environmental assessments at http://www.nj.gov/dep/opppc/permitcoor.htm. Applicants must submit a completed NJDEP Readiness checklist and Permit Identification Form (PIF) to the NJDEP Office of Permit Coordination and Environmental Review, must have completed a pre-application meeting with NJDEP and demonstrated compliance with Executive Order 215 requirements as applicable prior to the execution of a final award contract. Applicants must demonstrate how they intend to adapt their proposal and construction activities to minimize any impacts to local natural resources, tourism and other ecological and economic attributes.

The applicant shall document in their proposal a plan to satisfy the program requirement for a grant awardee to conduct environmental monitoring and natural resource data collection prior to, during and following construction of the facility for a time period of sufficient duration to determine potential and actual impacts. This documentation requirement includes a plan for the collection of monitoring data on the distribution, abundance and migratory patterns of wildlife including avian, bats and other species in the proposed project areas.

The presentation of projects demonstrated as likely to be accepted by the surrounding community are very important in this solicitation. For this reason, the Board is seeking proposals that include a public participation plan. Onshore wind and biopower projects must be carefully monitored and tightly controlled since reliable long-term operation of any approved project is also very important to the Board and the ratepayers of New Jersey. Therefore, demonstration of an operations and maintenance plan is also required and must be submitted as part of the proposal.

Funds awarded in this solicitation will be paid in a performance-grant type format. Therefore, significant energy production should be demonstrated in the proposal. Payments are expected to be made to the successful applicant after the project

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is permitted, constructed and operational with an allocation of 10% to 20% of total grant funding provided as an upfront payment for pre-development assistance, i.e., sitting, permitting, studies, etc.

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Biopower

Biopower technologies for which there is a more mature market, characterized by more prolific use and more established vendors including biomass combustion and landfill gas combustion will only receive base level incentive for successful completion of their project. Technologies that are currently less "market transformed" with a less mature market, less established use and smaller vendor community including biomass gasification combustion and wastewater biogas combustion, can request a base incentive plus a 15% adder to help overcome the challenges faced by early stage technologies. Based on the Assessment of the New Jersey Renewable Energy Market performed by Summit Blue Consulting, the following biopower technology incentives are recommended:

Technology	Class	Capacity Incentive ($/kw)	Performance Based Equivalent ($/MWh)
Biopower Combustion	Public	$190.65	$10.49
	Private	$158.87	$8.74
Landfill Gas Combustion	Public	$128.16	$4.49
	Private	$106.80	$3.74
Biopower Gasification	Public	$1,655.53	$51.74
	Private	$1,379.61	$43.11
Wastewater Biogas	Public	$2,144.47	$58.49
	Private	$1,787.06	$48.74
See Volume 1, Table 5-22, page 106 available at: http://www.njcleanenergy.com/main/public-reports-and-library/market-analysis-protocols/market-analysis-protocols			

Applicants are also eligible to apply for an additional incentive for 50% biopower feedstock (biomass) at a recommended level of $0.03/kw if a biopower feedstock (biomass) is part of a larger biopower proposal.

Wind

In addition, based on the Summit Blue report, the following are recommended for incentives requested based upon capacity to be paid as a performance-based grant for onshore wind projects larger than one megawatt:

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Class	Capacity Incentive ($/kW)	Performance Based Equivalent ($/MWh)
Public Projects	$1,320	$29
Private Projects	$930	$20
See Volume 1, Table 5-22, page 106 available at: http://www.njcleanenergy.com/main/public-reports-and-library/market-analysis-protocols/market-analysis-protocols		

Incentives: Other Renewable Energy Proposals

Incentives for biopower feedstocks (biomass) without associated Class I electric generation equipment, Class I renewable energy storage technology, and innovative Class I onshore wind or biopower proposals will be considered on a competitive basis.

The additional incentive available for public projects (20%) reflects the fact that public entities are not able to take advantage of tax incentives.

Examples of incentive calculations for a 1MW landfill gas public project and how the funds will be disbursed:

The project size, 1MW, is multiplied by the capacity incentive ($/kw) for a LFG public project ($128.16) to get the total incentive for this project.

$128.16 x 1000 kW = $128,160. (Total Incentive)

To calculate the maximum up front incentive for pre-development assistant, multiply the total incentive ($128,160.00) by 10%:

$128,160 X 10% = $12,816 (Up Front Payment)

The remaining 90% of the maximum award amount or $115,344 will be paid as a $4.49/MWh performance incentive once the project is operating.

Biopower gasification, wastewater biogas combustion, and onshore wind proposals could request up to a 20% upfront payment with all other technologies eligible for up to 10% in upfront payments. Upfront payment amounts awarded for innovative Class I renewable energy technology proposals will be determined on a case by case basis considering the amount requested and the justification supplied.

The actual incentives for a proposal selected for an award will be calculated based on information supplied by the applicant including as justification for the request the anticipated production costs, permitting costs, cost of interest during construction, cost of equity, cost of debt, depreciation, length of loan, and

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benefits over the project economic life including sale of electricity, capacity, the RECs, and all tax incentives including any Federal tax credit for the technology proposed.

The proposed projects should demonstrate a viable plan to produce clean electricity to assist in helping New Jersey's meet its growing demand for electricity. The New Jersey Energy Master Plan has established goals of 200 MW of onshore wind capacity and 900 MW of biopower capacity by 2020. These estimates derive from a renewable energy market characterization study conducted by Navigant Consulting Inc. and a biomass (biopower) resource assessment by Rutgers Cooperative Extension Service.

Eligible technology for this solicitation is limited to commercially available Class I renewable energy technologies including: onshore wind, biopower, Class I renewable energy storage or feedstock for biopower. Offshore renewable energy proposals, solar proposals or biopower gas supply including landfill gas for pipelines injections are not eligible for this solicitation. The applicant's ability to demonstrate the feasibility of the onshore wind biopower, biopower feedstock or Class I renewable energy storage projects should be fully demonstrated and documented. In addition, a significant level of energy production will be expected from the proposals including the biopower feedstock and Class I renewable energy storage which must be fully addressed by the applicant within the proposal and will be evaluated under the review process.

For biopower feedstock projects, the proposals must provide a contract from a permitted and operational biopower facility to purchase the biopower feedstock. Class I renewable energy storage proposals must provide a contract from a permitted and operational renewable energy facility to supply the renewable energy. The onshore wind or biopower technology must be demonstrated as viable, cost competitive, and suitable for use in New Jersey consistent with Class I renewable definition, sustainable biomass requirements and air emissions limitations. The projects proposed must demonstrate the ability to become a working and ongoing forum to demonstrate the benefits and monitor the impacts of onshore wind and biopower in New Jersey.

