

## ERB FUNDING ROUND 1:

### WATER AND WASTEWATER TREATMENT FACILITIES

A maximum of **\$65 million** may be committed to projects in this first ERB funding round, which will be open to wastewater treatment plant (WWTP) and water treatment plant (WTP) applicants that satisfy the threshold eligibility criteria in Section 4 as well as all requirements for funding set forth below. Capping this funding round at \$65 million is intended to ensure that sufficient funding is available for future funding rounds that may benefit other critical market sectors. Importantly, capping this initial funding round should not be taken to mean that additional ERB funds cannot be made available for WWTP and WTP applicants.

**Once the application becomes available, completed applications will be reviewed as received, and the application window will remain open until funds are allocated.**

Applications will not be accepted once the budget cap is reached, based on submittal of a complete application. However, as mentioned above, the ERB may modify this initial budget cap based on availability of funding, prioritization of other sectors, CDBG-DR funding limitations, or other factors.

#### 1.1 Maximum Award

There is no maximum project award for this funding round; however, cost effectiveness, including the amount of CDBG-DR funds sought in relation to the benefit realized from the project, is a critical factor in scoring qualifying projects.

The total available budget in this Funding Round 1 for **electricity storage equipment** such as batteries to store onsite renewable electricity production is **\$2.5 million**, and each project will be limited to a cap of **\$250,000** for electricity storage equipment.

#### 1.2 Scoring Criteria for Funding Round 1

**Scoring Criteria.** Projects will be scored on a point system between 0 and 100 based on the following:

1. LMI National Objective (20 points). A project that meets HUD's Low Moderate Income (LMI) National Objective will receive 20 points. A project that does not meet this National Objective will receive 0 points.
2. Readiness To Proceed (Up to 10 points).
  - a. A project will receive 10 points if project completion is reasonably expected within one year from the estimated closing date.
  - b. A project will receive 5 points if project completion is reasonably expected more than one year, but less than two years, from estimated closing date.

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- c. A project will receive 0 points if project completion is reasonably expected to be more than two years from the estimated closing date.

For purposes of this criterion, project completion will be measured by such factors as scope of the project, permitting needs and reasonableness of proposed project timeline.

- 3. Technology Efficiency/Economic Cost Effectiveness (Up to 25 points). Using the CEEEP DER model:

- a. A project will receive 25 points for a cost-benefit ratio greater than 3.0.
- b. A project will receive 15 points for a cost-benefit ratio between 2.0 and 3.0 (including 3.0).
- c. A project will receive 10 points for a cost-benefit ratio between 1.0 and 2.0 (including 2.0).

***Projects with a Cost-Benefit Ratio less than 1.0 are not eligible for funding.***

- 4. Most Impacted Communities (Up to 20 points). Projects at critical facilities that were directly or indirectly impacted by Superstorm Sandy or other qualifying disaster, as listed in Appendix A:

- a. Will receive 20 points if the critical facility serves three or more of the municipalities listed in Appendix B.
- b. Will receive 10 points if the critical facility serves one or two of the municipalities listed in Appendix B.
- c. Will receive 0 points if the critical facility serves none of the municipalities listed in Appendix B.

The list of communities in Appendix B is based on FEMA data showing municipalities with the largest combined number of primary homes and rental units that sustained at least \$8,000 of physical damage (i.e., “major” damage) as a result of Superstorm Sandy.

- 5. Criticality (10 points). A facility that is identified as a state level asset in the Office of Homeland Security and Preparedness State Asset database will be awarded 10 points.
- 6. Microgrid (10 points). A project that includes more than one free-standing facility interconnection will be awarded 10 points.
- 7. Facility Energy Efficiency (5 points). A project that meets or exceeds the performance requirements of Pay for Performance of the Societal Benefits Charge (SBC) Credit program, or project is participating in the Energy Savings Improvement Program (ESIP), will receive 5 points.

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In addition to the above scoring criteria, funding determinations also will be based, in part, on the results of a comprehensive credit underwriting analysis.

Finally, all DER system designs, as outlined in Section 4.3.2.7 of the ERB's Program Guide, should be consistent, to the extent possible, with the guidance set forth in NJDEP Auxiliary Power Guidance and Best Practices for Wastewater and Drinking Water Systems (see <http://www.nj.gov/dep/watersupply/pdf/guidance-ap.pdf>).

**Scoring Results.** Projects must score a minimum of 55 points or more to be considered eligible for project financing. Projects that do not score at least 55 points pursuant to these criteria will be deemed ineligible for funding (and may not be resubmitted in the case of future funding rounds open to WWTP and WTP facilities).

## 1.3 Financial Product Terms for ERB Funding Round 1

The financial product terms for this ERB Funding Round 1 are as follows:

1. Incentive. 40% of unmet funding need (established through the duplication of benefits analysis) including the following:
  - a. Grant. 20% of unmet funding need may be made available as a grant
  - b. Loan. Remainder of unmet funding needed after the grant will be provided as a loan.
    - i. Principal Forgiveness of up to 20% of total unmet funding need. Principal forgiveness of up to 20% of the unmet funding need will be permitted based on performance-based standards.
      1. Loan forgiveness will be provided in equal percentages over five years (4% each year) based on proof of successful operation of equipment and evidence of minimum required performance.
        - a. Performance will be measured through a method of measurement and verification (M&V) to support the claim of achieving minimum run hours and production capacity. M&V requirements may be documented through a real-time remote performance reporting system.
      2. If a project does not meet the required performance level at the end of any year, that year's loan principal and the loan principal for all remaining years over the five-year forgiveness period will not be forgiven.

