



Agenda Date: 3/18/15
Agenda Item: 8D

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE CLEAN ENERGY)
PROGRAMS AND BUDGET FOR FISCAL YEAR 2015 -)
SOLICITATION FOR SUSTAINABLE BIOPOWER)
INCENTIVES IN THE RENEWABLE ENERGY)
INCENTIVE PROGRAM (REIP))
ORDER
DOCKET NO. QO14050489
and QO14090952

Gloucester County Utilities Authority – QO15020259
Village of Ridgewood – QO15020260

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Philip J. Passanante, Esq., Atlantic City Electric Company
Margaret Comes, Esq., Rockland Electric Company
Gregory Eisenstark, Esq., Windels Marx Lane & Mittendorf, LLP, Jersey Central Power & Light Company
Tamara L. Linde, Esq., Public Service Electric and Gas Company

BY THE BOARD:

By this order, the Board of Public Utilities ("Board") considers the issuance of incentive awards under the New Jersey Clean Energy Program (NJCEP) Renewable Energy Incentive Program (REIP) Fiscal Year 2015 Sustainable Biopower Solicitation (Solicitation).¹

BACKGROUND

The Board administers the NJCEP pursuant to its authority under the Electric Discount and Energy Competition Act ("EDECA"), N.J.S.A. 48:3-49 to 109. N.J.S.A. 48:3-60(a)(3) which allows the Board to fund NJCEP Programs with monies collected from electric and gas ratepayers assessed a Societal Benefits Charge ("SBC").² The NJCEP includes several programs that offer incentives to both residential and commercial and industrial ("C&I") customers of electric and natural gas utilities to invest in energy efficiency ("EE") and renewable

¹ The Board-approved Solicitation opened on October 23, 2014 and closed on December 22, 2014. In the Matter of the Solicitation for Sustainable Biopower Incentives in the Renewable Energy Incentive Program, Oct. 22, 2014, BPU Dkt No. QO14090952.

² "SBC" means a charge imposed by an electric public utility, at a level determined by the Board, pursuant to, and in accordance with, EDECA. N.J.S.A. 48:3-51.

energy ("RE") measures. Residential EE and RE programs are administered by Honeywell, Inc., and C&I EE programs are administered by TRC Energy Solutions ("TRC"). Honeywell and TRC are the Market Managers ("MMs") for the residential and C&I programs, respectively. Applied Energy Group ("AEG") serves as the NJCEP Program Coordinator.

This matter involves the Board-approved NJCEP REIP Fiscal Year 2015 Sustainable Biopower Solicitation, opened on October 23, 2014 and closed on December 22, 2014. In the Matter of the Solicitation for Sustainable Biopower Incentives in the Renewable Energy Incentive Program, Oct. 22, 2014, BPU Dkt No. QO14090952. The REIP provides incentives for energy storage and biomass facilities, as well as services related to the establishment and trading of Renewable Energy Certificates (RECs). Under the Solicitation, the Board offers financial incentive awards to qualified applicants to develop biopower projects that convert acceptable biomass energy crops or waste into biogas or fuel that may be used by proven, commercially available prime movers to generate electricity.

At its October 2014 agenda meeting, the Board approved the October 23, 2014 release of the Solicitation for proposals, the implementation of an evaluation process, and the publication of a solicitation timeline. All applications were to be submitted by December 22, 2014.

In accordance with requirements contained in the Solicitation, the Board received two timely applications for incentive awards prior to the submission deadline.³ Those applications were submitted by the Gloucester County Utilities Authority and the Village of Ridgewood.

Proposals were reviewed by an Evaluation Committee ("Committee"), consisting of representatives with the Office of Clean Energy ("OCE"), the Renewable Energy Market Manager ("MM"), the New Jersey Department of Environmental Protection ("NJDEP"), and the Rutgers Center for Energy, Economic and Environmental Policy ("CEEPP").

