

Bevin, Mosca & Giuditta, P.C.

Comments:

The Retail Energy Supply Association (“RESA”) did not have specific comments on the draft Town Center DER Microgrid (TCDER) Feasibility Study Application (“Application”) but was interested in the Board’s proposal for the development of TCDERs and believe RESA is situated to provide input in the process moving forward.

Response:

New Jersey Board of Public Utilities Staff (“Staff”) thanks RESA for its comments. Staff looks forward to working with RESA on this issue in the future.

Paul Westfall – Free Earth Resources

Comments:

Mr. Westfall did not comment on the Application. He forwarded an email about his company that is developing alternative power source technology.

Response:

Staff appreciated this information.

Jersey Central Power & Light (“JCP&L”)

Comments:

JCP&L commented about the application and with respect to general policy considerations arising during the feasibility study phase in general. JCP&L further recommended that NJBPU provide more specificity in defining roles or rules for microgrids.

Response:

Staff appreciates JCP&L’s policy considerations comments regarding policy considerations. These comments are however beyond the scope of this specific matter at this time and can be addressed through the Microgrid Report and stakeholder process.

JCP&L’s comments that recommend more specificity in defining roles or rules have been considered but are not directly addressed in this response. The Application will be most effective if applicants and EDCs are given the greatest latitude to propose creative solutions and identify unforeseen potential problems rather than be limited by restrictions in the application process. Staff also appreciates JCP&L’s stylistic and grammatical comments that have been noted but not identified individually below.

Comment:

JCP&L stated that it “ believes it is important that the BPU recognize the potential impacts and associated costs that the deployment of microgrids may have on the State’s utilities, as well as the resultant costs to customers... consider adding a link to, or reference for, the Rutgers’ DER Cost Benefit analysis model.”

Response:

The NJBPU Microgrid Report provides more detail on these issues. Please see the cost/benefit analysis section of the Application. The Application requires the costs and potential impacts associated with TCDER microgrid to be evaluated and assessed in an open and fair process. All applicants are also required “At a minimum” to include an initial assessment through the Rutgers DER Cost Benefit analysis model. This model assesses the cost and benefits on an annual basis and staff recommends that the applicant perform detailed cost/benefit analysis with great specificity on the modeling timeframes. Staff will add a link to the Rutgers model in the application.

Comment:

JCP&L stated “The program document would benefit from an “Introduction” section that precedes the “Background” section in order to bring to the fore the Program’s stated purposes and the potential anticipated results from the feasibility studies.”

Response:

Stadd agrees. An “Introduction” is included in the NJBPU Microgrid Report.

Comment:

JCP&L stated “There may also be a need for a “GDC LOS.”” (Gas Distribution Company Letter of Support)

Response:

Staff has added this requirement to the proposed Application.

City of Hoboken

Comment:

Hoboken stated “Hoboken has spent more than three years working to advance a microgrid concept with the Board of Public Utilities, PSE&G, Sandia National Laboratories, and the USDOE... [Hoboken] would like to suggest additional language be added to the draft that articulates the eligible activities that might apply to our project, such as feasibility, operational planning, research or regulatory precedence... We suggest that additional language be added to [the application section the screening criteria set forth in the NJIT report] that expands and clarifies that our microgrid project and facilities are indeed eligible for inclusion in this funding round.”

Response:

Staff thanks Hoboken for its comments and suggestions. Hoboken is included in the NJIT report and is qualified to participate in this program. Staff will not amend the draft application to intentionally include or exclude any particular eligible applicant. The TCDER Microgrid feasibility study incentive program will not award funds for any work previously funded or completed prior to initial approval of an application in this program. Under this program, each application will be considered carefully on a case-by-case basis.

ALTANOVA Energy+Sustainability – Submitted by Jamison Hill**Comments:**

Altanova asked whether the applicant's proposed town center needs to coincide with the site atlas prepared by NJIT, or can the Town Center be anywhere so long as it meets program criteria.

Response:

The proposed TCDER cannot be anywhere but it is not limited to the locations identified in the NJIT study. Town Centers that are not identified in the NJIT Report may participate in this program if they satisfy the screening criteria set forth the NJIT Report.

