



Agenda Date: 4/14/10
Agenda Item: 8D

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 COMPREHENSIVE ENERGY) ORDER
EFFICIENCY AND RENEWABLE ENERGY)
RESOURCE ANALYSIS FOR 2009-2012 FINAL)
PROGRAMS AND BUDGETS - RENEWABLE ENERGY)
GRID CONNECTED PROGRAM 2009 SOLICITATION)
AWARD RECOMMENDATIONS) DOCKET NO. EO07030203

Port Authority of New York and New Jersey, Office of Environmental and Energy Programs,
225 Park Avenue South, 11th Floor, New York, NY 10003

Cape May County Municipal Utilities Authority, P.O. Box 610, Cape May Court House, New
Jersey 08210

James E. McGuire, Deputy Attorney General, Board of Public Utilities

BY THE BOARD:

By this Order, the Board of Public Utilities ("Board") considers the recommendation of the Board Staff ("OCE") to approve awards to Cape May County Municipal Utilities Authority (CMCMUA) and the Port Authority of New York and New Jersey ("Port Authority") pursuant to a competitive solicitation for grid-connected renewable energy.

BACKGROUND

On September 10, 2009, the OCE posted a public competitive solicitation ("the Solicitation") titled "Solicitation for Proposals in the Renewable Energy Grid Connected Program in New Jersey's Clean Energy Program". The Solicitation's objective is to facilitate the development of Class I renewable energy onshore wind and biopower projects that are larger than one megawatt and that can supply electricity to the grid. Eligible projects will demonstrate the superior ability of the proposed project team to construct an onshore wind or biopower project, and the need for grant funds to document feasibility, secure permits, process feedstocks, demonstrate innovative financing, supplement revenue streams, or overcome other barriers to private investment in renewable electricity generation.

Approximately \$6 million in funds was available for the Solicitation. Funding for this program is dedicated in a line item in the Renewable Energy portion of the Order setting programs and budgets for the New Jersey Clean Energy Program ("NJCEP") for calendar year 2009.¹

Proposals were due by January 8, 2010. An evaluation committee ("Committee") comprised of representatives of the New Jersey Department of Environmental Protection, the New Jersey Economic Development Authority, and the Office of Clean Energy reviewed and evaluated the proposals. Following its review, the Committee prepared an Evaluation Report in which it reviewed the evaluation criteria, the weight given to each criterion, and the scores given to each applicant for each criterion.

Based on all its review, the Committee made the following recommendations for funding

<u>Entity</u>	<u>Proposed Amount of Funding</u>
Port Authority	\$3,600,000
Cape May County Municipal Utilities Authority	\$256,320

The CMCMUA proposes the construction of two (1) MW generating plants at its Environmental Complex, utilizing landfill gas (methane) as fuel for the engines. There are currently three 150 kW generators operating on the site. The Port Authority seeks to construct five (1.5) megawatt (MW) wind turbines with an aggregate capacity of 7.5 MW and rated gross production of 19,200 MWh per year.

The Port Authority requested \$6 million to construct five (1.5) megawatt (MW) turbines with an aggregate capacity of 7.5 MW and rated gross production of 19,200 MWh per year. The 7.5 MW wind project is designed to supply 60% of the electricity produced to the grid as a merchant power generator and to utilize 40% of the electricity produced to offset onsite electric load at the port. The economics of each portion of the project are such that the grid connected portion will receive compensation for the electricity at wholesale electric rates and the onsite, behind-the-meter portion will receive credit at retail rates by net metering with the local electric distribution company, PSE&G. The Committee found the Port Authority's proposal for the grid connected portion of the project to be consistent with the intent of the Board's Renewable Energy Grid Connected solicitation but believed the onsite portion would be more appropriately funded under the NJCEP's Renewable Energy Incentive Program designed for behind-the-meter applications.²

The Committee therefore recommended reducing the Port Authority's grant from its original request of \$6,000,000 to \$3,600,000 (60% of \$6,000,000) to appropriately reflect the portion of the project which is grid-connected. This reduction results in a reduction in the upfront funding available to \$720,000, or 20% of the revised award amount. An allocation of 20% of total grant funding was provided for in the solicitation as an option as an upfront payment to the grantee for pre-development assistance, i.e., siting, permitting, studies, etc.

¹ I/M/O Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for 2009-2012: 2009 Programs and Budgets: Compliance Filings, Docket. No. EO07030203 (January 8, 2009).

² The REIP rebate program is offered as an expected performance based buydown of the installed cost for the generating equipment supplying onsite needs.

The Committee found that these applicants submitted strong proposals including competent and experienced project teams that appear sensitive to the economic and environmental concerns expressed in the solicitation. Each stated a clear commitment to working with the New Jersey Department of Environmental Protection (NJDEP), to minimize any potential environmental impacts, as guided by NJDEP. Each provided documentation sufficient to garner confidence in project feasibility.

