

QUESTIONS AND ANSWERS ON THE FY2015 RENEWABLE ELECTRIC STORAGE SOLICITATION

Note: *The following questions were either submitted to njreinfo@njcleanenergy.com prior to October 29, 2014, the deadline for questions established in the solicitation, or during the Renewable Electric Storage Solicitation Webinar on November 5, 2014. Some questions have been edited for length and similar questions have been combined.*

- 1) *Question: If the energy storage system owner is separate from the site host, is the total incentive for this Solicitation round for a single owner to own energy storage systems at multiple sites also limited to \$750,000?*

Answer: Yes. Section 3.2 states that the \$750,000 per-entity maximum applies to a third-party owner, such as an installer/developer, who proposes to own storage systems installed at multiple host sites.

- 2) *Question: Is it correct that the "project's total installed costs" on which the 30% maximum incentive is based are limited to the electric storage system and do not include costs related to the RE system?*

Answer: Yes, costs related to the RE system do not qualify for incentives under the Storage Solicitation.

- 3) *Question: Under item 2.1, Project Eligibility Requirements, we assume that the minimum capacity of 50 kW refers to the size of the storage and not to the size of the PV array. Is that a correct interpretation?*

Answer: Yes. The 50 kW minimum capacity requirement refers to the size of the storage equipment. However, a related requirement is that the size of the storage system must be commensurate to the size of the RE system with which it is integrated. The allowable incentive for a qualifying storage system is based on the storage capacity commensurate with an RE system approved for net metering. The net metering rules limit the generating capacity of a customer-generator's facility to "not exceed the electricity supplied to the customer over an historic 12-month period." (N.J.A.C. 14:8-4.1 (b) 3 and N.J.A.C. 14:8-4.3 (a))

- 4) *Question: Is there any bid assurance or collateral required for applications?*

Answer: No, applications do not require bid assurance or collateral.

- 5) *Question: Are proposals confidential or public? Can we receive an assurance that technical and financial information marked as "confidential" will not be released?*

Answer: As stated in Section 5.2 ("Confidentiality"), applications received will be reviewed by the Market Manager and the Solicitation Evaluation Committee. All proposals submitted may be subject to requests for disclosure, including but not limited to, a request pursuant to the Open Public Records Act ("OPRA"), N.J.S.A. 47:1A-1 et seq. If the applicant believes that information contained in its proposal merits confidential treatment pursuant to OPRA, any such purportedly confidential information must be submitted in compliance with the regulations at N.J.A.C. 14:1-12.1, et seq.

6) *Question: Will there be a minimum discharge period at the ESS's (energy storage system) nameplate rating (kW) to qualify the project? Will there be a required minimum number of operations per year?*

Answer: There will not be a required minimum discharge period at the ESS's nameplate rating (kW) to qualify the project. There is also no required minimum number of operations per year. However, both metrics, the ESS nameplate rating and the project's minimum number of operations per year, will be considered favorably in evaluating applications.

7) *Question: (1) Is the formula for calculating the storage system's capacity in 6.3.1a based on the inverter size or the storage capacity? (2) How does this differentiate between projects that already include renewables and those that do not?*

Answer: (1) The formula for calculating incentive amount per kW in the solicitation section 6.3.1a is based on the storage unit capacity, not the inverter capacity. (2) Storage projects that are currently in operation are not eligible for incentives, nor are those that are not integrated with renewable energy systems. A proposed project with no NJ Class 1 RE installed at the time of application will be evaluated appropriately, based on the entire project's "readiness" as defined in solicitation section 6.3.2. If an award commitment is made, payment will be contingent upon and held until the entire system – storage and NJ Class 1 RE – is installed, operational and authorized to energize by the appropriate Electric Distribution Company.

8) *Will the project be required to (1) have an actual interconnect (building permit, CAFRA approval) BEFORE the award is made or (2) would UL 1741/IEEE 1547 certification be sufficient as proof of utility-ready interconnection capability?*

Answer: All projects will be evaluated in accordance with Section 6.3.2 of the solicitation. Project readiness of qualifying projects will be evaluated based upon the status of required approvals obtained including, but not necessarily limited to, EDC interconnection, local building permits, DEP's CAFRA permits, if appropriate, etc. Incentive payments will not be made until the project is fully completed, commercially operational, has passed the program inspection and received EDC interconnection approval ("authorized to energize"). UL 1741/IEEE 1547 certifications are not a substitute for compliance with the EDC interconnection requirements. The Class I RE interconnection requirements including the processes and timeframes for EDC notification of ability to interconnect required prior to construction and the "authorization to energize" provided upon satisfactory completion of any inspections or commissioning tests required can be found at N.J.A.C. 14:8-5.