Applicants of Projects which are approved for Grants shall be required to comply with NJ Treasury Circular Letter 07-05 OMB found at http://www.state.nj.us/infobank/circular/cir0705b.pdf and to enter into a grant agreement with the BPU.

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1.3 BACKGROUND

N.J.S.A. 48:3-60(a)(3) required that the Board undertake a Comprehensive Resource Analysis (CRA), originally consisting of existing energy efficiency policies and programs. The CRA included, but was not to be limited to, "an assessment of existing market barriers to the implementation of energy efficiency and renewable technologies that are not or cannot be delivered to customers through a competitive marketplace." N.J.S.A. 48:3-51. This analysis has led to careful consideration of a myriad of programs and technologies, ranging from the familiar energy efficiency appliance programs to new programs utilizing Class I renewable energy defined as, "electric energy produced from solar technologies, photovoltaic technologies, wind energy, renewably-fueled fuel cells, geothermal technologies, wave or tidal action, and methane gas from landfills or a biomass facility provided that the biomass is cultivated and harvested in a sustainable manner." N.J.S.A. 48:3-51.

In I/M/O the Petition of the Filings of the Comprehensive Resource Analysis of Energy Programs Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999, docket no. EX99050347 et al., dated March 9, 2001 (CRA Order), the Board took another step to implement the Act. The Act provided that the long term energy needs of New Jersey consumers shall be met in an environmentally sound manner requiring the Board to reevaluate existing energy efficiency policies and programs, consider new energy supply alternatives, and foster creation of new energy resources to facilitate competitive and diverse electricity supply for New Jersey, including renewable energy sources. N.J.S.A. 48:3-60(a)(3). By its March 9, 2001 CRA Order, the Board determined the funding level for the first three years of the minimum of the Act's required eight years of funding for CRA programs; the programs to be funded; the funding allocation; and the initial program administration. The total funding for what is now called the New Jersey Clean Energy Program was $115 million for 2001, $119.326 million for 2002, $124.126 million for 2003, and $124.126 million for 2004. In addition, the Board determined that $15 million would not be collected unless needed for cash flow required for 2004 programs. The Board allocated the funding at a proportion of 75/25 between energy efficiency and renewable energy programs respectively.

At its December 19, 2001 public agenda meeting, the Board approved the first solicitation for project proposals titled Solicitation for Renewable Energy Technology Projects in New Jersey for Electricity to Supply the PJM Power Pool subsequently referred to as the "Grid Supply" Program. The Board allocated $10,000,000 to the Grid Supply Program. There were 14 applicants that submitted proposals. At its June 26, 2002 agenda meeting, the Board approved Grid Supply Program awards to four successful applicants with production-based payments committed for completed projects on a cent per kilowatt-hour basis for a maximum period of five years. Successful applicants were also awarded limited grants for start-up costs up to 10% of the total incentive amount to

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facilitate construction of the project. Two projects are completed: (1) the Jersey Atlantic Wind Farm at 7.5 MW total capacity (4.875 MW grid connected capacity) with a $1.7 million grant and (2) the Burlington County LFG to Energy project at 6.2 MW total capacity with a $3.9 million grant. Two projects awarded grants (Clipper Wind and Hoburn Management Corp. (Solar)) were later cancelled. In addition, the Board approved a $300,000 award for an offshore wind feasibility study by Atlantic Renewable Energy Corp. Their initial proposal was for a 90 MW offshore wind project but the Board agreed with the NJDEP that this project was not ready and approved the award for the feasibility study as a first step.

On October 1, 2003, the Board announced a competitive incentive and financing program called Renewable Energy Advanced Power (REAP) to encourage development of distributed renewable electricity generation projects. This Solicitation was the second in what the Board envisioned to be an ongoing process of growth and development of a comprehensive program able to address the barriers preventing the development of emerging renewable technologies. The Board made available in the solicitation a combination of incentive and guaranteed financing. The funds awarded to successful proposals included a grant award of up to 20% of the total construction costs and other qualifying costs, as well as guaranteed long-term financing for the incremental cost of construction of the project. The BPU partnered with the New Jersey Economic Development Authority (EDA) to deliver the REAP program and provide long-term low interest financing for projects larger than one megawatt. As part of this partnership, the EDA made their low-interest, tax exempt bond financing accessible. However no applicants elected to finance their project using these EDA loans.

The Board approved three landfill gas to energy projects and one biogas project for grant awards under the REAP grant solicitation. Four projects are completed; (1) the ACUA LFG to Energy project at 1.6MW of capacity with a $513,225 grant; (2) the Warren County LFG to Energy project at 3.8MW of capacity with a $1.2 million grant; (3) the Ocean County LFG to Energy project at 9.6MW of capacity with a $1.5 million grant; and (4) the Rahway Valley Sewerage Authority Biogas project at 1.5MW capacity with a $500,000 grant.

By Order dated December 23, 2004 in docket no. EX04040276 (CRA II Order), the Board approved the 2005 to 2008 Clean Energy Program funding levels. Total funding for 2005 was $140 million; $165 million was approved for 2006; $205 million for 2007; and $235 million for 2008. The 2005 funding level of $140 million includes an additional $15 million required by the CRA II Order.

By Order dated September 30, 2008, Docket No. EO07030203 (CRA III Order), the Board set 2009 to 2012 Clean Energy Program funding levels of $245 million for 2009; $269 million for 2010; $319 million for 2011; and $379 million for 2012. In the 2009 Budget Order dated January 8, 2009, the Board allocated $10,201,605 for the 2009 Grid Connected program.

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The Board and its Office of Clean Energy (OCE) administer the Renewable Energy Programs that are part of the New Jersey Clean Energy Program. The Office of Clean Energy is also charged with implementing the Renewable Portfolio Standard (RPS), which requires electric suppliers to include a certain percentage of Class I and Class II renewable energy supply in their generation portfolio. Renewable electricity generation projects funded through the New Jersey Clean Energy Program qualify the project owner for Renewable Energy Certificates (RECs) used by regulated entities toward meeting the requirements of the Renewable Portfolio Standard in accordance with the guidelines established by the Board.