Board Staff ("Staff" or "OCE") recommended Board approval of the projects the Committee has recommended for consideration. Staff recommended grant awards of \$3,600,000 to the Port Authority and \$256,320 to CMCMUA.

DISCUSSION AND FINDINGS

The Board seeks to develop the most cost effective onshore wind or biopower renewable energy facilities to be located in New Jersey, capable of supplying electricity to the distribution system serving New Jersey. With the Solicitation, the Board sought proposals for the development of biopower feedstocks, Class I renewable energy storage, and innovative Class I renewable energy proposals. Among the benefits of the Program are the diversification of the portfolio of Class I renewable energy technologies used to provide power and environmental benefits to New Jersey; acceleration of the deployment of large-scale renewable power plants; and the development of onshore wind and biomass powered electricity technologies serving New Jersey including biopower feedstock, Class I renewable energy storage and innovative renewable energy technologies.

In considering the eligibility of these projects for funding under this program, the Board looks first to the contribution they will make to support the electric power grid with renewable energy, thus contributing to successful implementation of the full intent of the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. ("the Act"). The Board will provide an arena in which renewable energy technologies, which may not be able to compete as yet on a first-cost basis, are given the opportunity to prove themselves as viable alternatives to traditional electricity supply. The award of financing through grants to these projects will provide incentives for emerging renewable energy technologies which can contribute to the electrical grid in New Jersey. Staff believes these grants will allow these companies to make important contributions to these goals. The CMCMUA project two one megawatt generators using landfill gas are estimated to produce 278,480 MWh of energy over 20 years. The Port Authority project has a projected aggregate capacity of 7.5 MW of wind energy and rated gross production of 19,200 MWh per year.

The award of funding to the two recommended proposals will be paid from the New Jersey Clean Energy Program renewable energy incentives, which fund the installation of renewable energy generation, as originally described in the 2009 and 2010 OCE compliance filings and budgets. The awards will be utilized to improve the cost effectiveness of investments in electricity generation from renewable energy sources and ultimately assist in advancing the renewable energy business infrastructure necessary to deliver to the marketplace cost-effective clean energy technologies and services. The award of the funding to these recommended proposals 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, better use of existing resources, and greater system reliability.

Board approval. The Board **FINDS** that the award to the Port Authority is appropriately reduced to reflect that portion of the project which is grid-connected. The Board **FURTHER FINDS** that the recommended grant awards of \$3,600,000 to the Port Authority and \$256,320 to CMCMUA are consistent with the eligibility criteria published in the Solicitation issued on September 10, 2009.

Now, therefore, in accordance with the policy established by the Board and the approval of the Clean Energy Program fund payment policies and procedures, the Board **HEREBY APPROVES** grants of \$3,600,000 to the Port Authority and \$256,320 to CMCMUA under the Renewable Energy Grid Connected Program, subject to relevant terms and conditions contained herein and in the Solicitation issued by the Board. The Board **HEREBY DIRECTS** the Director of the Office Clean Energy to work with the grantees, to develop a funding agreement consistent with the Solicitation, the proposals submitted, the terms of this Order.

The Board **FURTHER DIRECTS** Staff to prepare the Grant Funding Agreements for execution by the President of the Board. The Board **FURTHER DIRECTS** Staff to work with the Port Authority to submit an application in the NJCEP's Renewable Energy Incentive Program (REIP) for the remaining portion of the proposal which is designed to produce electricity for onsite use,

The Board **DIRECTS** that the sum of the amount from the award to the Port Authority approved in this Order and any subsequent rebate commitment to the Port Authority from the REIP wind rebate program shall not exceed the Port Authority's proposed request of \$6 million.

The Board **HEREBY AUTHORIZES** the Board President to sign the Grant Funding Agreements that are consistent with Department of Treasury requirements, program guidelines, and the terms of this Order.

The effective date of this Order is as set forth below.

DATED: 5/25/10

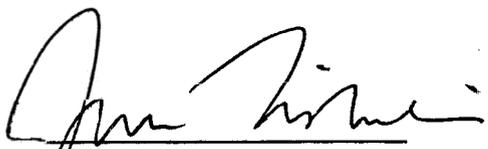
BOARD OF PUBLIC UTILITIES
BY



LEE A. SOLOMON
PRESIDENT



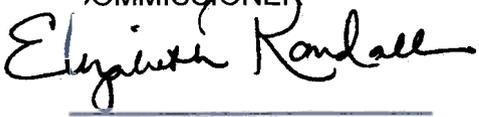
JEANNE M. FOX
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER

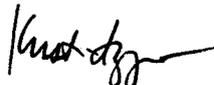


NICHOLAS ASSELTA
COMMISSIONER



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

