



Agenda Date: 2/7/07
Agenda Item: 8A

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 RENEWABLE ENERGY)
ADVANCED POWER (REAP) PROGRAM WITH) ORDER
RAHWAY VALLEY SEWERAGE AUTHORITY)
(RVSA)) DOCKET NO. EO06020117

(SERVICE LIST ATTACHED)

BY THE BOARD:

In October, 2003, the Office of Clean Energy (OCE) of the Board of Public Utilities (Board) issued a grant solicitation under the Renewable Energy Advanced Power (REAP) program. REAP is designed to facilitate the construction of distributive energy generation projects in New Jersey using renewable energy sources. Such renewable sources may include wind, solar, landfill and biomass gas, or renewable fuel cells. OCE's objective in issuing this solicitation was to provide seed grants and access to capital that would make renewably powered electricity cost competitive with conventional power plants. The resulting diversity of power supply is expected to provide significant environmental benefits to the people of New Jersey and to encourage the development of a thriving renewable energy market in this State.

This order addresses a grant application received by OCE Staff from the Rahway Valley Sewerage Authority (RVSA) for funding to install a digester gas powered internal combustion engine to the Rahway Valley Sewerage Authority Cogeneration/Sludge Drying Facility to Energy Project (project). The project involves the installation of four engines, one of which will operate on digester gas, and will provide all electrical power necessary to run the expanded and upgraded wastewater treatment facility. The project will eliminate the need for an onsite emergency generation plant and eliminate the need to replace existing diesel blower drives. It has met or exceeded all applicable emissions standards required to obtain the requisite permits from the Department of Environmental Protection (DEP).

REAP is one of five New Jersey Clean Energy Programs managed in partnership with the New Jersey Economic Development Authority. This program provides grants of up to twenty percent and long-term, low interest financing for Class I renewable energy projects exceeding one megawatt in electricity generating capacity. The program was offered through an open solicitation released on October 1, 2003.

The Office of Clean Energy granted conditional approval for the design, construction, and operation of a 1.515 MW digester gas powered internal combustion engine to the Rahway Valley Sewerage Authority Cogeneration/Sludge Drying Facility to Energy Project on October 3, 2005. Approval was conditioned upon the successful demonstration of project funding and the acquisition of all necessary permits from the DEP. OCE also asked the Board Economist to review the project financial data to determine whether this was a project that would be cost effective without providing Clean Energy Program funds.

The total capital cost of the project is \$27,200,000. Since only one of the four engines will use digester gas, a renewable resource, the estimated renewable energy project cost is \$4,237,669. The project developer has requested an \$847,534 grant from the Renewable Energy Advanced Power Program, equal to twenty percent of that figure. The Economist's Office asked for and received additional project financial background data from RVSA. After reviewing this material, the Economist's Office recommended and the applicant agreed to a reduced grant award of \$500,000. RVSA has received additional financing from the New Jersey Environmental Infrastructure Trust to fund the remaining project costs.

Staff anticipates that benefits will accrue from this project to taxpayers as a result of electricity cost containment, and to New Jersey citizens through improved air quality and reduced greenhouse gas emissions. RVSA reports making a significant investment in studying interconnection issues with PSE&G. As a result of the study, the project developer has invested in protective equipment to ensure the adequacy of project interconnection with the local distribution system.

Discussion and Findings

In considering the eligibility of this project for funding under the Renewable Energy Advanced Power program, the Board looks first to the contribution it will make to REAP's goal of promoting distributed generation using renewable energy. By utilizing digester gas as an energy source, this project will eliminate the need for an onsite emergency generation plant, and will also eliminate the need to replace existing diesel blower drives. In addition, Staff has noted that future use of landfill gas from an adjacent facility is anticipated, further reducing reliance on non-renewable energy sources. Lastly, as noted above, as a pre-condition to receiving consideration for funding by this Board, the project has received all applicable approvals from the DEP.

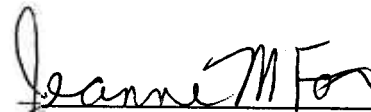
Thus, the Board **FINDS** that this project constitutes distributed generation of renewable energy and will contribute to the goals and objectives established by the Legislature under the Electric Discount and Energy Competition Act of 1999 and the Governor's Renewable Energy Task Force, which calls for 300 MW of Class I renewable energy to

be installed by 2008. The Board **FURTHER FINDS** that a grant of \$500,000 under the REAP program to the Rahway Valley Sewerage Authority is appropriate and constitutes a proper expenditure of the ratepayer funds.

