

Board of Public Utilities
Memorandum

To: Escrow Agents
Cc: Subsection q. Applicants/Depositors
From: Office of Clean Energy, New Jersey Board of Public Utilities
Date: August 20, 2014
Re: Procedures for Seeking Return of Escrowed Funds for Completed Projects Approved under N.J.S.A. 48:3-87 (q), Forfeiture of Escrow for Approved Capacity Not Completed, Return of Escrow for Capacity Reductions on Conditionally Approved Projects (yet to reach designation date), and Escrow Procedures on Assignment of Project / Change in Ownership

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N.J.S.A. 48:3-87(q) (“Subsection q”), enacted as part of the Solar Act provides that an application filed pursuant to this subsection shall include a notice escrow of \$40,000 per megawatt of the proposed capacity of the facility. The notice escrow shall be reimbursed to the facility in full upon . . .the facility entering commercial operation, or shall be forfeited to the State if the facility is designated pursuant to this subsection, but does not enter commercial operation[.]”

I. Procedures for Seeking Return of Escrowed Funds for Completed Projects Approved under Subsection q

At its April 29, 2013 Agenda meeting, the Board approved an application process which included the following requirements for return of an escrow:

- 1) The developer of a proposed facility must have submitted Subsection q application and received final or conditional approval from the Board;
- 2) The facility must have completed construction and received authorization to energize;
- 3) The completed system size must be 10 MW or less, and
- 4) All SREC registration requirements must have been maintained throughout the conditional approval process

See In re the Implementation of L.2012, c.24, the Solar Act of 2012; and I/M/O the implementation of L. 2012, C. 24, N.J.S.A. 48:3-87(q) (r) and (s) – Proceedings to Establish the Processes for Designating Certain Grid-supply Projects as Connected to Distribution System – Subsection (q) Application and Escrow Agreement, Dkt. Nos. EO12090832 & EO12090880V (May 9, 2013).

Office of Clean Energy staff (“Staff”) will initiate escrow return to depositors upon satisfactory completion of the SREC Registration Program (“SRP”) requirements including fulfillment of all SRP final as-built paperwork and inspection processes. Staff will issue an email to the Escrow Agent and depositor stating the project’s installed capacity, any shortfall in capacity installed and any subsequent amount of escrow subject to forfeiture as well as the amount subject to release to the depositor.

Upon notification of the requirement to forfeit an escrow amount, Escrow Agents must issue a check payable to "**Treasurer, State of New Jersey**". In the memo field of the check, the Escrow Agent must indicate the Escrow Account Number and the Name of the Solar Electric Power Generation Facility Owner/Depositor.

Send checks to:
New Jersey Board of Public Utilities
44 S. Clinton Ave., 7th Floor
P.O. Box 350
Trenton, NJ 08625-0350
Attn: B. Scott Hunter

Submitted checks will be managed and deposited in the State of New Jersey fiscal accounts consistent with Board of Public Utility internal fiscal controls. Escrow Agents also have the option of sending the forfeited Escrow funds electronically directly to the Treasury Department using the following information:

Bank: Wells Fargo
Account Name: State of NJ Clean Energy Fund
Account Number: 2000012994827
ABA: 121000248

II. Return of Escrow for Capacity Reductions on Conditionally Approved Projects (yet to reach designation date)

Projects which have yet to reach designation, which currently includes only those projects conditionally approved by the Board for Energy Year 2016 (designation period beginning on June 1, 2015 with two years for completion), may reduce the size of their projects by following the Escrow Agreement Instructions at page 2, Item 10: "Withdrawal or Disbursement of Funds."

III. Escrow Procedures on Project Assignment

If the Escrow Agent does not require establishment of a new Escrow Account when a change in ownership of the project occurs, an assignment of the escrow (and SRP), substantially in the form of the attached, must be submitted to Staff. Transfer of the Escrow Account and the SRP registration may be effected upon receipt of Staff's written authorization after receipt of the executed assignment.

If the Escrow Agent requires the establishment of a new Escrow Account when a change in ownership occurs, then the original applicant, the assignee, and the Escrow Agent must obtain Staff's approval by submitting a notification not less than ninety (90) days prior to the effective date of the assignment, await Staff's written approval. Thank you for your attention to these details. Please do not hesitate to email any questions to Benjamin.Hunter@bpu.state.nj.us.

B. Scott Hunter
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Office of Clean Energy
Division of Economic Development & Energy Policy
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