EVALUATION METHODOLOGY

The Committee was responsible for performing a review of each timely proposal received. Committee members used the same technical scoring format based on assigning points to each of the evaluation criteria, as noticed in the Solicitation at Sections 6.2 and 6.3. Applications were reviewed based on financial and economic viability criteria weighted at 30% with a maximum of 30 points, project readiness criteria weighted at 30% with a maximum of 30 points, technical feasibility criteria weighted at 20% with a maximum of 20 points, and resiliency criteria weighted at 20% of a maximum technical point total for ranking. Each Committee member could assign a maximum score of 100 technical points to each applicant proposal. Based on a series of meetings, the Committee made recommendations.

RECOMMENDATION

The Committee reviewed the proposals and recommends that the Board deny incentive awards to both applicants for the reasons stated below.

³ A third untimely application submitted on December 26, 2014 to the MM by Double Brook Farm of Hopewell, NJ for a proposed 40 kW CHP system to be fueled by wood waste was deemed non-compliant with the December 22, 2014 submission deadline, therefore it was not reviewed.

Gloucester County Utilities Authority

On December 19, 2014, the Gloucester County Utilities Authority (“GCUA”) submitted its application for an incentive of \$900,000 on a combined heat and power (“CHP”) project proposed to generate 1,266 kilowatts (“KWs”) of electricity at its water pollution control facility in West Deptford, N.J. Upon review of the submitted application, supporting documentation was noted as lacking on the requirements of a Milestone Reporting Form and Data Collection Form, and included the provision of utility bills within three months of the application date, and a list of project team members and similar projects installed by the project team. Project Eligibility Requirements, outlined in Section 2.1 of the Solicitation, state:

Projects must generate electricity (and thermal energy, if a CHP system is proposed) with sustainable Class I biomass resources as defined in N.J.A.C. 14:8-2.5. Projects designed to operate on any combination of sustainable biomass and any other feedstock not specifically designated as sustainable biomass in N.J.A.C. 14:8-2.5 are ineligible for this Solicitation but may be eligible for incentives under the NJCEP’s Commercial and Industrial CHP program.

[Renewable Energy Incentive Program (REIP) Fiscal Year 2015 Sustainable Biopower Incentive Solicitation, Section 2.1, Oct. 23, 2014, pg. 8]

By its application, GCUA stated its “Combined Heat and Power (CHP) engine will use biogas and natural gas to generate electricity...” (Att. M). GCUA also submitted Attachment G (Feedstock Plan), reflecting its wastewater feedstock that would be anaerobically digested to produce biogas for the CHP engine is estimated to produce 63,000 MMBTU per year, but this equates to only 55 percent (55%) of the 113,858.784 MMBTU per year that is needed to operate the engine per the Application’s Technical Worksheet (Att. C). This presupposes that the remaining 45 percent of the necessary fuel would be natural gas. The Committee determined that natural gas is not a qualifying sustainable Class I biomass resource defined in N.J.A.C. 14:8-2.5 consistent with Solicitation guidelines. Thus, the Committee determined that the project is ineligible under the Solicitation’s requirements and recommended that the incentive award be denied. Staff agrees with the Committee’s recommendation.

Village of Ridgewood

On December 22, 2014, the Village of Ridgewood (“Ridgewood”) submitted its application for an incentive of \$22,500 on a proposed \$75,000 project “to install a micro-grid from the existing [wastewater treatment plant] [combined heat and power] (CHP) system to the adjacent public water well.” This application was made for an equipment incentive to improve the performance and/or efficiency of an existing biopower system.⁴ The application noted that the 240 kW capacity of the CHP system was being underutilized, since it was currently serving a load of only 200 kW, and with the addition of a 35 kW load from the water well, the system’s utilization factor would increase to approximately 98% from the current level of 83%.

⁴ Ridgewood previously received a \$720,000 incentive payment in 2013 through the NJCEP’s Renewable Energy Incentive Program for the installation of a 240 kW CHP system at its Glen Rock wastewater treatment plant (REIPR-12220).