Clean Coalition – Submitted by Kenny Klittich**Comment:**

The Clean Coalition commented on the importance of thoughtful, open, and accurate assessments of the costs and benefits associated with TCDER Microgrids. It recommended that any cost effectiveness approach used consider, at a minimum, the costs and benefits included in existing analytical approaches and public cost effectiveness approaches. Further the Clean Coalition recommends that the NJBPU considers adopting the California Public Utilities Commission's (CPUC) method of evaluating energy saving investments contained in their Standard Practice Manual.

Response:

the Clean Coalition's comments regarding the importance of thoughtful, open, and accurate assessments of the costs and benefits associated with TCDER Microgrids are appreciated and well taken. Staff agrees with the Clean Coalition's recommendation that, "any cost effectiveness approach used consider, at a minimum, the costs and benefits included in existing analytical approaches and public cost effectiveness approaches."

While the particular methods and tools that you recommend may be helpful in cost/benefit analysis, the Staff will refrain from endorsing or discouraging any particular assessment method. Applicants are responsible for the execution of TCDER microgrid cost/benefit assessments. The NJBPU will carefully consider the veracity of each applicant's assessment.

Comment:

The Clean Coalition suggested that while including government entities as key partners in the feasibility study is critical, the Application should be revised to allow non-profit entities to act as the lead entities in addition to local government institutions.

Response:

Staff has decided not to add this suggestion to the proposed Application.. The current process for procuring a feasibility study between various entities identified in the Application is sufficient at this time.

Shoreline Energy Advisors, LLC – Submitted by Frederick Fastiggi, DGCP (“Shoreline”)**Comment:**

Shoreline commented that the EDC LOS required by the Application may be problematic. Shoreline stated that “It’s a bit like asking Russia to support a Ukrainian voter referendum on the future governing of the Crimean Peninsula.” Shoreline suggested additions and modifications to the program requirements that might avert a potential conflict or delay in an applicant’s effort to obtain the required EDC LOS.

Response:

The comments and points presented by Shoreline are well received and may be considered in future revisions to this program. However, this program is designed to assess the feasibility of creating TC DER Microgrids which requires the Utilities to be active and willing participants in the overall process. The items Shoreline notes should be addressed between the Town Center and the Utility. Therefore, the Staff will refrain, at this point, from recommending further conditions of the Utilities’ support in any specific manner and will leave that to an agreement between the Town Center and the Utilities.

Comment:

Shoreline states: “If more than one town can be incorporated into a microgrid proposal, the BPU should consider lifting the \$200,000 cap on each individual study.”

Response:

Due to limited initial funding (as mentioned in the Pre-Application Review Process section in the draft application) the Staff cannot recommend lifting the \$200,000 cap for each individual study at this time. The cap is the maximum amount and is the cost expected for a complicated mesh network system with multiple DERs and multiple buildings in the 10 to 20 MW range. Staff expects the cost per study to be less than \$200,000.

Comment:

Shoreline states: "Asking a consultant or engineer to wait for the completion of this type of study until they are to be paid for their work is a bit unreasonable."

Response:

Staff does not support payment in advance for this program for a feasibility study. The Application will only provide for payment when a final report is submitted and accepted by the NJBPU.

Environmental Defense Fund ("EDF") – Submitted by Mary Barber

Comment:

EDF comments support the NJBPU's Town Center DER Microgrid feasibility study incentive program and recommends that the NJBPU establish a Microgrid Working Group. EDF commented that the working groups provide an opportunity for industry and other stakeholders, like EDF, to both be informed and inform programs and processes.

Response:

Staff thanks EDF for their support of NJBPU's TCDER Microgrid feasibility study incentive program and for its recommendation that NJBPU establish a "Microgrid Working Group". As noted in the recommendation section of the NJBPU Microgrid Report the Staff is recommending the establishment of a TCDER microgrid stakeholder process.

U.S. Green Building Council (USGBC) – Submitted by Ryan Franks

Comment:

The USGBC recommended that the NJBPU use its PEER resources in addition to Rutgers DER Cost Benefit Model and that PEER be used by applicants to maximize benefits.