Proposals submitted in response to this solicitation must demonstrate that, should the proposed project be selected, power generation related air emissions will be within state of the art limits established by the NJDEP. Federal and State regulations enable or propose air emission trading programs which currently includes oxides of nitrogen, oxides of sulfur and greenhouse gases. The NJBPU-OCE and the NJDEP may track electricity production for the completed projects to facilitate accounting of greenhouse gas emissions in New Jersey. Tradable emission credits including any CO2 credit allowances or offsets, tradable renewable energy certificates or other attributes which result from projects funded through NJCEP are the property of the project developer unless otherwise specified. However, these credits must be fully documented as part of the overall economic analysis for the proposal. This documentation requirement includes any and all energy or capacity credits within the PJM system. In no case shall the combination of any direct federal stimulus grants or incentives or state grants or incentives including this grant provide more than 50% of the total project costs. This does not include indirect energy, capacity or other renewable or emission credits. The Board reserves the right to offer a reduced incentive based on the expected return on investment for the proposal.

Contract provisions between the Board and the successful applicant(s) resulting from the award of Clean Energy Program funds under this solicitation will stipulate that in the case of a breach or default on the part of the successful applicant(s), any data or project designs prepared prior to any breach or default shall be provided to the Board for use as it determines. Further, ownership of any air emissions or credits on renewable energy attributes revert to the State or an entity designated by the State until such time as the project financing provided through this program is fully recovered including any fees, penalties or interest, unless otherwise negotiated. Applicants will be required to comply with NJ Treasury Circular Letter 07-05 OMB found at http://www.state.nj.us/infobank/circular/cir0705b.pdf which provides the form of Grant Agreement/Contract that parties will be entering with the State, subject to non-material changes to the terms. It should be noted that in the Agreement, in the event of default by the applicant, ownership of any attributes will revert to the State or an entity designated by the State.

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1.4 KEY EVENTS

The solicitation will be issued on September 10, 2009. Funds are expected to be committed on a competitive basis to the applicant or applicants that successfully complete the application process and whose proposal is determined to be most advantageous to the State of New Jersey subject to the availability of funds. The Board reserves the right not to make an award if no acceptable proposal is received. Applicants are responsible for reviewing the Board's website for any Addenda to the solicitation and the State is not responsible for an applicant's failure to do so.

- Questions may be submitted to the NJBPU-OCE at OCE@bpu.state.nj.us through September 24, 2009. All questions and answers were summarized and any solicitation addenda were requested to be posted to the Board's website at www.nj.gov/bpu by November 13, 2009.
- Proposals are due by 5:00 pm on January 08, 2010.
- Evaluations and award, if any, will be made on or before March 31, 2010.
- Evaluations and awards will be made on an ongoing basis.

If additional funds are available after the award by the Board of the Grant Agreement the Board may authorize additional solicitations until all funds are committed. The Board may issue an additional solicitation based on approval of additional funds through the NJCEP budget process. Applications received after available funds are committed will have to reapply for subsequent solicitation(s), if any.

2.0 DEFINITIONS AND SCOPE OF WORK

2.1 DEFINITIONS

Unless otherwise defined herein, the following terms shall have their meaning as set forth below:

"Air Emissions Credits" – means credits pertaining to oxides of nitrogen (NOx), sulfur dioxide (SO2), or various greenhouse gases, granted pursuant to regulatory programs established under the NJ Air pollution Control Act, NJSA 26:2C-1 et seq, or the Clean Air Act, 42 USC 7401 et seq.

"Biomass" has the same meaning as that assigned to this term in Executive Order No. 13134, published in the Federal Register on August 16, 1999. Executive Order No. 13134 defines biomass as "... any organic matter that is available on a renewable or recurring basis (excluding old-growth timber),

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including dedicated energy crops and trees, agricultural food and feed crop residues, aquatic plants, wood and wood residues, animal wastes, and other waste materials."

“Biopower” – means the production of electricity from a biomass resource that meets the definition of and requirements for a New Jersey Class I renewable energy source including any necessary air quality and sustainability determinations from the New Jersey Department of Environmental Protection.

“Class I Renewable Energy” for the limited purpose of this solicitation means electric energy produced from commercially available technologies including solar electric generation, photovoltaics, wind energy, renewably fueled fuel cells, wave/tidal, methane gas from landfills or a biomass facility, provided that the biomass is cultivated and harvested in a sustainable manner.

“Electric Discount and Energy Competition Act” or the “Act” means the New Jersey State legislation found at N.J.S.A. 48:3-49 et seq.

“Emission Tradable Credits” means a discrete emissions reduction credit based on reductions of a greenhouse gas as specified by NJDEP.

“Feedstock” – means any material converted to another form of fuel or energy product.

“Gasification” – means the production of methane gas from a New Jersey Class I renewable energy source for the purpose of conversion to electricity.

“Grid Connected” means, for the limited purpose of this solicitation, any project which is either directly connected to the transmission or distribution system.

"PJM Interconnection, L.L.C." or "PJM ISO" means the Independent System Operator. PJM Interconnection coordinates the movement of electricity through all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.

“Societal Benefits Charge” means a nonbypassable distribution charge imposed on all electric and gas utility customers as appropriate, N.J.S.A. 48:3-60(a)(3). In accordance with the Act, each electric and gas public utility may recover costs for programs approved under the CRA through a societal benefits charge (“SBC”).

“Tax-Exempt Bonds” and “Bond Financing” - Tax-exempt bond financing is a form of long-term financing that is subject to the terms and conditions of the Internal Revenue Tax Code (IRC). The interest income earned by the holders of these bonds is exempt from Federal and NJ State Gross Income Tax. Because

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of these exemptions, an applicant may be able to borrow money at more favorable interest rates than those offered through conventional bank financing. Applicants should consult with a tax advisor.

"Taxable Bonds" and "Taxable Bond Financing" – Taxable bond financing is a form of long-term financing. There are fewer restrictions regarding qualified costs under a taxable bond structure than under a tax-exempt bond structure; however, the interest rate on a taxable bond is typically higher than that of a tax-exempt bond. Taxable bonds typically provide interest rates that are comparable or better than those offered through conventional bank financing.

2.2. SCOPE OF WORK

This section defines the parameters and evaluation criteria of the solicitation to guide applicants in the development of the required Statement of Work which will be used to evaluate proposals.