An initial review of the application was conducted to determine if all the forms and documents listed in Section 5.1 of the Solicitation were included and properly completed. Missing or incomplete forms and documents were noted so that the Committee was aware of the application's complete/incomplete status when it received the application for evaluation. Deficiencies were reported that included both a failure to submit a breakdown of project costs and a failure to provide either a contract for the project or a timeline showing the expected date for when an executed contract would be submitted.

Technical information provided on CHP system performance was inconsistent throughout the application and could not be reconciled. As a result, the data provided in the application for scoring the project on the basis of the criteria outlined in the Solicitation was unusable.

The Feedstock Plan submitted with the application lacked sufficient information on the role that fats, oils and grease ("FOG") would play in achieving the amount of feedstock needed to produce the biogas that fuels the CHP engine. While it appears that FOG had been used for some time to supplement the wastewater stream at the plant, it was unclear as to whether additional quantities of FOG would be required to bring the CHP engine up to the capacity level necessary to generate the additional 35 kW. If so, a question arose on whether the project's environmental benefits would be offset by the increased diesel truck traffic needed to bring the additional amount of FOG to the site.

Furthermore, the NJDEP database reflects an existing air emissions violation against this facility that has yet to be resolved. The Committee expressed concern with the idea of awarding an incentive to a facility with an unresolved violation. "Project Eligibility Requirements" outlined in Section 2.1 of the Solicitation state:

Applicants must not have any unresolved environmental violations, past due unresolved Federal financial obligations, past due unresolved obligations to the State of New Jersey, and must be current in all payment of all state and local taxes at time of application submittal and through the entire term of any financing received by Applicant.

[Renewable Energy Incentive Program (REIP) Fiscal Year 2015 Sustainable Biopower Incentive Solicitation, Section 2.1, Oct. 23, 2014, pg. 8]

Thus, the project proposal fails to document a breakdown of costs and contracting, while offering inconsistent and irreconcilable technical data, a feedstock plan with questionable environmental benefits, and a site with an unresolved air emissions violation. The Committee recommended that the incentive award be denied as non-conforming with Section 2.1 of the Solicitation. Staff agrees with the Committee's recommendation.

FINDINGS

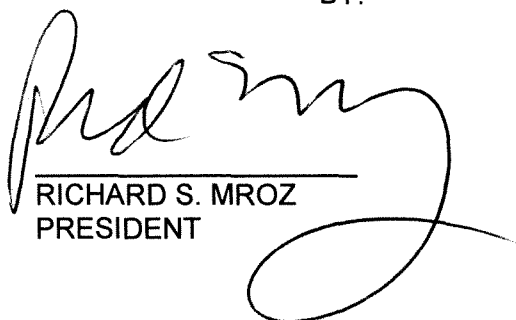
The Board recognizes the need for transparency where public funds are concerned. Upon consideration, the Board **HEREBY FINDS** the Solicitation was properly noticed for public review, including its Solicitation timeline and applicant instructions. Upon review of the evaluation process, each Committee member independently evaluated every proposal based upon published criteria specified in the Solicitation. Each applicant was, therefore, afforded the same opportunity to compete for available funds. The Board **FURTHER FINDS** the evaluation process used was fair and impartial to applicants.

The Board **FURTHER FINDS** that an incentive award of \$900,000 for GCUA and an incentive award of \$22,500 to Ridgewood would be inconsistent with eligibility criteria in the Solicitation. The Board accepts the Committee's evaluation that GCUA did not meet the eligibility requirement because it proposed a fuel source that included natural gas. The Board also accepts the Committee's evaluation that the Ridgewood project contained deficiencies that were inconsistent with the requirements of Section 2.1 of the Solicitation. Therefore, the Board **HEREBY DENIES** incentive awards to these applicants.

The effective date of this Order is March 30, 2015.