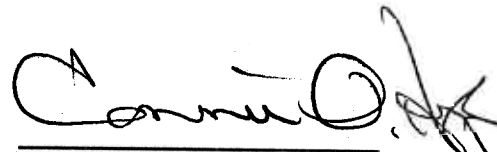
Now, therefore, in accordance with the policy established by the Board and the approval of the Clean Energy Program fund payment policies and procedures, the Board **HEREBY AUTHORIZES** a grant of \$500,000 to the RVSA for the purpose of designing, constructing and installing the digester gas powered internal combustion system, in accordance with the terms herein and in Department of Treasury approved contracts to be executed by the parties. The Board **ORDERS** that a letter under the Board President's signature be sent to the New Jersey Economic Development Authority authorizing its payment of the grant monies to the project developer upon OCE approval of invoiced expenses. The Board **FURTHER ORDERS** that the OCE Director and the Board's Chief of Staff be authorized to approve the payment of invoices when they are received and found to be in order.

DATED: 2/7/07


BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


CONNIE O. HUGHES
COMMISSIONER

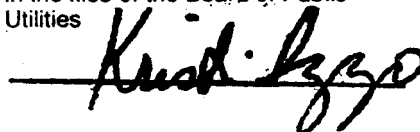

JOSEPH L. FIORDALISO
COMMISSIONER


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



Board of Public Utilities
BPU Docket No. EO06020117
Service List

BPU STAFF

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Michael Winka
Office of Clean Energy
Board of Public Utilities
P.O. Box 350
Trenton, New Jersey 08625-0350

Mona Mosser
Office of Clean Energy
Board of Public Utilities
2 Gateway Center
Newark, NJ 07102

Benjamin Hunter
Office of Clean Energy
Board of Public Utilities
P.O. Box 350
Trenton, New Jersey 08625-0350

DAG
Rebecca Hobbs
Division of Law
Dept. of Law & Public Safety
124 Halsey Street
P.O. Box 45029
Newark, New Jersey 07102

Susan Vercheak, DAG
Division of Law
Dept. of Law & Public Safety
124 Halsey Street
P.O. Box 45029
Newark, NJ 07102

DEP
Joseph Carpenter
NJDEP
P.O. Box 409
401 East State Street
Trenton, NJ 08625-0409

DCA
Darren Port
NJDCA
NJ Green Homes Office
Div of Housing and Comm Res
101 South Broad Str.
P.O. Box 806
Trenton, NJ 08625

RATEPAYER ADVOCATE
Seema M. Singh, Acting
Ratepayer Advocate & Director
Division of Ratepayer Advocate
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, New Jersey 07102

CONNECTIV
Mark Mucci, Esq.
LeBoeuf, Lamb, Greene &
MacRae
One Riverfront Plaza
Newark, NJ 07102

Walt Davis-79NC82
Conectiv Power Delivery
P.O. Box 9239
Newark, DE 19714-9293

JCP&L
Julie Friedberg, Esq.
Thelen Reid & Priest, LLP
65 Madison Avenue
Morristown, NJ 07960

Christopher W. Siebens
GPU Energy
2800 Pottsville Pike
P.O. Box 16001
Reading, PA 19640

Maura Watkins
JCP&L
P.O. Box 1911
300 Madison Av.
Morristown, NJ 07962

PSE&G
Fred Lynk
Public Service Electric & Gas Co
80 Park Plaza, T7
Newark, NJ 07102

Gregory Eisenstark, Esq.
Assistant General Solicitor
PSEG Services Corporation
80 Park Plaza, T5G
Newark, NJ 07101

ROCKLAND
Kevin Jones
Rockland Electric Company
390 West Route 59
Spring Valley, NY
10977

James C. Meyer, Esq.
Riker, Danzig, Scherer, Hyland &
Perretti, LLP
Headquarters Plaza
One Speedwell Avenue
Morristown, NJ 07962

NJ NATURAL GAS
Tracey Thayer
NJ Natural Gas Co.
1415 Wyckoff Rd.
PO Box 1464
Wall, NJ 07719

Bob Gallo
NJ Nat'l Gas Co.
1415 Wyckoff Road
Wall, NJ 07719

NUI
Phil Germinario
NUI/Elizabethtown Gas Co.
P.O. Box 760
505 Route 202-206
Bedminster, NJ 07921

Patricia Keefe, Esq.
NUI/Elizabethtown Gas Co.
P.O. Box 760
505 Route 202-206
Bedminster, NJ 07921