Applicants must document an exact amount of incentive required under this solicitation expressed on an expected per kilowatt hour delivered basis and enumerate any other incentives required from New Jersey's Clean Energy Program. Proposals seeking only to perform feasibility studies or conduct location research will not be funded through this solicitation. However, applicants can request support for resource assessment, preliminary design, engineering, or permitting costs associated with proposed onshore wind, biopower technology, biopower feedstock, Class I renewable energy storage technology and innovative Class 1 renewable energy technology installations and must document how this support will assist in developing Class I renewable electricity in New Jersey. Applicants are expected to reference within their proposal all sources and references used to conduct the project resource characterization, energy production, economic and financial performance, environmental impact, and tourism effects.

Teaming arrangements are encouraged when necessary to meet project goals. Teams may consist of commercial firms, government organizations, universities, or other organizations. Proposed teams should include members who have renewable energy power plant development and operational experience.

2.2.1 PROPOSAL MINIMUM REQUIREMENTS

In addition to requirements identified elsewhere in this solicitation, proposals for project funding must meet the following minimum requirements to be considered for funding. The Board reserves the right to return any application containing any material deficiency before conducting a technical evaluation.

- Total installed capacity in kilowatts for the entire project as well as any distinct individual project area proposed along with the

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expected annual energy production in megawatt-hours for each distinct technology or project area is required to be fully documented to enable evaluation of the project size in relation to the amount of NJCEP incentive requested. This includes the Class 1 renewable energy to be generated from a biopower feedstock or a renewable energy storage proposal. The total amount of clean energy being generated over the term of the grant and the life of the equipment should also be provided;

- Project Developers must demonstrate applicable experience in projects of the size and scope proposed. Proposals must include a comprehensive business plan with fully documented estimates of all associated and relied upon revenue and expense projections expressly and explicitly defined;

- The proposal must list all relevant team members and include resumes of members on the team that have an identifiable track record in construction and operation of power plants of similar size and scope;

- Funding may be requested to be paid as a production-based incentive with up to 10 to 20 percentage of the total grant production credit to be paid in the form of an upfront payment for design, engineering, and permitting costs etc. This includes any biopower feedstock and renewable energy storage projects. Applicants must submit an estimated accounting of all pre-construction costs as part of the proposal to enable a determination of eligible costs. If the winning proposal has requested an upfront production-based payment, the Awardee will be required to submit a full and detailed accounting of all actual pre-construction costs to the NJBPU-OCE to enable a determination of eligible costs and the structuring of a contract;

- Since the financial incentives available will only provide a percentage of the total project cost, there is no minimum level of cost sharing by the applicant, however, higher levels of cost sharing by the applicant are preferred and will be given relatively higher weight in the proposal evaluation than lower levels of cost sharing;

- Applicants must demonstrate that they have the financial resources to perform the proposed work, appropriate technical expertise, access to adequate facilities or the ability to get them, a good performance record and be qualified for an award under all applicable laws and regulations. Applicants will be required to demonstrate to the State, through the submission of audited financial statements or other evidence of adequate financial

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capacity to ensure that the project can be successfully completed as set forth in this Solicitation and the successful applicant(s) proposed.

- Applications will be accepted proposing any Class I renewable biopower using biomass or onshore wind technology. The project(s) proposed must be installed at one or more sites within New Jersey and demonstrate supply of electricity to the distribution system serving NJ. For biopower feedstock (biomass) and energy storage proposals, the biopower facility or other Class 1 renewable energy facility must demonstrate through contracts that this facility will supply electricity to the distribution system serving New Jersey.

- The proposal must specify the expected project time requirements in the aggregate from start to finish as well as the time required to accomplish each specific activity related to project design, resource monitoring, impact studies, permitting, construction, and decommissioning activities with associated milestones delineated for each category of activity. Proposals must also estimate an expected useful economic life for any equipment purchases as well as specify a project decommissioning plan for the technology proposed and installation areas proposed;

- The proposal should demonstrate to the greatest extent possible how the project will address current or potential future load pocket or constraint problems within the distribution system serving New Jersey and the PJM transmission system. This includes a description of any interconnections to the PJM system;

- The proposal must include a full cost accounting of the project with a calculation of the amount of the production credit incentive requested as a percentage of the total construction costs;

- The Board through NJCEP encourages the development and production of goods and services in the State. To that end, please disclose the extent to which the technology and project proposed will be manufactured in New Jersey and constructed by New Jersey-based businesses.

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3.0 PROPOSAL SUBMITTAL

3.1 PROPOSAL INSTRUCTIONS

Proposals may be hand-delivered or delivered via US Mail or Overnight to:

Ronald Jackson
Office of Clean Energy
New Jersey Board of Public Utilities
Via 8th floor receptionist
Two Gateway Center
Newark, NJ 07102

All proposals are due by 5:00 pm on November 30, 2009. Proposals that are received by the Board will be logged and time-stamped. Proposals must be delivered to the Board's Office in Newark as described above. Applicants must deliver or mail (5) copies of the proposal with required attachments via CD ROM. Please direct email inquiries to Ronald.Jackson@bpu.state.nj.us.

Proposals received shall be open for inspection and be considered public records after they are received and evaluated as being complete. If the Applicant believes that information contained in its propsal merits confidential treatment pursuant to the Open Public Records Law, N.J.S.A. 47:1A-1 et seq, any such purportedly confidential information submitted to the Board shall be specifically identified and marked by the Applicant and submitted to Board Staff in compliance with the Board's regulations at N.J.A.C. 14:1-12 et seq.

The Board reserves the right to reject any proposal which it deems incomplete.

3.2 PROPOSAL PREPARATION

Every proposal must include the required information as set forth within this solicitation. To facilitate the submission of similarly formatted proposals that enable ready comparison by evaluators, applicants should organize proposals as follows:

1. Cover Sheet (limit 1 page)
2. Abstract (limit 1 page)
3. Project Description
4. Timeline of Project Related Milestones
5. Statement of Work

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6. Project Economics and Associated Financial Statements
7. Project Team
8. Decommissioning Plan
9. Project Ownership and Financing Plan

3.2.1 COVER SHEET

All proposals must include a cover sheet that includes all of the following information:

-Name of Proposal (assigned by the project team to be used for reference purposes)

-Name of Primary Contact

-Name of Primary Applicant's Organization

-Mailing Address, Phone Number, Fax Number, Email Address, and Web Address of the primary applicant

-Specific location(s) of the proposed facilities including mid-point of generator array and all points of interconnection with the electric distribution system

-Number of wind turbines, biopower generators, biogas technologies or other Class 1 renewable facilities for the storage projects proposed with associated capacity of each expressed in kilowatts or megawatts (as appropriate)