9) *Can an energy storage applicant submit an application to this Solicitation if the solar system with which the energy storage project it is to be integrated has not yet received an SRP registration number?*

Answer: Yes. However, the status of the solar system construction and its associated SRP registration will be taken into account when evaluating project readiness.

10) *Is a storage system that has already been installed eligible for an incentive?*

Answer: No. No portion of the energy storage system can be installed prior to December 8, 2014.

11) *The solicitation states the minimum capacity of the storage project is 50 kW. Do you intend a minimum of 50 kW of power without limit to discharge rate?*

Answer: Yes. Please refer to question and answer number 6 for more detail on the eligibility criteria related to energy storage system capacity.

12) *Per Section 2.2 of the solicitation, please define “material” kWh amount with regards to net import or export from the grid to the storage device when participating in ancillary services markets (grid stabilization). If the storage asset is participating in these PJM ancillary services markets, are all net import / export deemed to be “non-material”?*

Answer: There is no defined amount or percentage of kWh associated with the word “material”. The intent of this requirement is to recognize that the primary resource for charging the electric storage unit is the renewable energy system with which it is integrated. For systems that participate in the PJM frequency regulation market, there is anticipated to be a significantly smaller amount of non-renewable electricity introduced into the unit as a result of the “breathe out-breathe in” nature of frequency regulation market participation.

13) *What determines if the building at which I’m planning to install an energy storage system is a “public and critical facility”?*

Answer: This solicitation has adopted the definition of “public and critical facility” utilized by the New Jersey Energy Resilience Bank (ERB) at the time of the solicitation development. Identification of the host site as a “public and critical facility” is not a requisite requirement for the award of a renewable electric storage incentive commitment but sites which meet this definition will be evaluated favorably. Applicants should provide documentation that demonstrates how the host site would serve as a critical facility in the event of a grid outage, identifying the public benefits and the type and amount of critical load as well as the length of time to be supported by the proposed storage system. This information will be considered by the Evaluation Committee as described in section 6.3.4 of the solicitation.

14) *Question: Section 2.1 states that the RE system to which the energy storage project is integrated must be behind-the-meter, net metered and interconnected, but the Application Form (Appendix A) says that a merchant wholesale power generator who pays the Societal Benefits Charge is also eligible. Which is correct?*

Answer: The Solicitation Section 2.1 is correct. The previous application form was incorrect. The Application Form that is now available on the NJCEP website has been corrected to be consistent with the renewable electric storage program and its associated solicitation as approved by the NJBPU which is limited to customer-generator facilities net metered and interconnected consistent with the NJBPU’s rules at N.J.A.C. 14:8-5.

15) *Question: Can you confirm that a site where the renewable energy system is an “in-front of the meter” wholesale power generator would be eligible for funding through this solicitation?*

Answer: No. A wholesale electric power generator would not be eligible to participate in the renewable electric storage program approved by the NJBPU. See question and answer number 14 for more information.

16) *Please clarify if sites where the renewable energy system is “behind-the meter”, but not “net metered” are eligible for funding through this solicitation?*

Answer: No. The RE system must be both behind-the-meter and net metered.

17) *Question: It appears that several of the line item references in Section D of the Technical Worksheet (Appendix C) should be changed (item 8, item 9, and item 10 referencing Line D3, and Line D1 or Line D5 respectively).*

Answer: The Technical Worksheet that is now on the NJCEP website has the proper line item references.

18) *Question: Do the federal investment tax credit and accelerated depreciation count as incentives that must be subtracted from the installed project cost for purposes of calculating the maximum incentive?*

Answer: No.

19) *Question: Will there be additional solicitations in 2015 and, if so, when?*

Answer: The Board of Public Utilities will determine the scheduling of any future solicitations based on budgetary and policy considerations.

20) *Question: Is a storage system that is leased, rather than owned, still eligible for an incentive?*

Answer: Yes. However, all terms and conditions contained within the solicitation remain as requirements. For example, the equipment must be new, permanently installed, interconnected with the electric distribution system and commercially operational before an incentive will be paid. Additionally, all equipment costs to the system owner (lessor) must be fully documented with the application to enable incentive calculation and a “10-year certification agreement” must be signed by both the applicant (host site, lessee) and the installer (lessor). See the solicitation application requirements for more information.

21) *Question: Are there any federal incentives available for energy storage systems?*

Answer: Staff and the Market Manager cannot offer advice or guidance on federal incentives.

22) *Question: When does the 12-month timeline for project completion begin?*

Answer: The 12 month timeline for project completion begins on the date of issuance of the REIP Approval Letter.

23) *Question: How do I get added to the energy storage listserv?*

Answer: You may sign up for the listserv at <http://mail.njcleanenergy.com/mailman/listinfo/energystorage>