



Agenda Date: 03/02/07
Agenda Item: 8C

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

CLEAN ENERGY

IN THE MATTER OF THE COMPREHENSIVE ENERGY) ORDER
EFFICIENCY AND RENEWABLE ENERGY RESOURCE)
ANALYSIS FOR 2005-2008: FINAL 2006 PROGRAMS)
AND BUDGETS - THE COMBINED HEAT AND)
POWER PROGRAM AWARD RECIPIENTS) DOCKET NO. EX04040276

(SERVICE LIST ATTACHED)

BY THE BOARD

Since 2004, the Board has administered a Combined Heat and Power (CHP) Program that provides incentives to local government agencies, state colleges and universities, school districts, governmental authorities, small and large companies for incentives towards the cost of purchasing fuel cells, micro turbines, turbines, internal combustion engines, and heat recovery equipment for Combined Heat and Power projects through a solicitation. The CHP Program is a Clean Energy Program funded through the Societal Benefits Charge (SBC). In an Order dated September 14, 2006, the Board memorialized its approval of the final 2006 CHP budget and program.

Background

The program provides incentives to customers that install eligible CHP systems. CHP systems make use of waste heat, thereby improving the efficiency of fuel use. They typically produce fewer emissions than grid connected electric generators. This program offers qualifying customers, contractors, and energy service company's incentives to purchase and install various types of CHP units. To qualify, the customer's facility must be located in New Jersey, and the customer must purchase electricity from the utility grid. Incentives are capped at \$1 Million per project. Any portion of a customer's load that is committed to an interruptible or peak load reduction program is not eligible for incentives.

Solicitations for CHP projects were issued in 2004 and 2005. The projects awarded funding in those years are expected to be completed in 2006 and 2007, with incentives payable upon completion. The 2006 CHP Program solicitation had a project submission period from April 17, 2006 to June 30, 2006. The Board approved 2006 budget for this program is \$6.681 million.

Staff supports CHP because it can increase electric reliability during hot summer months by providing alternate power and energy to relieve stress on the grid. The program offering requires minimum system efficiency and emissions levels that meet New Jersey Department of Environmental Protection (NJDEP) State-of-the Art (SOTA) requirements or better. For the purpose of awarding CHP incentives, all CHP applications are evaluated for compliance with the requirements and criteria of the program, including efficiency and emissions. Incentive amounts vary depending on the type and size of the CHP system. Those applications meeting program requirements and those that are the best qualified based on the evaluation criteria are recommended for award up to the available funding limit.

The program and its qualification requirements have been widely advertised on the Board of Public Utilities (BPU) and NJ Clean Energy Program web sites, at industry shows such as Globalcon, and at the Maryland Mid-Atlantic CHP Applications Center. As of July, 2006, rebates totaling \$10,579,654 had been awarded and accepted for the purchase of CHP equipment. The 2006 awards being recommended will bring the total amount to \$16,917,654.

The initial evaluation of project submissions is done by Rutgers' Center for Advanced Energy Systems with the final project review completed by the CHP Program Working Group, consisting of Board Staff and utility representatives. The following entities are being recommended for awards by the Office of Clean Energy and the CHP Program working group. The awards are based on the highest weighted scores for each criterion:

Salem County Community College	\$ 130,000
Johnson Matthey	\$ 711,000
United States Gypsum Company	\$1,000,000
New York Times	\$1,000,000
Bristol-Meyers Squibb Company	\$1,000,000
Christian Health Care Center	\$ 230,000
KPMG LLC, New Data Center	\$ 800,000
The BOC Group	\$1,000,000
Princeton University	\$ 243,000
The Long Term Accute Hospital @ Franklin	\$ 224,000
TOTAL	\$6,338,000

Recommendations

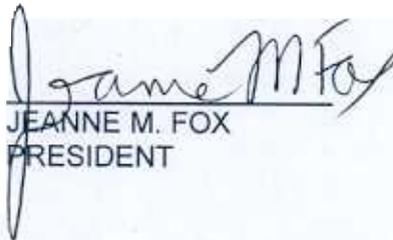
All of the entities listed above are qualified to receive incentives under the CHP Program and have met all program criteria. The major criteria are based on the efficiency of the equipment, air emission output, and the feasibility of the project. Based on the foregoing, Staff of the Board's Office of Clean Energy recommends Board approval to issue awards to the entities listed above, for the amounts noted.