-Expected annual electricity production in megawatt hours

-Total amount requested in NJCEP incentives with a full accounting of all revenue streams including sources of other state and federal incentives, energy and capacity, i.e., RPS RECs, net metering, federal tax credits or production credits, accelerated depreciation, PJM-RPM capacity payments, electricity payments, any other federal state economic stimulus funding any other air or environmental credits including any CO2 credits, allowances or offsets, as well as upfront and ongoing production-based payments

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-Amount of incentive(s) expressed in dollars per megawatt hours delivered requested under this solicitation as well as those expected from any other NJCEP incentive program

-The expected timeframe for the production credit which shall be no longer than 5 years

-Contact Person and Affiliation of all partnering organizations

-An Executive Summary of the project not to exceed 50 words which includes the technologies to be funded and the specific location(s)

-Applicant must report the expected useful life of the turbines

-Applicant must set forth in a chart or schedule format the anticipated production from the turbines or technologies proposed over their anticipated life

Proposals that do not include the material information above will be disqualified from further consideration. Further descriptions of these items are also required in the subsections below.

3.2.2 ABSTRACT – (*limit – 1 page*) Summarize the project. Include: the name of the proposal, the proposed status of project development, proposed operation date, specific location, type of technologies proposed, number of generators or wind turbines proposed including aggregate project megawatt capacity, including the megawatt capacity for the Class 1 renewable energy facility supplying Class I renewable energy storage proposals, and the megawatt capacity for biopower facilities contracting for supply from biopower feedstock proposals, land area required expressed in square miles or acres, number and location of all points of interconnection with the electric distribution system, and a general site description (i.e., commercial property within XYZ township).

3.2.3 PROJECT DESCRIPTION

This section of the solicitation is designed to guide applicants in organizing their proposals in a consistent fashion to facilitate evaluation. Applicants should demonstrate within the relevant sections of their project descriptions how their proposal meets or exceeds the criteria set forth in Section 2.2 Scope of Work.

In the body of the proposal titled “Project Description,” applicants must provide the following information with the associated descriptive headings in bold below:

Previous Experience – The applicant must describe the work done to date by the project team members in developing the proposed project or projects of similar scope especially any renewable energy project or New

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Jersey energy project siting work accomplished. If the work described was not performed by the entire team, delineate the experience or work performed by team member. Applicants will be required to certify after award that its proposed project team will remain the project team for the duration of the project, subject to any changes approved by the NJBPU-OCE. Because multi-year projects and construction will not likely begin until after the award selection and in order to address the time gap between award and construction, the Board will require that applicants not reallocate the personnel/resources they used to obtain the award, without its prior approval by the NJBPU-OCE.

Site Location and Description – The applicant must indicate the candidate areas for project development and the basis for site selection including the location(s), the construction staging area(s), the location of transmission lines and all points of interconnection to the distribution system serving New Jersey. Applicants must include a map with the location of the site(s) clearly marked. Describe any current uses, conflicts, or characteristics of the land areas under consideration. Specify whether the project is located at one site, or divided among several sites, define the attributes which make the site attractive and list any potential problems, constraints or limitations with siting an energy facility at that location including but not limited to environmental, economic, or energy production characteristics. The State, in its sole discretion, has the right to cancel/rescind the grant award if data collected or analyses conducted or this award indicate that the construction and/or operation of the onshore wind renewable energy storage, biopower feedstock, or biopower project would have unacceptable adverse impacts on wildlife and on the environment as determined by NJDEP or the USEPA through any permitting or regulatory review.

Land Acquisition – For each candidate area, applicants must identify the nature of land lease and ownership requirements for all aspects of the project including all required interconnection areas. Describe progress in securing leases and land required and propose a plan for accomplishing remaining steps toward acquiring leases or land ownership. Indicate the type and number of entities securing leases or owning land.

Applicants are required to demonstrate adequate financial resources to acquire any land or leases needed to undertake this project.

Environmental, Energy and Economic Impacts and Benefits – For each candidate site, applicants must describe potential impacts including, but not limited to, air emissions, waste water discharges, water use, noise, aesthetics, tourism and endangered species during pre-construction, construction and post-constructional operations. Applicants should specifically describe how the project activities will be coordinated with

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local municipal land use laws and the NJ DEP permitting agencies. Indicate how each resource issue, if impacted, will be addressed. Applicants should address in their proposal all anticipated or likely environmental, energy or economic issues.

The discussion shall include compliance with NJDEP standards as appropriate. Guidance on environmental impact assessments will be available to the awardee by calling the NJDEP Office of Permit Coordination and Environmental Review, and obtaining the document, "Environmental Assessment" at 609-292-2662 or visiting the website at http://www.nj.gov/dep/opppc/permitcoor.htm. Applicants are encouraged to review the website cited above in the preparation of their proposal. Applicant must have at a minimum, filed a permit readiness checklist with NJDEP prior to submitting of this proposal. Documentation of this filing must be included with the application

Permits – For each candidate area, applicants must identify all local, State and/or federal permits and/or approvals required to build and operate the project and the expected time to obtain such permits and/or approvals. This includes compliance with Executive Order 215 for an environmental assessment as applicable and as determined by NJDEP.

Information on all NJDEP permits is available from the Office of Permit Coordination and Environmental Review through the One Stop program which can be accessed from the NJDEP website at http://www.nj.gov/dep/opppc/permitcoor.htm

Public Participation - Applicants must prepare a public participation plan that will address how stakeholders will be involved in the project, including the permitting process(es) through ribbon cutting and annual progress reports.

Schedule – For each distinct project component proposed, the applicant must identify the expected duration of the permitting, design and construction phases. This schedule requirement is in addition to the project timeline as referenced and required in section 3.2.4.

Electric Interconnection – For each candidate area, applicants must document tasks required and discuss issues associated with electrical interconnection, including the distance between the project and a suitable point to interconnect with the electrical grid. Identify land acquisition requirements, new equipment to be installed, upgrades to existing equipment required, and any feasibility studies required and the timeframe for review. This required documentation includes interconnection requirements of the biopower facility for biopower feedstock proposals and the Class 1 renewable energy facility for Class I renewable storage

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proposals. A detailed description of how the proposed project will address and mitigate load constraints in the electric distribution and PJM transmission system should be included for each site. This section should include a description of each proposed point of interconnection.

