

RENEWABLE ENERGY BUSINESS VENTURE ASSISTANCE PROGRAM FREQUENTLY ASKED QUESTIONS

1. WHAT IS THE RENEWABLE ENERGY BUSINESS VENTURE ASSISTANCE PROGRAM?

RESPONSE:

The Renewable Energy Business Venture Assistance Program funds research, development, deployment, seed funding and commercialization activities to advance Class I Renewable Energy development in New Jersey. The goal of this program is to leverage public and private resources advancing the technologies and services necessary to support a vibrant renewable energy industry in New Jersey.

Successful projects will demonstrate innovations in renewable energy technologies, services, system integration, financing, supporting systems and/or fuels. The Renewable Energy Business Venture Assistance Program provides grants and recoverable grants for the development of businesses, technologies, services, and market infrastructure in support of furthering a thriving renewable energy industry in the State of New Jersey.

2. WHAT ARE THE ELIGIBLE TECHNOLOGIES?

RESPONSE:

Eligible technologies include photovoltaics, wind energy, renewably fueled fuel cells, wave, tidal, renewably generated hydrogen, sustainably harvested biomass and other technologies that can demonstrate their integral nature to the development of Class I renewable energy technologies such as “Balance of System” technologies.

3. WHO IS ELIGIBLE TO PARTICIPATE?

RESPONSE:

Eligibility is limited to for-profit renewable energy technology small business operations primarily located in New Jersey, independently operated, and with not more than 500 employees. Successful applicants will be required to provide certification and evidence that they are a for-profit New Jersey company in good standing with the State of New Jersey, in

order to receive funding. Non-profit organizations will not be considered primary applicants under this solicitation.

Firms considering relocation to New Jersey, as well as individuals and non-profit organizations in the process of establishing New Jersey companies may apply; however, program award recipients must meet the eligibility requirements at the time of funding.

4. WHAT IS THE MINIMUM AND MAXIMUM GRANT AND RECOVERABLE GRANT AMOUNTS?

RESPONSE:

The Program has approximately \$5.0 million available that will be split evenly between grants and recoverable grants. The total funds available for this solicitation will be reduced by \$763,429 if the two 2004 (REED) projects currently under review are approved. The minimum award amount considered will be \$50,000 and the maximum award amount from this solicitation will be \$500,000. The maximum funding amount any one entity can receive is \$500,000. Companies may receive both a grant and a recoverable grant but must apply for each separately. Companies that have received the maximum award for either program will not be eligible for the other grant program. However, companies that received less than the maximum recoverable grant may apply for a demonstration grant in the amount of the difference.

5. WHAT IS THE DEMONSTRATION GRANT PROGRAM?

RESPONSE:

The "Demonstration Grant Program" will be available in the form of grants for applicants with development, deployment, and demonstration projects with renewable energy products and systems. The demonstration grant program awards do not require repayment as long as the project goals are met and the awardees stay in the state for a minimum of five years. The funds available through this program are not applicable to basic laboratory or bench-scale research and development projects.

6. WHAT IS THE RECOVERABLE GRANT PROGRAM?

RESPONSE:

The "Recoverable Grant Program," is available in the form of recoverable grants for applicants with commercialization projects for renewable energy products, services or systems. These funds will be competitively awarded with provisions made for repayment. The State of New Jersey will not assume any ownership or management rights and this award, unlike a loan debt, will be repaid depending upon the revenue generating success of the company. The repayment is limited to the amount of the original award.

7. WHAT ARE THE PROJECT PROPOSAL DEADLINES?

RESPONSE:

Proposals for grants under the demonstration grant program in this solicitation are due by 5:00 PM December 30, 2005. Proposals for the recoverable grant program under this solicitation will be accepted throughout 2006 or until all funds are committed. All proposals with the required copies must be mailed to:

Ron Jackson
NJ Board of Public Utilities
Office of Clean Energy
P.O. Box 350
44 South Clinton Avenue
Trenton, New Jersey 08625-0350

8. HOW ARE PROPOSALS EVALUATED?

RESPONSE:

Proposals will be evaluated on a competitive basis. Applications will be reviewed to ensure that they have met the basic eligibility, technical and financial requirements. The criteria that will be used to evaluate the proposals are listed in section 4.2 of the solicitation.

