

CHP-FC work group

Follow-up from the January 30, 2013 meeting

1. BPU will recirculate the NJ CHP Market Assessment prepared by the USDOE Mid-Atlantic Clean Energy Application Center (in Philly not NJ) to assist in the evaluation of the critical facility market segment.
2. BPU update on the standby proceeding – public meeting should be schedule by Mid to late February.
3. BPU will compile the CHP gas rates from the 4 gas distribution companies.
4. BPU will compile the current CHP pipeline.

Please provide comments on the following:

1. Definition for critical facilities to be included in the next CHP solicitation.

“critical facility” means any hospital, police station, fire station, water treatment plant, sewage treatment plant, public shelter, or correctional facility any commercial area of a municipality, a municipal center as identified by the chief elected official of the municipality, or any other facility or area identified by DEPE as critical.

What should be added to or deleted from the definition? Should we have a public and private critical facilities definition?

2. Solicitation Tiers

The discussion at the wg meeting was that the next solicitation might be tiered to address the public policy concerns include the following:

1. CHP private critical facilities -communication center, data centers supermarkets
2. CHP Public critical facilities -public hospitals, schools, municipal buildings
3. Additional incentive for blackstart
4. Additional incentive for microgrid
5. Additional incentive for renewable energy

Please provide your comments on the above tiers and additional incentives for the next CHP solicitation.

Please provide comments relative to the current solicitation on the EDA and CEP websites within the

current incentive levels. If you are proposing an increase or additional incentives please justify the increase/additional incentives. Any unsubstantiated increases/additional will not be considered. Also provide any comments on the current solicitation to improve the process or the solicitation.

3. Pipeline of CHP-FC projects

CHP-FC work group member please provide us with your pipeline projects. We do not need to know the customer but do need general location (EDC or GDC area), size of the project and total cost. I talked to the BPU OPRA officer and we can provide confidentiality for this information. Any use of the data would be in total aggregate by EDC/GDC area and not identified by the entity that supplied the information.

4. Other State activity

BPU staff will reach out to the other region states Energy Offices/PUC to develop and/or participate in an interstate work group on DG including microgrid for storm response.

5. Standby Tariffs and Gas Tariffs

There was a lengthy discussion on tariff issues including both standby rates and CHP gas rates. The standby rate issue is the subject of a separate proceeding and for the efficiency in management will not be repeated in the CHP-FC work group. All discussion on standby rates need to be made in that proceeding (on the formal record). We will of course keep this work group updated on the process. Per discussion with Alice Bator Bureau Chief in the Division of Energy which has the lead on this proceeding that a stakeholder hearing/meeting is being scheduled for mid-February.

In terms of gas rates for CHP, each gas distribution company should provide their current rate structure and any other incentive designed for CHP.

6. Strategic or Long range plan

The BPU will, after the award and transition of the new NJCEP Program Administrator develop and finalize a 4-year strategic plan for EE and RE. This will include the coordination of the utility programs over the same term. CHP-FC will be a component of that Clean Energy 4-year plan. If you have comments on what and how the CHP-FC component should be developed please feel free to submit.

However, this task is not currently the number one priority. The number one priority for the work group is to assist in development of the 2014 CHP budget and the 2014 CHP solicitation.

6. **Budget**

Background

The 2012/2013 budget is (rounded to nearest \$100K):

- 1 \$17M with current commitments of \$5.247M plus TRC admin cost through the end of the budget year for the small CHP-FC program
- 2 \$36.970 M with current commitments of \$11.1 M plus EDA admin cost through the end of the budget year and the \$25M second round CHP-FC solicitation
- 3 \$23.1M with current commitments of \$2.432M plus Honeywell admin cost through the end of the budget year. This program funds incentives for wind, biomass and renewably fueled CHP.

The current straw proposed funding levels for 2014 through 2017 were: \$325M, \$325M, \$300M, \$300M

Based on these funding levels and annual budget please provide comments on the proposed budgets for 2014. Also provide comments for the funding level for 2015 through 2017. As noted above provide your documents amounts for the budgets.

Please provide your comments by COB Friday February 22, 2013. The next CHP-FC wg meeting will be scheduled for the week of February 25th depending on the warmest room we can get at the time.

Please note that this is an iterative process. Your comments will help us whittle down the issues and will be part of the larger NJCEP budget and funding level decision that will be made by the Board before the end of this budget year, June 30, 2013.