Project Revenues – Applicants must submit a project revenue plan which forecasts revenues as well as identifies the project team's strategy for offering the electricity provided in the electric market and for generating all expected revenues. This plan along with the associated references to be supplied with Section 3.2.6 Project Economics and Associated Financial Statements is required to link the anticipated revenues to the project time schedule and costs for of the entire project lifecycle term extending to the expected life of the turbines and eventual decommissioning. This plan with associated financial references should enable the Board to compare different proposals and evaluate whether the anticipated revenues over the period outlined are realistic and sufficient. Applicants must specify financial expectations and marketing strategies for securing revenue from expected capacity based payments in PJM markets, energy based payments in PJM markets, Renewable Energy Certificate (REC) revenue from Renewable Portfolio Standard (RPS) or voluntary markets, and emissions credits from various air emission reduction cap and trade programs and any other federal or state economic stimulus funding.

Resource Data – For each candidate area, applicants must describe the renewable resource characteristics applicable to the technology proposed for the project site. Estimate the expected capacity of the resource and provide the methodology and references or data sources which corroborate to this estimate. For biopower projects and biopower feedstock (biomass) proposals this must include how long term commitments for the resource will be secured. For Class I renewable energy storage projects this must include long term commitments from the Class 1 renewable energy facility.

Onshore Wind Projects - Specify the average monthly wind speed at turbine hub height, average wind shear, turbulence intensity, annual wind speed frequency distribution (0.5 m/s bins), seasonal variations and annual wind rose shown graphically. Provide the period of data collection referenced. Where the data is estimated, provide the basis for estimate. Reference these estimates of resource availability with the estimated outputs of electricity in the Section titled Project Capacity and Energy Production described below. See http://www.nrel.gov/rredc for wind maps and other resources.

Equipment – To the fullest extent possible, applicants must indicate the major types of equipment that will be installed. If not yet selected, indicate the candidate technologies and the characteristics specified. Indicate

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whether the project team plans to own or lease equipment. Describe the equipment candidate(s), the specifications, warranties, how long it has been commercially available, approximately how many are currently in service, and where they are installed. Include a description of the ability of the equipment to work in New Jersey. Indicate the equipment's delivery time once an order has been placed. For actual construction, successful candidates are permitted to replace or update equipment identified in the proposal with more technologically advanced equipment that is equal to or better than the equipment identified in the proposal.

Construction/Installation – Applicants must describe in detail a construction plan with names of subcontractors capable of performing necessary tasks, with proposed time frame. Identify all the necessary State and municipal code requirements with the names of the agencies to contact for compliance. Include organization name, contact person, website and telephone number for OCE reference and verification.

Project Capacity and Energy Production – Applicants must indicate the proposed nameplate capacity for the entire project and the anticipated number of individual units for the selected technology or for each candidate technology. Indicate the total nameplate capacity that is being proposed for the site. Based on each candidate technology proposed, estimate the net yearly energy output for the project, accounting for losses and include any assumptions that are the basis for the estimate. Account to the fullest extent possible the coincidence between time of generation for the project and peak electricity demand. Provide an estimate of the amount of energy being generated over the term of the grant/life of the turbines. For biopower feedstock proposals this must include the energy to be generated by the biopower facility. For Class I renewable energy storage proposals this must include the energy generated by the Class 1 renewable energy facility and the energy to be stored.

Applicants must, to the best of their ability, accurately estimate the level of generation that their proposed project will be able to provide over the life of the equipment, assuming the project runs for the equipment's full life. Sound engineering estimates and information on plant performance from similar plants must be included as back-up documentation to the estimate.

Operation and Maintenance - Include a complete operation and maintenance plan for the life of the plant, including any estimated increases resulting from additional fuel costs. Applicant is required to demonstrate that it has the capacity to perform all necessary upkeep/maintenance over the life of the project.

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Proposal Information and Signatures – The Proposal should include the full business address of the Applicant or lead team member and the names and phone numbers of authoritative and technical contact persons. A principal of the lead firm must sign the attached statement of Verification of Bid Information (Appendix A) and of the Applicant's intent to abide by the protocols of proposals and the structure of incentive payments as described. The name and title (if any) of the person that signs the proposal shall be typed or printed below their signature and the signature shall be witnessed. Satisfactory evidence of authority of each person signing the proposal shall be furnished to NJBPU-OCE upon request.

Financial Ability – Applicant must provide evidence that it has the financial ability to undertake the proposed project. Applicant shall include current independent CPA prepared annual financial statements (balance sheet, income statements, statement of cash flows and annual independent auditor's report for the last two years) and projected financial statements for the next three years including an income statement. balance sheet, and statement of cash flows. Applicant shall demonstrate that it possesses the requisite financial ability to perform all of the tasks needed to successfully carry out its proposal (e.g., purchase the equipment; construct the turbines; link the turbines to the power grid, maintain the turbines over their expected life, etc.)

3.2.4 TIMELINE OF PROJECT RELATED MILESTONES

The Application must include a timeline of all the project-related milestones including dates for anticipated events and deliverables from the date of submission of the Application through commissioning and operation of the Grid Connected Project and the payment period of the Grant through to project end denoted by equipment decommissioning. These will include, but not be limited to, all the necessary State and municipal code requirements.

3.2.5 STATEMENT OF WORK

The Statement of Work is the primary contractual document that outlines work activities and required performance for payment and financing. It specifically delineates each step or procedure required to accomplish the project objectives. Therefore, each action shall be identified, indicating who will perform it, how it will be performed and its intended result. Be clear and specific; concentrate on "how" and not "why". Use the following guidelines as the basis for your Statement of Work and modify it as necessary to fit your project and provide additional information. Clearly identify what has been done and present the results to date and what still needs to be done and how it will be done.

The Statement of Work must be structured as an ordered set of tasks and attachments as follows:

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Introduction - Briefly and clearly state the overall technical goals of the project.

Task 1: Project Management

Subcontractor Coordination – State how activities will be coordinated between the applicant and any partners, any subcontractors, and the OCE. A discussion of subcontracting arrangements should also be included.

Project Management Meetings – Plan a kickoff meeting, an acceptance meeting, and a wrap-up meeting. Identify parties to participate at each meeting. Identify parties responsible for scheduling the meeting, providing the agenda (in advance), and issuing minutes.

Task 2: Reporting

The Awardee(s) shall submit quarterly reports by the 15th of the month following the reporting period. Quarterly reports shall summarize progress, difficulties, and planned solutions associated with developing and installing the facilities. After construction, monthly reports shall summarize the facility's performance and identify all operational problems and actions taken to fix any problems. Additional reports may be requested as needed for project facilitation. The monthly reports must include post-construction operational data, including the environmental monitoring plan of environmental impacts, and compliance with federal and State permits.

