

# New Jersey's Biodiesel Fuel Rebate Program

Guidelines and Rebate Application

July, 2007



Sponsored by:  
New Jersey Board of Public Utilities  
Jeanne M. Fox, President

NEW JERSEY'S  
BIODIESEL FUEL REBATE PROGRAM

Program Guidelines

New Jersey's Biodiesel Fuel Rebate Program is administered by the Board of Public Utilities (BPU), Office of Clean Energy, and is funded by \$500,000 in Petroleum Overcharge Reimbursement Fund (PORF) money. These funds are the result of settlements of lawsuits with the major oil companies dating to the energy crises of the mid-1970's. This program is modeled on New Jersey's Alternative Fuel Vehicle (AFV) Rebate Program, which provides funding to local government entities throughout the State for the incremental costs of acquiring vehicles that operate on alternative fuels such as compressed natural gas, propane and electricity. Since biodiesel fuel can be used in standard diesel vehicles, there are no incremental vehicle costs associated with its use. There are, however, incremental fuel costs, as biodiesel fuel is currently more costly than petroleum diesel. This program is designed to provide assistance with the incremental fuel costs associated with using biodiesel fuel, in lieu of petroleum diesel.

The following guidelines pertain to the distribution of these funds:

- 1) Eligibility: Eligibility for rebates under this program is restricted to New Jersey's local government entities, including counties, municipalities and school boards, as well as State colleges, universities and governmental authorities.
- 2) Qualifying Fuel: Biodiesel fuel, commonly used in a 20% blend with petroleum diesel, also known as B20. Other blends can also be used.
- 3) Memorandum of Understanding (MOU): Each agency participating in the Biodiesel Fuel Rebate Program agrees to use biodiesel fuel in a portion of its heavy-duty vehicle fleet. Participants will be required to sign a Memorandum of Understanding with the BPU, outlining the terms of the agreement, the project time period, the funding limitations and the terms of reimbursement. (See attached sample MOU.)
- 4) Rebate Amounts: Rebates will be given for the incremental cost of purchasing biodiesel fuel, in lieu of petroleum diesel. For those applicants purchasing B20 using State contract #T1844, the incremental cost will be determined by subtracting the State contract price of low sulfur diesel (contract #T1845) from the State contract price for B20 posted for the Friday preceding the date on which the B20 was delivered. Fuel prices can be found by checking the website: [www.state.nj.us/treasury/purchase/fuel/index.html#pricingnotice](http://www.state.nj.us/treasury/purchase/fuel/index.html#pricingnotice) and clicking on "Biodiesel" under the heading "All Price Reports."

Note: The B20 price listed on State contract #T1844 is a base price, to which the relevant upcharge(s) must be added.

If the applicant normally purchases diesel fuel from a source other than the State contract, the diesel price used for comparison will be the price charged by the applicant's regular supplier for diesel fuel on the date the B20 was delivered. If the biodiesel is not purchased using the State contract, the biodiesel price for comparison will be the price agreed upon in the applicant's contract with the biodiesel supplier, for the date(s) the biodiesel was delivered. The specific terms of reimbursement for each participant will be contained in the MOU referenced in 3, above.

**Example:** Town A purchases 3,000 gallons of B20 using the State contract, and takes delivery of the B20 on March 27, 2003. Town A normally purchases low sulfur diesel using the State contract for diesel. On Friday, March 21, 2003, (the Friday before the B20 delivery) the State contract price for low sulfur diesel was \$1.0210 per gallon. The State contract price for B20 for the week following Friday, March 21, 2003 was \$1.1375 per gallon, with an upcharge of \$.1489 per gallon, for a total B20 price of \$1.2864 per gallon. The incremental cost to Town A of purchasing B20 in lieu of low sulfur diesel is  $(\$1.2864 - \$1.0210) = \$.2654$  per gallon. Total reimbursement for this delivery is  $(3000 \text{ gallons}) \times (\$.2654/\text{gallon}) = \$796.20$ .

- 5) **Rebate Limits:** The maximum rebate amount for each participant will be determined by the applicant's annual diesel usage, the number of program participants and the amount of funding available, and will be indicated in the MOU.
- 6) **Application Availability and Due Date:** Applications for the New Jersey Biodiesel Fuel Rebate Program will be available from the BPU, Office of Clean Energy, beginning June 20, 2003. The Office of Clean Energy will accept applications as long as funding is available.
- 7) **Evaluation of Applications:** Rebate applications will be evaluated on a first-come, first-served basis.
- 8) **Selection of Program Participants:** Applications for rebates must be submitted to the BPU, Office of Clean Energy. Upon approval of the application, and in consultation with the applicant, the Memorandum of Understanding will be prepared, for signature by the applicant and the BPU.

**Please Note:** If you have any questions regarding the Biodiesel Fuel Rebate Program, please contact John Zarzycki, Project Manager, at (973) 648-4967.

Completed applications should be submitted to:

John Zarzycki, Project Manager  
NJBPU, Office of Clean Energy  
Two Gateway Center  
Newark, N.J. 07102

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**NEW JERSEY'S  
BIODIESEL FUEL REBATE PROGRAM**

**APPLICATION**

**Date submitted:** \_\_\_/\_\_\_/\_\_\_

**1. Applicant Information:**

**Organization Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Contact Person:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Phone:** (\_\_\_\_) \_\_\_\_\_ **FAX:** (\_\_\_\_) \_\_\_\_\_

**Email:** \_\_\_\_\_

**II. Federal Employer Identification Number (EIN): \_\_\_\_\_**

**III. Diesel Fuel Usage Information:**

How many diesel-powered vehicles are in your fleet?

School buses \_\_\_\_\_  
Sanitation/recycling trucks \_\_\_\_\_  
Pickups \_\_\_\_\_  
Dump trucks \_\_\_\_\_  
Other heavy duty vehicles \_\_\_\_\_  
Equipment (mowers, etc.) \_\_\_\_\_

How many of the above vehicles will be using biodiesel fuel?

School buses \_\_\_\_\_  
Sanitation/recycling trucks \_\_\_\_\_  
Pickups \_\_\_\_\_  
Dump trucks \_\_\_\_\_  
Other heavy duty vehicles \_\_\_\_\_  
Equipment (mowers, etc.) \_\_\_\_\_

What is your approximate annual diesel fuel usage, in gallons, for the participating vehicles? \_\_\_\_\_

Where are your diesel vehicles refueled (primarily)?

On-site \_\_\_\_\_

Off-site, government \_\_\_\_\_

Commercial service station \_\_\_\_\_

Do you purchase diesel fuel using the State contract? \_\_\_\_\_

Do you purchase diesel fuel through another cooperative arrangement, such as a county or municipal cooperative? \_\_\_\_\_

Please indicate name of cooperative: \_\_\_\_\_

Do you have a separate contract for purchasing diesel fuel? \_\_\_\_\_

Please indicate name of diesel fuel supplier: \_\_\_\_\_

#### **IV. Certification Statement**

**To the best of my knowledge and belief, all information contained in this application is true and correct. If approved for funding under the Biodiesel Fuel Rebate Program, I agree to enter into a Memorandum of Understanding with the Board of Public Utilities outlining the terms of the agreement, the project time period, the funding limitations and the terms of reimbursement. I also agree to comply with the Program Guidelines and to submit all required information to the Office of Clean Energy in a timely manner.**

**I understand that the National Biodiesel Board ([www.biodiesel.org](http://www.biodiesel.org)) has established recommended procedures for the purchase, storage and use of biodiesel fuel, and I agree to follow those recommendations while participating in the Biodiesel Fuel Rebate Program.**

\_\_\_\_\_  
**Type Name of Authorized Representative**

\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Signature of Authorized Representative**

\_\_\_\_\_  
**Date**

Completed applications should be submitted to:

John Zarzycki  
Project Manager  
NJBPU, Office of Clean Energy  
Two Gateway Center  
Newark, N.J. 07102

**Please Note:** If you have any questions regarding the Biodiesel Fuel Rebate Program, please contact John Zarzycki, Project Manager, at (973) 648-4967.

**SAMPLE MOU**

**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN THE NEW JERSEY DEPARTMENT OF TRANSPORTATION**  
**AND**  
**THE NEW JERSEY BOARD OF PUBLIC UTILITIES**  
**REGARDING THE REIMBURSEMENT OF COSTS FOR**  
**BIODIESEL FUEL USE**

WHEREAS, the State of New Jersey has been conducting an Alternative Fuels Project involving State fleet vehicles since 1993, and

WHEREAS, the State of New Jersey is charged with providing efficient and effective transportation for its fleet which conserves limited energy resources and protects the environment, and

WHEREAS, the State of New Jersey seeks to promote domestic energy security and further State and federal legislative goals of controlling air pollution and improving air quality through the use of alternative fuels in the State motor vehicle fleet, and

WHEREAS, the State of New Jersey is subject to the alternative fuel vehicle requirements of the federal Energy Policy Act of 1992 (EPAct), and

WHEREAS, up to 50% of the State's alternative fuel requirements under EPAct may be met through the use of biodiesel fuel mixture, and

WHEREAS, biodiesel is a diesel fuel substitute made from vegetable oils such as soybean and rapeseed oils which reduces hydrocarbons, total particulate matter, carbon monoxide and sulfur oxides when used in diesel-powered vehicles, and

WHEREAS, the New Jersey Department of Transportation operates a fleet of diesel-powered vehicles, utilizing approximately 1 million gallons of diesel fuel per year, and is the State's primary dispenser of diesel fuel to other State departments, and

WHEREAS, the New Jersey Department of Transportation seeks to demonstrate the use of B20, a biodiesel fuel mixture consisting of 20% biodiesel and 80% diesel, and

WHEREAS, B20 contains 11% oxygen by volume, which contributes to more complete fuel combustion

WHEREAS, the price of B20 currently exceeds the cost of 100% low-sulfur diesel and 100% winter blend diesel on State contracts, and

WHEREAS, the Board of Public Utilities has set aside \$175,000 in Petroleum Overcharge Reimbursement Fund (PORF) money for the purpose of conducting a biodiesel fuel demonstration project involving State vehicles,

THEREFORE, the Department of Transportation and the Board of Public Utilities hereby enter into an agreement, the terms of which are as follows:

1. The Board of Public Utilities will reimburse the Department of Transportation by check on a monthly basis for the incremental cost of purchasing B20, in lieu of 100% low-sulfur diesel or 100% winter blend diesel, whichever is applicable, for use in diesel-powered State fleet vehicles, up to a total reimbursement amount of \$175,000.
2. The amount of reimbursement for the B20 will be determined by calculating the difference in cost between the State contract prices of B20 (contract #T1844) and low-sulfur diesel or winter blend diesel (contract #T1845), whichever is applicable, or such other contract prices as agreed to by the parties, for the Monday preceding each delivery date for the B20.
3. B20 will initially be used at the Department of Transportation's Fernwood facility, located in Ewing Twp., N.J. The use of B20 may be expanded to additional Department of Transportation diesel fueling facilities, provided that the Department's Bureau of Equipment determines that its use in diesel vehicles provides performance comparable to the use of 100% low sulfur diesel or 100% winter blend diesel, whichever is applicable.
4. The Board of Public Utilities' Division of Energy, in conjunction with the Bureau of Equipment, will prepare informational materials on any operational or maintenance issues associated with the use of B20 in diesel-powered vehicles. The Bureau of Equipment will coordinate distribution of this information to all State agencies refueling at Department of Transportation facilities where B20 is being dispensed.
5. The Bureau of Equipment will provide information regarding its experience with B20 and any relevant data pertaining to the operation and maintenance of vehicles operating on B20 to the Division of Energy for the purpose of evaluating the B20 demonstration.

IN WITNESS WHEREOF the parties hereto have caused these presents to be duly executed by their respected officers.

STATE OF NEW JERSEY  
DEPARTMENT OF TRANSPORTATION

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

Commissioner



STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

JEANNE M. FOX  
President

This Agreement has been reviewed and approved as to form.

Attorney General of New Jersey

BY: \_\_\_\_\_

Deputy Attorney General