



Agenda Date: 06/08/09
Agenda Item: 8C

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE CLEAN ENERGY)
MANUFACTURING FUND SOLICITATION – AWARD)
RECOMMENDATION)

DOCKET NO. EO08070470
& EO09050393

(SERVICE LIST ATTACHED)

BY THE BOARD:

This Order memorializes actions taken by the New Jersey Board of Public Utilities (Board) at its June 8, 2009 Agenda Meeting in approving an award of \$3.3 million in assistance to Petra Solar, Inc (Petra) pursuant to a public competitive Solicitation for The Edison Innovation Clean Energy manufacturing fund.

BACKGROUND

On January 29, 2009 the New Jersey Board of Public Utilities (BPU) Office of Clean Energy (OCE), in collaboration with the New Jersey Economic Development Authority (“EDA”) as administrator of the new Edison Innovation Clean Energy Manufacturing Fund (“CEMF”), issued a public competitive Solicitation for The Edison Innovation Clean Energy Manufacturing Fund. The Solicitation offered financial assistance in the form of zero interest loans and grants to support Class I renewable energy or energy efficiency companies entering or expanding their manufacturing operations in New Jersey. Eligible applicants were companies that currently, or plan to within 36 months, manufacture Class I renewable energy or energy efficiency systems, products or technologies in New Jersey.

The objective of the CEMF program is to provide support for manufacturing of energy efficient and renewable energy products that will assist Class I renewable energy technologies in becoming competitive with traditional sources of electric generation.

Total funds that can be awarded include up to 50% of total project’s budgeted costs, not to exceed \$3,300,000 per project for each new program solicitation. The program will offer a facility site assessment, procurement, and design grant in Tranche I – not exceeding 10% of total CEMF funds requested by the Applicant capped at \$300,000 – as well as a ten-year zero interest loan in Tranche II for site improvements, equipment purchases, and facility construction and operation not to exceed \$3,000,000. At closing of the grant, twenty (20%) percent of the Tranche I approved funds will be advanced for upfront seed money with the remainder paid

after work has been completed upon submission of invoices. One-third of the zero interest loan, up to \$1 million, may be converted to a performance grant if business and technology-based milestones specific to each Applicant are met during a three-year disbursement period prior to documentation closing. Equal monthly repayments of the zero interest loan start in the fourth year for a seven-year term with the BPU taking a subordinate lien on assets as to any existing senior debt.

Expected benefits of the CEMF include increasing the number of renewable energy and energy efficiency manufacturing jobs in New Jersey by encouraging expansion of current manufacturers and to provide sufficient incentive to other manufacturers to locate in New Jersey; stimulating economic development in the New Jersey renewable energy and energy efficiency sector through demand for goods and services by manufacturers; and increasing the volume of renewable energy and energy efficient products manufactured in New Jersey to New Jersey consumers.

The first Solicitation for CEMF was available online to applicants on January 29, 2009. The initial Eligibility Intake Forms were accepted up until February 27, 2009. In response to this first Solicitation, the EDA received 13 Intake Forms which were reviewed by the OCE to determine their ability to meet the basic technical eligibility requirements. Of those 13 Intake Forms received, seven were eligible to move on in the process to complete the full application. Full Applications for this first Solicitation were accepted until March 31, 2009.

Of those seven eligible to submit applications EDA received four complete applications from the following: Tangarie Alternative Power (Wind), Amelio Solar (Solar), Petra Solar (Solar) and Natural Power Sources (Solar). The Clean Technology Evaluation Committee reviewed the four applications consistent with the stated evaluation criteria set forth in the Solicitation. Of the four finalists, only Petra Solar was recommended by the Clean Technology Evaluation Committee to move forward to the underwriting process. Petra Solar had the highest average score, met all of the requirements listed in the solicitation and is considered to have the better chance for success based on the difference in ratings, evaluation committee comments and results. Evaluating the projects were representatives from BPU-Office of the Business Ombudsman and Office of Clean Energy, NJDEP Division of Science, Research and Technology, NJ Commission of Science and Technology, Oak Ridge Laboratory, NJIT-Department of Industrial & Manufacturing Engineering and the NJEDA. The three proposals not selected received lower average scores than the Petra Solar project and some did not meet all of the project requirements. Those declined for funding were told they may reapply to subsequent solicitations.

Petra is seeking a CEMF \$300,000 Grant and \$3.0 million Loan to design, develop and supply electric power and power management products focused on the solar energy market. Petra proposes to expand into the manufacturing stage of commercial development by start up production of solar photovoltaic smartgrid systems. Petra currently operates out of 14,000 square feet of leased space in South Plainfield and has plans to expand this footprint by 10,000 square feet in 2009 and up to another 100,000 square feet in 2010. On May 29, 2009, after completing their underwriting review, the NJEDA recommended approval for the \$3.3 million in CEMF assistance with the following conditions:

1. Receipt and satisfactory review of 12/31/08 Petra Solar audited financial statements. This should be received prior to disbursing funds under Tranche 2.
2. Petra Solar shall secure a contract, commitments or other acceptable documentation pertaining to the purchase of its product(s) such that, when combined with revenues, funding commitments and assets in the judgment, and to the satisfaction of EDA, that,

the Company has demonstrated its ability to service the terms of the loan, for amounts to be advanced, prior to the disbursement of any funds under Tranche II.