3.2.6 PROJECT ECONOMICS AND ASSOCIATED FINANCIAL STATEMENTS

Applicants must estimate all project related costs and revenues including plans for selling or using energy from the facilities and the production incentive in $/kwh being requested.

> Applicants may request upfront incentives to facilitate up front costs including financing fees, interconnection costs, project design, permitting and/or construction up to 10% of the total incentive. Less market transformed and less mature biopower and wind proposals as set forth in section 1.2 may request up to 20% for upfront costs. Innovative Class I renewable energy technology proposals may request a larger upfront cost. However, the actual upfront incentive will be based on adequate and sufficient documentation and the needs for these upfront costs. Documentation of scope of work and budget for each stage of development needs to be included with full itemization of requested funds. This shall include a separate sources and uses statements for pre-development activities and an estimated timeline of expenditures.

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Indicate applicant's plans for marketing energy from the plant and the status of negotiations with potential purchasers or users of the energy. Include applicant's consideration of marketing energy from the distributive renewable electricity generation to fulfill the Board's RPS requirements and other green power pricing options.

For information on New Jersey's Independent System Operator, visit the PJM website at www.pjm.com.

Provide a cash flow analysis over the lifetime of the project. Indicate any private, venture or existing project financing and the total amount of bond financing required for the project and any other incentives, subsidies or other funding associated with the project and projected internal rate of return or other measure of return compared to industry averages including any federal or state stimulus funding.

Discuss the proposed treatment of all "secondary environmental attributes" associated with the renewable generation, such as SO2, NOx, CO2 emission credit allowances offsets and renewable energy certificates.

Submit a business plan, which must include a description of the business, the proposed project, estimated construction schedule, ownership structure, management team with biographical information or resumes, projected balance sheets, income statements and statement of cash flows including annual financial projections with detailed assumptions for at least three years and monthly cash flow projections for at least 12 months or until cash flow is stable and positive, and all sources and uses of funds including grants, private investment, loans and any public financing including estimated repayment terms, conditions and collateral for all financing sources, supported by copies of financing commitments if available.

If the applicant is a special purpose and/or newly created entity, the (3) three most recent years of independent CPA prepared financial statements preferably on an audited basis for each sponsor and/or owner with ownership greater than or equal to (10%) ten percent shall be provided.

Provide current resumes, personal financial statements and the most recent three yeas federal tax returns for any person or entity having 10% or more ownership in the business, which will help in the evaluation of guarantor support to the request; and

Document any collateral available to secure the financing requested, which should include value of collateral, how collateral was valued and the amount and priority of liens filed against the collateral.

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3.2.7 PROJECT TEAM

Organizational Chart – Prepare an organizational chart listing all team members, including the project manager and any subcontractors and other sponsors involved in the project, showing their roles and responsibilities.

Qualifications – State the proposing team's individual and combined expertise that will enable successful completion of this project. Describe sources of private financing that will be used by the applicant to perform the proposed work. Submit resumes of all key project team members, including those of proposed subcontractors. Include education and experience that are relevant to the proposed work.

Previous Renewable Energy Development Experience – Describe the proposing team's experience in developing and operating conventional or renewable energy plants, marketing power, and other relevant areas. List related projects that have been undertaken and successfully completed by the applicant and/or subcontractors. For each project, provide a brief project summary and the name and phone number of a client contact. The Board reserves the right to contact any reference listed.

3.3 POST-AWARD CHANGES IN PROPOSED PROJECT

Projects are expected to be designed and proposed as feasible, viable projects that can be permitted by all relevant jurisdictions. The NJBPU, however, recognizes that some project changes may be required in order to be consistent with the results of any environmental assessment, NJDEP or other local state or federal permitting, or events that are unforeseen by the proposals. The NJBPU must be notified in advance in writing of any proposed change in a winning project while the incentive program is pending or operational for that project. Changes that have been determined by the NJBPU to have no material bearing upon the purposes or process of the program, or on the amounts of award and financing received by the project, will receive a letter of notification from the NJBPU that the proposed change will not affect the project's award. Changes to the grant award require prior NJBPU approval.

Changes having a material bearing upon the purpose or process of the incentive program may, upon determination by the NJBPU, result in forfeiture of incentive payments, or termination of grant award to the project and in some cases repayment of some or all of the award. For example, a project that is or becomes non Class 1-renewable such as processing of non-Class 1 renewables, storage of non-Class 1 renewable electricity will materially affect the program.

Any required permits must be awarded within one year of the date of the award of this grant. Projects must be constructed and operational at a minimum in the

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startup phase within 18 months of receiving permit approvals. Extension of this timeframe may be granted by the NJBPU for delays in permitting or construction. However, this awardee must document substantial and ongoing progress.

3.4 RATES, CHARGES AND BILLING

All projects are expected to come on-line by the date specified in the proposal. Any project failing to come on-line by this date may have its award and financing commitment reduced or terminated by the Board.

Plants must operate and provide the amount of renewable electricity or renewable energy electricity than will support of a biopower feedstock or renewable energy storage proposal that the applicant committed to or the plant will need to be optimized until it meets or exceeds the performance goals. Any project that still fails to provide the amount of electrical power that the applicant committed to after such optimization may have its award and financing commitment reduced or terminated by the Board.

3.5 FAILURE TO SUPPLY

The Board may elect to offer a grant award based upon production. If a project consistently generates less than estimated in its proposal or current project award package, the award and financing commitment may be reduced or terminated by the Board. The Board will have the final determination in certifying the qualifying generation at each plant.

4.0 PROPOSAL EVALUATIONS AND CONTRACT AWARD

4.1 PROPOSAL EVALUATION COMMITTEE

The NJBPU-OCE, subject to Board approval, will establish an evaluation committee including representatives of NJDEP, NJEDA and other government agencies to assist in reviewing proposals. The Evaluation Committee may include USDOE or USEPA, including staff from the federal energy labs. The Evaluation Committee may include the Program Coordinator as non-voting technical advisors. Based upon the results of the evaluation process and the recommendations of the evaluation committee, the NJBPU-OCE will present the findings and recommendations of the evaluation committee to the Board for a funding commitment decision for one or more proposals meeting the minimum requirements of this solicitation, up to the maximum for the proposed project, or that no proposal be accepted by the Board.

4.2 EVALUATION CRITERIA AND PROCESS

The following evaluation criteria, not necessarily listed in order of significance, will be used to evaluate proposals. These evaluation criteria will be used to develop a detailed evaluation criteria weighting system in coordination with the

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evaluation committee described above in Section 4.1 prior to commencement of the evaluation process.