DATED: 3/18/15

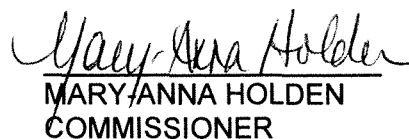
BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



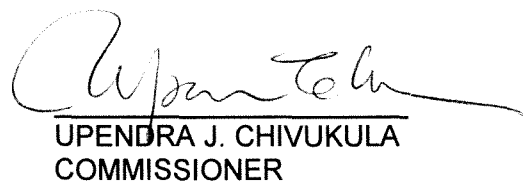
JOSEPH L. FIORDALISO
COMMISSIONER



MARY ANNA HOLDEN
COMMISSIONER

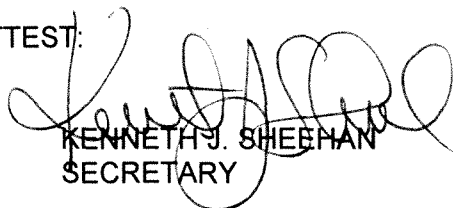


DIANNE SOLOMON
COMMISSIONER



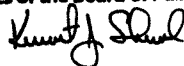
UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:



KENNETH J. SHEEHAN
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



IN THE MATTER OF THE: IN THE MATTER OF THE CLEAN ENERGY PROGRAMS AND
BUDGETS FOR FISCAL YEAR 2015 - SOLICITATION FOR SUSTAINABLE BIOPOWER
INCENTIVES IN THE RENEWABLE ENERGY INCENTIVE PROGRAM (REIP)

DOCKET NO. QO14050489 and QO14090952

SERVICE LIST

Kenneth J. Sheehan, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
Kenneth.sheehan@bpu.state.nj.us

Elizabeth Ackerman, Acting Director
Office of Clean Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
Elizabeth.ackerman@bpu.state.nj.us

Ronald Jackson
Office of Clean Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
Ronald.jackson@bpu.state.nj.us

Benjamin S. Hunter
Office of Clean Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
b.hunter@bpu.state.nj.us

Allison E. Mitchell
Office of Clean Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
Allison.Mitchell@bpu.state.nj.us

Caroline Vachier, DAG
Division of Law
Dept. of Law & Public Safety
124 Halsey Street
P.O. Box 45029
Newark, New Jersey 07102
Caroline.vachier@dol.state.nj.us

Heather Azoulay, Esq.
Counsel's Office
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
Heather.azoulay@bpu.state.nj.us

Veronica Beke, DAG
Division of Law
Dept. of Law & Public Safety
124 Halsey Street
P.O. Box 45029
Newark, New Jersey 07102-45029
veronica.beke@dol.state.nj.us

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
sbrand@rpa.state.nj.us

Felicia Thomas-Friel, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
ftthomas@rpa.state.nj.us

John Vinci
Gloucester County Utilities Authority
2 Paradise Road
West Deptford, NJ 08066
jvinci@gcuanj.com

Don Rodgers
Ridgewood Green Responsible Management
Entity
2 Clerico Land, Building 1
Hillsborough, NJ 08844
drodgers@naturalsystemsutilities.com

Philip J. Passanante, Esq.,
Associate General Counsel
Atlantic City Electric Company
500 N. Wakefield Drive
P.O. Box 6066
Newark, DE 19714-6066

Margaret Comes, Esq.,
Rockland Electric Company
390 West Route 59
Spring Valley, NY 10977

Gregory Eisenstark, Esq.,
Windels Marx Lane & Mittendorf, LLP,
Jersey Central Power & Light Company
104 Carnegie Center
New Brunswick, NJ 08540-6232

Tamara L. Linde, Esq.,
Vice President, Regulatory
Public Service Electric & Gas Co – Law Dept.
80 Park Plaza T-5G
Newark, NJ 07102-4194

Sarah Steindel, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
ssteindel@rpa.state.nj.us

Christopher Rutishauser
Village of Ridgewood
561 Prospect Street
Glen Rock, NJ 07452
crutishauser@ridgewoodnj.net