3. EDA staff will work with applicant regarding the amount and form of agreement/documentation (from term sheets to commitments to actual funds received) surrounding debt and/or equity relative to the CEMF funding process.

The BPU has established the funding levels for the energy efficiency and renewable energy programs, including the Edison Innovation CEMF in the NJCEP 2009 Programs and Budget Compliance Filings Order, dated January 8, 2009, BPU Docket Number EO07030203 ("January 8, 2009 Order"). The BPU made an initial transfer, as approved in its January 8, 2009 Order, of \$23,928,000 to the CEMF to be held by the EDA to finance non-interest bearing loans and grants. The loans and grants are to support renewable energy and energy efficiency companies entering or expanding within the manufacturing stage of commercial development of renewable energy technology products in New Jersey.

Products under this program will ultimately benefit New Jersey ratepayers by providing long-term energy needs in an environmentally sound manner and by facilitating competitive and diverse electricity supply for New Jersey in accordance with the State of New Jersey Energy Master Plan, New Jersey's implementation of the Regional Greenhouse Gas Initiative (RGGI), P.L. 2007, c.340, and the "Global Warming Response Act", P.L. 2007, c.112, ("GWRA") which sets long-term goals for reducing greenhouse gas emissions in New Jersey. The goals established in the State of New Jersey Energy Master Plan are to have 30% of its electricity needs supplied through renewable sources by 2020 and reduce projected electricity and heating consumption by at least 20% by 2020.

DISCUSSION AND FINDING

In considering the eligibility of this project for funding under this program, the Board looks first to the contribution they will make to distributed generation using renewable energy. The award of financing to this project of a grant and loan will provide incentives for innovative clean energy technologies, including both energy efficiency and renewably energy manufacturing businesses intended to stimulate the clean energy industry in New Jersey. Staff believes this grant and loan will allow Petra Solar to increase the usage of solar power through innovated grid-interactive solar electric systems and related power management technologies with its Sun Wave™ product.

The award of the funding to this recommended proposal will complement the NJBPU OCE existing renewable energy incentives, which fund the installation of renewable energy generation. The award will be utilized to advance the renewable energy business infrastructure necessary to deliver to the marketplace cost-effective renewable energy technologies and services. This project creates a positive benefit for the environment, by encouraging investment in clean energy technology manufacturing in New Jersey. The award of the funding to this recommended proposal will be used to assist in the wide scale deployment of renewable energy systems, which will mean cleaner air, additional peak load generation from renewable energy sources and greater system reliability.

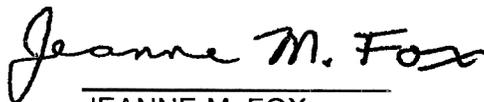
Staff recommends awarding Petra Solar Inc. a \$300,000 Grant and \$3.0 million Loan from the CEMF consistent with the recommendation from the EDA.

Upon consideration of the facts set forth above, the Board **FINDS** that a public competitive Solicitation for The Edison Innovation Clean Energy Fund was issued on January 29, 2009. The Board **FURTHER FINDS** that the Clean Technology Evaluation Committee reviewed applications from eligible applicants consistent with the stated evaluation criteria set forth in the Solicitation and awarded the Petra project the highest score. The Board **FINDS** EDA conducted an underwriting review of the Petra application and recommended a Grant of \$300,000 and a Loan of \$3.0 million, subject to certain conditions, under the CEMF. The Board **FINDS** that an award of \$3.3 million to Petra Solar, Inc. is appropriate and a proper expenditure of the ratepayers' funds.

Now, therefore, the Board **HEREBY APPROVES** a Grant of \$300,000 and Loan of \$3.0 million to Petra Solar, Inc. in accordance with relevant terms and conditions herein and in the recommendation issued by the EDA. The Board **ORDERS** that a commitment letter, consistent with the terms of this Order, be issued to Petra by the BPU Director – OCE and the EDA Director – Technology & Life Sciences. The Board also **AUTHORIZES** President Fox to sign the Grant and Loan Funding Agreements consistent with Department of Treasury requirements, the form of which was previously approved by the Board in Docket EO08070470 on March 12, 2009, consistent with the terms of this Order.

DATED: 6/29/09

BOARD OF PUBLIC UTILITIES
BY:



JEANNE M. FOX
PRESIDENT



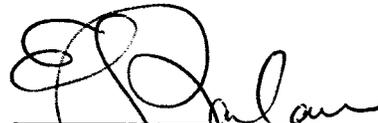
FREDERICK F. BUTLER
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER

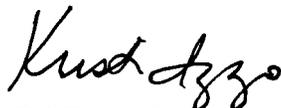


NICHOLAS ASSELTA
COMMISSIONER



ELIZABETH RANDALL
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities