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- ii. Loan Terms. Any balance on the loan after principal forgiveness will be governed by the following terms:
1. 2%, fixed interest rate for applicants with bond rating of AA or higher at the time of application; for applicants with bond rating lower than AA at the time of application, fixed interest will be indexed to prime rate.
  2. Collateral: None required.
  3. Up to 20-year term, based on useful life of majority of assets.
  4. Up to 2 years' principal moratorium, according to the following:
    - a. Moratorium duration will be based on length of construction period, subject to the lesser of 2 years or the length of construction period.
    - b. Moratorium is included in loan term, not in addition.
    - c. Up to two, six-month extensions of the moratorium may be provided based on evidence of significant progress toward project completion, and where delay was unavoidable or unforeseeable.
  5. Interest during construction period charged will be based on disbursements of loan capital
  6. Debt Service Coverage (DSC) Ratio: The DSC ratio requirement is as follows:
    - a. No DSC ratio requirement for entities with bond ratings of AA or better; or
    - b. DSC ratio requirement of 1:1.0 (including loan principal anticipated to be forgiven) for entities with lower rating or that are unrated.
  7. Equity Requirements. Equity Requirements are as follows:
    - a. No equity contribution for publicly-owned, publicly-controlled or non-profit facilities.

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- b. Equity contribution of at least 10% of total project costs for for-profit facilities.
  
- iii. Disbursement. Grant funding for projects will be disbursed before loan capital. Disbursement will be based on the following milestones, with presentation of evidence of cost incurred and site visit to verify:
  - 1. Purchase and delivery of equipment in amount of cost of equipment, delivery and feasibility study, if applicable,
  - 2. Up to 3 construction milestones based on development schedule specific to each project construction schedule, and
  - 3. Completion of equipment commissioning/testing with passing results.

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## APPENDIX A

### ELIGIBLE DISASTERS

To be eligible for funding under the Energy Resilience Bank, according to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 93-288), as amended by the Disaster Relief Act of 1974 (P.L. 93-288), projects must demonstrate a tie to one of the listed weather events below or have incurred physical damage from one of the listed storms.

- **Declaration No. 1954** – Severe Winter Storm and Snowstorm (Incident Period: December 26, 2010 to December 27, 2010). Impacted counties: Passaic, Bergen, Morris, Essex, Hudson, Union, Somerset, Middlesex, Mercer, Monmouth, Ocean, Burlington, Atlantic, Cumberland, Cape May.
- **Declaration No. 4021** – Hurricane Irene (Incident Period: August 27, 2011 to September 5, 2011). Impacted counties: all twenty one counties.
- **Declaration No. 4033** – Severe Storms and Flooding (Incident Period: August 13, 2011 to August 15, 2011). Impacted counties: Gloucester, Salem, Cumberland.
- **Declaration No. 4039** – Remnants of Tropical Storm Lee (Incident Period: September 28, 2011 to October 6, 2011). Impacted counties: Passaic, Sussex, Warren, Hunterdon, Mercer.
- **Declaration No. 4048** – Severe Storm (Incident Period: October 29, 2011). Impacted counties: Middlesex, Somerset, Hunterdon, Union, Morris, Warren, Essex, Bergen, Passaic, Sussex, Cape May.
- **Declaration No. 4070** – Severe Storms and Straight-Line Winds (Incident Period: June 30, 2012). Impacted counties: Salem, Cumberland, Atlantic.
- **Declaration No. 4086** – Hurricane Sandy (Incident Period: October 26, 2012 to November 8, 2012). Impacted counties: all 21 counties.

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## APPENDIX B

### LIST OF IMPACTED MUNICIPALITIES\*

Asbury Park	Atlantic City	Atlantic Highlands	Avalon	Avon-by-the-Sea
Barneget	Bass River	Bay Head	Bayonne	Beach Haven
Belleville	Belmar	Berkeley	Bradley Beach	Brick
Brielle	Brigantine	Camden	Carteret	Downe Township
Eagleswood	East Brunswick	Egg Harbor	Elizabeth	Hackensack
Harrison	Harvey Cedars	Highlands	Hoboken	Jersey City
Keansburg	Kearny	Keyport	Lacey	Lake Como
Lavallette	Linden	Little Egg Harbor	Little Ferry	Little Silver
Long Beach	Long Branch	Longport	Lyndhurst	Manasquan
Mantoloking	Margate	Middle Township	Middletown	Monmouth Beach
Moonachie	Mullica Township	Neptune	Newark	North Bergen
North Wildwood	Ocean City	Ocean Gate	Oceanport	Old Bridge
Penns Grove	Perth Amboy	Pleasantville	Point Pleasant Beach	Point Pleasant Borough
Rahway	Ridgefield Park	Rumson	Sayreville	Sea Bright
Sea Isle City	Seaside Heights	Seaside Park	Secaucus	Ship Bottom
Somers Point	South Amboy	South River	South Toms River	Spring Lake
Stafford	Surf City	Toms River	Tuckerton	Union Beach
Ventnor	Wallington	Weehawken	West Wildwood	Wildwood
Woodbridge				

\* This list of communities in Appendix B is based on FEMA data showing municipalities with the largest combined number of primary homes and rental units that sustained at least \$8,000 of physical damage (i.e., "major" damage) as a result of Superstorm Sandy.