4.2.1 The applicant's general approach and plans to meet the requirements of the solicitation.

4.2.2 The applicant's detailed approach and plans to perform the services required by the scope of work of this solicitation.

4.2.3 The applicant's documented experience in successfully completing contracts of a similar size and scope to those required by this solicitation.

4.2.4 The qualifications and experience of personnel assigned by the applicant to the contract with emphasis on documented experience in successfully completing required services of a similar size and scope to those required by this solicitation.

4.2.5 The cost of the project, taking into account both the applicant's cost per kW, overall generation, operations and maintenance costs and the environmental impacts of the project associated with the proposal.

4.2.6 The benefits of the project including renewable energy to be generated over the term of the grant or life of the project and the environmental attributes of the Class I renewable energy generation include avoided air emissions, air credits created, avoided wastewater generated, avoided solid waste generated, avoided water usage, and green jobs or economic development created by the project associated with the proposal

4.2.7 The amount of funding requested as a percentage of the total project cost.

4.2.8 The appropriateness of the proposed location of the renewable energy project, including siting and permitting issues.

4.2.9 The timeframe for construction/startup of the project.

4.2.10 Any third party independence testing and verified performance of the technology.

4.2.11 Financing qualifications including commitments or letters of intent and term sheets from potential lenders outlining the terms of any financing package, including tax-exempt bond financing if possible.

4.2.12 The extent to which the technology and project will be substantially manufactured in New Jersey and/or constructed by New Jersey-based businesses.

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4.3 Award of Grant

The evaluation committee will recommend funding commitment decisions, as described above, to the Board. The evaluation committee may recommend to the Board a funding amount lower than requested in the proposal if it is determined that the project is cost effective at its lower amount. The Board may reject or accept in part or in whole the recommendations for funding award made by the evaluation committee. NJCEP financial incentives will be awarded by the Board to the project or projects deemed most beneficial to the State according to the application materials submitted in relation to the criteria contained herein. The Board reserves the right to make no award if in its sole discretion no acceptable proposal is received.

The decisions of the Board will be communicated to applicants by the OCE. Applicant shall designate a Project Manager in the proposal who shall become the point of contact with the OCE. The Project Manager shall be responsible for monitoring and ensuring progress of all tasks, maintaining communication with all project personnel, and fulfilling the reporting requirements described in Section 3.7 Task 2 and Section 4.4,

After Board approval and funding commitment, a Grant Agreement will be entered into by the BPU with the Successful Applicant. The Board, in its sole discretion, may require the successful applicant to provide security, in the form of a bond or another instrument that is deemed appropriate by the Board, to ensure the successful completion of all phases of the contract, including the decommissioning of the project. Successful Applicants will be required to comply with Treasury Circular Letter (07-05-OMB) which provides some but not all the terms and conditions that will be made part of the grant agreement. To download a copy of Circular Letter 07-05-OMB and the template agreement go to http://www.state.nj.us/infobank/circular/cir0705b.pdf

4.4 POST-AWARD REPORT REQUIREMENTS

Applicants awarded NJCEP incentives for the development of these renewable energy facilities will be expected to submit quarterly reports documenting progress throughout the process from award issuance through the permitting, construction and energy production phases. A Grant recipient will be required to have adequate reporting/accounting processes and to make periodic reports to the State regarding the use of grant funds. The Project Manager shall submit quarterly reports on a timely basis documenting progress in all areas of the project including any barriers or expected disruptions to project milestone completion. In addition, the Project Manager should include submission of audited annual financial statements within 120 days of the end of each fiscal year prepared by an independent CPA in accordance with generally accepted accounting principles (GAAP) and quarterly interim financial statements within 45 days from the end of each fiscal quarter..

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5.0 ATTACHMENTS

Appendix A - - Verification and Proposal Information

Appendix B - - Certifications

Appendix C - - Project Summary

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APPENDIX A - - VERIFICATION OF PROPOSAL INFORMATION

1. “I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment. I understand that, in addition to criminal penalties, I may be liable for a civil administrative penalties and that submitting false information may be grounds for denial, revocation or termination of any electric power supplier’s license for which I may be seeking approval or now hold.”

2. The certification in 1 above shall be signed by the Applicant as follows:

i. For a corporation, by a principal executive officer of at least the level of vice president;

ii. For a partnership of sole proprietorship, by a general or the proprietor, respectively; or

iii. For a municipality, county, state, federal or other public agency, by either a principal executive officer or ranking elected official.

_____
(Signature and Title)

_____
(Name, please print)

_____
(Date)

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APPENDIX B - - CERTIFICATIONS

I. Certification Regarding Debarment, Suspension or Ineligibility for Award

The Applicant certifies, to the best of its knowledge and belief, that:

(1) The Applicant and/or any of its principals ___ are, ___ are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any federal or state agency, and

(2) The Applicant and/or any of its principals ____ have, ___ have not, within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a federal, state, or local government contract or subcontract; violation of federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and ___ are, ___ are not presently indicted for, or otherwise criminally or civilly charged by a government entity with commission of any of those offenses.

II. Clean Air and Water Certification

The Applicant certifies that:

(1) Any facility to be used in the performance of this proposed project is ___ is not ___ listed on the Environmental Protection Agency (EPA) List of Violating Facilities;

(2) The Applicant will immediately notify the BPU, before award, of the receipt of any communication indicating that the site the Applicant plans to use for the performance of the contract is under consideration to be listed on the EPA List of Violating Facilities;

(3) The Applicant will include a certification substantially the same as the certification, including this paragraph, in every nonexempt subcontract.

(4) The Applicant will notify the BPU if the site is in violation of any NJDEP regulations.

_____
(Signature and Title)

_____
(Name, please print)

_____
(Date)

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Appendix C Project Summary

Project Type (Technology or technologies)

Project Capacity, Total Project Size (MW)

Capacity by technology type (if multiple types)

Annual Generation

Annual Generation (by technology if more than 1)

Project Operating Fuel, if any

Location or Locations (geographic coordinates)

Proposed area(s) of transmission landfall

Upfront NJCEP Incentives Requested ($)

Annual Production Incentive Requested ($/kwh)

Total NJCEP Incentives Requested

Total Incentive as a Share of Total Project Cost (%)

Project Cost ($) Estimated Rate of Return, IRR (%)

Number of jobs for construction and in operation

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