The Office of Clean Energy will use a number of third party evaluators with varied expertise in the renewable energy industry to assist in project proposal review. This advisory group will contain experts in areas relevant to market development, technology commercialization, business finance

and capitalization, in addition to the field of renewable energy. OCE partner agencies may also have additional requirements that must be satisfied before the project is approved for example, the NJEDA will provide input on commercialization plans submitted for the both grant programs and the NJDEP will comment on the sustainability of biomass, landfill gas or fuel cell project proposals.

9. WHAT IS NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY'S (NJEDA) ROLE?

RESPONSE:

This solicitation is being released in partnership with the NJEDA. The NJEDA is a self-supporting, independent state agency whose mission is to stimulate business development, job creation and community revitalization throughout the State.

The NJEDA's role will be to assist the OCE staff with technical support and business and financial review of the grant and recoverable grant project proposals. NJEDA will thoroughly review the applicant's business and commercialization plans and make recommendations to the OCE staff.

10. ARE NJEDA'S DOCUMENT REQUESTS DUE AT THE TIME OF PROPOSAL SUBMISSION?

RESPONSE:

All documentation as requested in the solicitation is required at the time of project proposal submittal.

11. WHAT IS NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION (NJDEP) AGENCY'S ROLE?

RESPONSE:

The NJDEP role will be to evaluate and review all technologies for compliance with required environmental rules and regulations governing these types of projects.

12.WHO CAN WE CONTACT FOR NJEDA AND OR NJ DEP QUESTIONS?

RESPONSE:

For questions concerning NJEDA or NJDEP contact Ron Jackson at 609-777-3300 who will provide you with the appropriate contact person.

13.WHEN AND HOW WILL GRANTS BE AWARDED?

RESPONSE:

Recipients will be notified upon project approval or rejection in writing. The technical review should be completed by the end of the first quarter in 2006. The business and financial reviews; Board approval; completion of all necessary Board and State of NJ procedures; grant and recoverable grant agreements preparation; reviews and signatures are expected to take a minimum of three additional months. Therefore, awards are expected to be made in the third quarter of 2006.

14.HOW ARE PAYMENTS TO RECIPIENTS MADE?

RESPONSE:

Payments will be made in accordance with the Board approved and NJEDA issued grant and or recoverable grant agreement.

15.WHAT ARE THE REQUIRED REPORTING REQUIREMENTS?

RESPONSE:

Upon execution of the grant and or recoverable grant agreement, recipients will be required to report on the status of their project on a quarterly basis. Recipients must be in compliance with the reporting requirements to receive project reimbursements. Details of the required reporting will be addressed in the grant and or recoverable grant agreement.

16.WILL THERE BE INTERIM AND OR FINAL INSPECTIONS PRIOR TO GRANT CLOSEOUT?

RESPONSE:

OCE, NJDEP, and NJEDA reserve the right to make on site interim and/or final inspections for program compliance. Prior

notification to the recipient will be provided in advance of the site visit.

QUESTIONS FROM THE 12.01.05 PRE-PROPOSAL MEETING

1. Must a business be incorporated in the State of NJ to participate in the OCE's RE Business Venture Assistance Program?

Response:

NJ business registration must be filed by the primary applicant. Because funding for the RE Business Venture Assistance Program comes from ratepayers, significant benefit from these projects must accrue to NJ tax and ratepayers.

2. Does the Office of Clean Energy require products to be manufactured in New Jersey?

Response:

There are several goals and objectives of the solicitation including the development of renewable energy infrastructure in New Jersey. However, the immediate operation of a NJ-based manufacturing plant is not a requirement.

3. Can you clarify whether the OCE will accept fusion as an eligible demonstration project?

Response:

Fusion is not considered a Class I Renewable Energy source in the Electric Discount and Energy Competition Act of 1999 (EDECA). Since the Renewable Energy Business Venture Assistance Program is funded from the Societal Benefits Charge established in EDECA, staff will reference the legislative definition of Class 1 renewable energy in its initial proposal screening.