SOUTH JERSEY GAS

Bruce Grossman
South Jersey Gas Co.
1 South Jersey Plaza
Folsom, NJ 08037

Steven Gabel
Gabel Associates
417 Denison Street
Highland Park, NJ 08904

Mike Ambrosio
Mike Ambrosio & Associates
c/o Gabel Associates
417 Denison Street
Highland Park, NJ08904

James R. Lacey, Esq.
Graham, Curtin, & Sheridan, P.A.
4 Headquarters Plaza
P.O. Box 1991
Morristown, NJ 07962-1991

Nathaniel Greene
NRDC
40 W. 20th Street, 11th fl.
New York, NY 10011

Michael J. Mehr, Esq.
Waters, McPherson, McNeill
300 Lighting Way
P.O. Box 1560
Secaucus, NJ 07096-1560

Kate McNamara
Delaware River Port Authority
Port Authority Transit Corp.
One Port Center
2 Riverside Drive
Camden, NJ 08101

Marvin Spira
Food Policy Institute
71 Lipman Drive
New Brunswick, NJ 08901

Jack O'Connor
Rutgers Food Policy Institute
ASB III, 3 Rutgers Plaza
New Brunswick, NJ 08901

Frank Felder, Senior Policy
Edward J. Bloustein School of
Planning & Public Policy
Rutgers, The State U of NJ
33 Livingston Avenue, Suite 300
New Brunswick, NJ 08901

NJPIRG
11 North Willow Street
Trenton, New Jersey 08608

Mr. Rex Luzader
Millennium Cell
One Industrial Way West
Eatontown, New Jersey 07724

Jeff Demme
Demme Mech Inspections, Inc.
168 Susan Street
Toms River, NJ 08753

Thomas Leyden, VPt
PowerLight Corp. East Coast
PO Box 354
Crosswicks, NJ 08515

Mike Palladino
Manager of Operations
WorldWater Corporation
55 Route 31 S.
Pennington, NJ, 08534

Thomas W. Iannuzzi, P.E.
Concord Engineering Group
520 South Burnt Mill Road
Voorhees, NJ 08043

Aaron R. Thurlow
McConnell Energy Solutions
4001 Kennett Pike
Suite 318
Greenville, DE 19807

Jim Nappi
Law Office of James A. Nappi
Nine Locust Drive
Asbury Park, NJ 07712

Keith S. Hartman
Public Energy Solutions
407 Sette Dr., S4
P.O. Box 1849
Paramus, NJ 07653-1849

Kenneth I. Nowak, Esq.
Zazzali, Fagella & Nowak
One Riverfront Plaza
Newark, NJ 07102

Lyle Rawlings, PE
Mid-Atlantic Solar Energy
66 Snydertown Road
Hopewell, NJ 08525

R. William Potter, Esq.
Potter & Dickson
194 Nassau Street
Princeton, NJ 08542

David Holland
Regional Operations Manager
Honeywell DMC Services, Inc.
Wayne Interchange Plaza 1
143 Route 46 West
Wayne, NJ 07470

Dale S. Bryk, Esq.
Natural Res Defense Council
40 West 20th Street – 11th Flr.
New York, NY 10011

David Nichols
1070 Beacon Street, Suite 6B
Brookline, MA 02446

Darren Port
NJDCA- Green Homes
P.O. Box 806
101 S. Broad Street
Trenton, NJ 08625

Board of Public Utilities
BPU Docket No. EO06020117
Service List

Mr. Fred Hauber President
Eastern Energy Services
60 Fostertown Road
Medford, New Jersey 08055

Ms. Liz Johnson Exec Director
ISLES
10 Wood Street
Trenton, New Jersey

Rev. Fletcher Harper Exec Dir
Partners for Environ Equality
240 West State Street
Trenton, New Jersey 08608

Dir of Facilities
The College of New Jersey
PO Box 7718
Ewing, New Jersey 08628-0718

Ms. Rose Smith
New Jersey Economic
Development Authority
36 West State Street
PO Box 990
Trenton, NJ 08625-0990

RAHWAY

James R. Wancho
Paulus, Sokolowski & Sartor,
LLC
67A Mountain Blvd Ext.
P.O. 4039
Warren NJ 07059

Richard P. Tokarski Exec Dir
Rahway Valley Sewage Auth.
1050 Hazelwood Avenue
Rahway, NJ 07065

Ronald K Jackson
Research Scientist 2
NJ Board of Public Utilities
Office of Clean Energy
P. O. Box 350
44 South Clinton Avenue
Trenton, NJ 08625-0350