Response:

Staff thanks USGBC for their support and comments regarding the NJBPU Town Center Microgrid Feasibility Program. USGBC recommends that BPU use your PEER resources in addition to Rutgers DER Cost Benefit Model and that PEER be used by applicants to maximize benefits. It is up to the applicant to determine which tools and methods to employ in developing their application to this program. Furthermore, the draft Application requires "at a minimum" utilization of the Rutgers DER Cost Benefit Model but nothing in the Application requirements preclude applicants from utilizing USGBC resources as well.

Millennium Strategies – Submitted by Danielle Anderson

Comment:

Millennium Strategies asked whether the NJBPU has communicated with the communities in the NJIT Report and whether it is competitive for other non-listed municipalities to submit a pre-application.

Response:

Staff has not previously reached out to or communicated with the municipalities identified in the NJIT Report. However, some of these municipalities separately reached out to NJBPU. The intent of the NJIT Report was to document the initial potential for TCDER microgrids in New Jersey. As discussed above, Town Centers that are not identified in the NJIT Report may participate in this program if they satisfy the screening criteria set forth the NJIT Report.

City of Ocean City – Submitted by the Ocean City Manager of Capital Planning Mathew von der Hayden**Comment:**

Ocean City asked if under the program draft application and under the Technical Report are there any opportunities for Ocean City to participate in this program in Cape May County specifically Ocean City.

Response:

As discussed above, Town Centers that are not identified in the NJIT Report may participate in this program if they satisfy the screening criteria set forth the NJIT Report.

Gable Associates**Comment:**

Gable Associates recognizes the importance of microgrid architecture as one strategy to achieve greater grid resiliency and other benefits and that there is much to be learned from these first projects. Further it commented that it is important for NJBPU to choose study proposals that will have the greatest likelihood of success and which do most to develop the market. Gable recommends that the focus should be on projects that might actually be built as opposed to more theoretical studies. Gable Associates asked that the NJBPU consider additional flexibility regarding the condition on page 5 that for the first round of applications the consultant for the local government is limited to one award. Gable expressed the opinion that this tied the NJBPU's hands in selecting the strongest projects for the first round. Gable suggested that one entity be capped at no more than three awards in the first round.

Response:

It is for the very reasons that Gable Associates notes in its comments that Staff proposed a cap on the number of awards. It is clear that there is important information to be developed in this first round of projects that will assist in defining the advanced microgrid architecture. It is the microgrid consultants that support the municipalities and the utilities that will provide this information. To restrict that to only two consultants, which is what the proposal suggested by Gable might actually do, would be narrowing the NJBPU's ability to develop a range of information on the advanced microgrid architecture.

Staff also understands that limiting the awards to one consultant in the first round may also not provide the range of information the NJBPU is seeking with this proposal. In the final application the Staff has

revised this limit to a cap of \$300,000 per consultant in the first round. As noted above it is the BPU expectation that only very complicate TCDER microgrid in networked systems with a number of critical facilities with different local government authorities and procurement would warrant a \$200,000 award. Staff expects that projects proposal will be less than \$200,000 and in the \$100,000 range or less.

Somerset County Planning Division – submitted by Laurette Kratina Chief of Strategic Planning

Comment:

Somerset County noted that it was stated in the meeting and on the draft application that this program and incentive was not for single building or campus setting under one meter such colleges or hospitals since NJBPU through the Clean Energy Program had other incentives available for these types of projects. Somerset County asked for information on grants and rebates for single building or campus wide CHP proposed projects.

Response:

The incentives for CHP for single building or campus setting under one meter can be viewed here: <http://www.njcleanenergy.com/commercial-industrial/programs/combined-heat-power/combined-heat-power>

Comment:

Somerset County requested the information on the 45 existing microgrids in New Jersey.

Response:

At this point there are 50 Level 1 or 2 microgrids in New Jersey. The list is included in the Board's Microgrid Report and which is posted on the BPU and NJCEP websites and can be found here: http://www.bpu.state.nj.us/bpu/pdf/reports/20161130_microgrid_report.pdf

Comment:

There were a number of comments that request copies of the NJIT Report including:

Nicholas Buckley RRT SIGMA Engineering

Danielle Anderson Millennium Strategies

David Smith Burns Engineering, Inc.

Justin Barnes

Response:

Copies of the NJIT Report and Atlas was posted on the NJCEP website at <http://www.njcleanenergy.com/commercial-industrial/programs/der-microgrid-feasibility-studies> and was emailed to each person that requested a copy.