Conclusions

Based on the above, the Board DETERMINES that it is appropriate to award CHP incentives to the aforementioned entities, using funding provided in the 2006 CEP Plan for this purpose, in the amounts listed above. The Board HEREBY AUTHORIZES the CHP Program Manager(s) to issue notification letters and Notices of Award totaling \$6,338,000 for the implementation of the CHP Program.

DATED: **3/6/07**

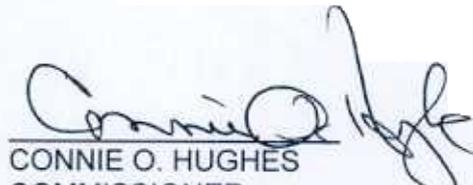
BOARD OF PUBLIC UTILITIES
BY:



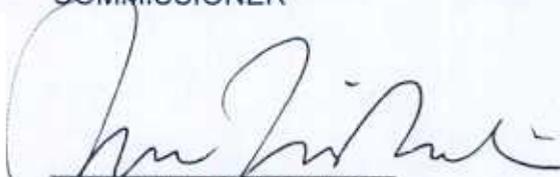
JEANNE M. FOX
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CONNIE O. HUGHES
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER



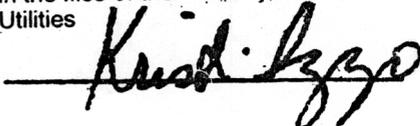
CHRISTINE V. BATOR
COMMISSIONER

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



Combined Heat and Power Applications Received as of June 30, 2006

Count	Revised Score	App. No.	Customer Name	Issues for No Award Status	Recommended Awards	Rebate Requested
1	67	6-101	Salem County Community College		\$130,000	\$130,000
2	80	6-102	Johnson Matthey		\$711,000	\$800,000
3	37	06-CHP-01	Ocean County College	application not complete	\$0	\$240,000
4	69		United States Gypsum Co.		\$1,000,000	\$1,000,000
5	80		New York Times		\$1,000,000	\$1,000,000
6	78	6-101	Bristol-Meyers Squibb Co., Inc	not a CHP project	\$1,000,000	\$1,000,000
7		6-102	Bristol Meyers Squibb Co., Inc	Overall efficiencies are low	\$0	\$900,000
8	66	6-103	Lockheed Martin		\$0	\$1,000,000
9	72	6-104	Christian Health Care Center		\$230,000	\$229,000
10	80	6-105	KPMG, LLC, New Data Center		\$800,000	\$796,000
11	74	6-106	The BOC group - US Headquarters		\$1,000,000	\$1,000,000
12	84	6-107	Princeton University		\$243,000	\$243,000
13	70	6-108	The Long Term Accute Care Hospital @ Franklin		\$224,000	\$250,000
14	69	6-109	The Long Term Accute Care Hospital @ Franklin	Fuel Cell project not recommended	\$0	\$1,000,000
15	60	6-110	Bergen County Utilities Authority	Efficiency ratings not credible	\$0	\$1,000,000
16	36	6-111	Wayne Campus Co-Gen and Renewable Energy Project	Uses fuel oil / backup CHP	\$0	\$800,000
17	28	6-112	AGFA Corporation - Branchburg Plant	Efficiency ratings not credible	\$0	\$1,000,000
TOTAL					\$6,338,000	\$ 12,388,000.00

Agenda Date: 11/09/06
Agenda Item:

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