The OCE staff suggested participants interested in redefining Class I renewable energy sources attend the public hearing scheduled on the proposed changes to the State's Renewable Energy Standards for December 6, 2005 at the NJ Board of Public Utilities Hearing Room or submit written comments on the RPS rule change by December 16, 2005.

4. What is involved in a demonstration project?

Response:

An application seeking demonstration grant funds will include documentation of a finished prototype beyond the alpha stage with substantial proof of concept. Data should be supplied that supports the viability of the beta scale prototype. See also response # 5 below and # 5 in the FAQ's section.

5. What type of data requirements must be submitted for beta tests?

Response:

Whatever information the applicant can supply that documents that the technology has advanced beyond the "proof of concept" stage. Data and results from bench-scale models that demonstrate the technologies likelihood of successful application would make a demonstration grant more viable.

6. Can an experimental unit from a manufacturer be combined with another system to evaluate performance, for example for use in homes?

Response:

This sounds like an eligible proposal but the OCE would need more information to made a determination.

7. How will intellectual property rights be protected in this program?

Response:

See section 2.2.6 of the solicitation for information regarding intellectual property. Also refer to the NJ BPU website at www.bpu.state.nj.us for more information.

8. What is an acceptable source for the 25% matching funds requirement?

Response:

One example would include the use of space such as a lab.

9. Are corporate receivables eligible to meet the matching requirements?

Response:

The dollar value of the receivable along with its context within the application would be considered. However, a full accounting of the submission for matching requirements will be made and the sum must meet the minimum 25% matching requirement to pass the OCE's initial screen. In this case, an applicant would be wise to submit more than the minimum requirements.

10. What is the turnaround time for awards and when will a decision be on the applications?

Response:

The OCE staff is aiming for the third quarter of 2006 to announce awards under the grant portion of this solicitation. There are several decision points and milestones involved in the application review process. Rejection notices will be issued soon after a determination is made. The Office of Clean Energy will conduct an initial screen of applications for responsiveness in January 2006.

Technical review will include third party evaluators is expected to be completed by the first quarter of 2006. Financial and business reviews require NJEDA approvals which have taken from 30 to 60 days. The awards receive final approval by the Commissioners of the New Jersey Board of Public Utilities before being made public. With this in mind, the OCE anticipates issuance of awards no sooner that the third quarter of 2006.

11. What is the evaluation time for recoverable grants?

Response:

The recoverable grants will be reviewed on a quarterly basis. A nine-month evaluation period is anticipated.

12. What is EDA's funding timeline?

Response by Michael Wiley of EDA:

EDA will expedite while exercising due diligence. If an applicant is waiting for a response regarding the Technium project and depending on the OCE as a source of matching funds, then they will have to wait until OCE's review process is completed.

13. Can costs incurred during the grant review/application process be applied to the match requirements?

Response:

OCE staff assumes that the grant funds are needed from this solicitation to make a project viable. Therefore, only costs incurred after the grant award is announced would be approved for use.

14. You mention that proposals supporting New Jersey's RE goals as established by the 2003 RE Task Force are more likely to be awarded funding. Other than manufacturing incentives, what are some proposals that OCE would consider for this solicitation to meet the renewable energy portfolio standard requirements in the short term and long term?

Response:

The Office of Clean Energy summarizes the goals, objectives, and policies established in EDECA and refined by the 2003 RE Task Force as "Market Transformation" activities. The primary goal of these activities is building a market that is less reliant upon rebates or subsidy.

There are a number of infrastructure development activities that would assist New Jersey's renewable energy industry toward installing 300 MW of Class I renewables of which 90 MW is photovoltaics, such as product purchase aggregation, REC contract development, finance and legal that would qualify.

15. Can a large company with more than 500 employees team up with a smaller company as project lead?, and what is the percentage required for the lead team to contribute towards the project?

Response:

There is no set goal but the evaluation committee will look at the small company's contribution compared to the large.

16. Can local government funds be used as match towards the project?

Response:

Yes, as long as the funds are not derived from other New Jersey state government funds.

17. Does the project's entire business plan need to be submitted with the proposal?

Response:

It is recommended that the relevant portions of the project's business plan be attached to the proposal as an appendix.