



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 STATE ENERGY PROGRAM-)
FOR PROGRAM YEAR 7/1/07-6/30/08

ORDER

) DOCKET NO. EO07060416

(SERVICE LIST ATTACHED)

BY THE BOARD:

This Order memorializes approvals granted by the Board of Public Utilities on April 23, 2007 and authorizes, as of the date of the submission to the United States Department of Energy (USDOE), the issuance of a modified State Energy Program Plan as more fully set out below. On April 23, 2007 the Office of Clean Energy (OCE) submitted to the Board a memorandum requesting approval of the State Energy Program's (SEP) Plan projects prior to submitting it to the USDOE.

The United States Department of Energy's State Energy Program is a joint state-federal initiative whose purpose is to promote the conservation of energy, reduce the rate of growth of energy demand and reduce dependence on imported oil. These goals are sought to be attained through the development and implementation of comprehensive state programs that are financially supported by the USDOE. Using a formula designed by USDOE, New Jersey is allocated federal monies each year in support of its USDOE-approved SEP. New Jersey's 2007 SEP allocation was \$1,265,000. Pursuant to USDOE guidelines, New Jersey is required to match this amount either in cash, in-kind contributions, or both, in an amount totaling not less than 20 percent of the federal allocation.

The Staff of the Board's Office of Clean Energy now seeks Board approval of the proposed 2007 SEP Plan at a budget level of \$2,372,957. This budget amount would be comprised of

\$1,265,000 in federal SEP funds allocated by USDOE, \$291,876 worth of State matching in-kind services in the form of directly allocated administrative expenses, and \$816,081¹ in carryover of federal funds from the 2006 New Jersey SEP plan.

The federal SEP originated as the State Energy Conservation Program-(SECP) during the energy crisis of the early 1970s. Events during that period increased the nation's awareness of its dependence on foreign oil and of the need to lessen this dependence. Congress responded with legislation that established a broad range of conservation programs, provided support for the development of new and more efficient sources of energy, and established USDOE to lead and administer the effort. Several pieces of legislation form the framework for the program. The SECP was established under the Energy Policy and Conservation Act of 1975 (P.L. 94-163), to address energy conservation in the states.

In 1996, the SEP was established by consolidating the SECP and the Institutional Conservation Program (ICP). The SECP provided funding to the states for a variety of energy efficiency and renewable energy activities. The ICP provided schools and hospitals with a technical analysis of their buildings and the installation of energy conservation measures identified in that analysis. SEP combined these program activities through an integrated focus. Additional benefits include more flexible funding mechanisms, increased local decision-making, and streamlined administrative procedures.

As stated above, the USDOE currently provides federal financial assistance and technical support to the states for energy programs by means of the SEP. The program is designed to address national goals while also meeting local, state, and regional needs. Federal laws and regulations establish the program's purpose, set criteria for participation, and define in general terms how funds may and may not be used. Each state can propose how it intends to use its allocated share of funds to address both national criteria and the specific environmental conditions within that state. States must comply with USDOE and other federal regulations and procedures governing financial awards.

OCE has submitted its 2007 SEP Plan to USDOE on April 27, 2007 for the program year July 1, 2007 – June 30, 2008, and now seeks Board approval of the Plan submitted as of the date of its submission to USDOE. The 2007 SEP Plan contains programs which are designed to further State and federal energy conservation and efficiency goals. The SEP Plan as proposed attempts to utilize the funds primarily to address some of the gaps that the Clean Energy Program (CEP) cannot address, therefore it focuses on alternative and renewable fuel projects. The only exception is the Industrial and Institutional Grant Program described more fully below. This is a carryover program from last year where grants have been awarded to entities and these entities need to complete those projects. All of the programs proposed below were also included in the 2006 SEP Plan approved by the Board with the exception of the Hydrogen Learning Center, which was in the 2005 Plan.

¹\$816,081 is carryover of federal funds from the following 2006 SEP projects TA-LEED Conservation Measures (\$300,000); TA-LEED Feasibility Studies (\$50,000); Biodiesel Fuel Rebate (\$15,081), AFV (Port Authority of NY & NJ) (\$200,000); Biodiesel Rebate for Farmers (\$71,000); Bioheat For Higher Education (\$100,000); Electric Vehicle Rebate Program (\$50,000); and Hydrogen Learning Center (\$30,000).

1. Alternative Fueled Vehicles Port Authority of NY and NJ (PANYNJ) Green Transportation Demonstration Program This project will demonstrate the use of environmentally friendly biodiesel fuel in heavy-duty vehicles and natural gas powered vehicles in operation at Port Newark. Idle reduction strategies will also be employed by a number of heavy-duty vehicles. Staff will also work with the PANYNJ to advertise the availability of the Bioheat Rebate Program for Tenants of the PANYNJ. Proposed budget: \$120,000.
2. Bioheat for Higher Education Project This is the continuation of a project promoting the use of biodiesel fuel as a replacement for 100 percent petroleum heating oil in up to five educational institutions. Biodiesel fuel used for this purpose is often referred to as "Bioheat." Staff will work with the New Jersey Department of Education and the New Jersey Higher Education Assistance Authority to implement this program, which is designed to fund the incremental costs of using Bioheat. Proposed budget: \$100,000.
3. Biodiesel Rebate Program for Farmers This is a continuation of this rebate program, which funds the eligible incremental costs to New Jersey farmers of using Biodiesel fuel as a replacement for 100% petroleum diesel in their vehicles and equipment. OCE has developed background materials and application packets for this program and will work with the New Jersey Soybean Board, the New Jersey Farm Bureau and the New Jersey Department of Agriculture to ensure efficient and effective program implementation. Proposed budget: \$100,000.
4. Electric Vehicles for State Parks Approximately six small electric vehicles will be purchased for use at various State parks. These vehicles will augment the existing fleet of ten small electric vehicles now in operation at parks in various regions of the State. Proposed budget: \$75,000.
5. Industrial and Institutional Grant Program The goals of this educational outreach program are to (1) teach students in grades K-12 the importance of energy conservation through an energy efficiency and renewable energy curriculum; (2) provide a forum for various community and professional organizations to address and be educated regarding environmental sustainability topics, such as the development of energy efficiency and renewable "green" energy technologies; (3) promotion of Technical Assistance in Leadership Energy and Environmental Design in Existing Buildings Program for schools and colleges; and (4) dissemination of information regarding under-utilized energy efficiency and energy storage technologies in the State. Proposed budget: \$150,000.
6. Compressed Natural Gas (CNG) Station Maintenance and Repairs Pursuant to a prior SEP plan, a CNG refueling station was constructed at the Department of Transportation garage in Ewing, New Jersey for State vehicles fitted to run on this environmentally friendly fuel. The goal is to continue providing State government leadership in demonstrating and promoting the use of alternative motor fuels, including CNG, by maintaining the State's primary CNG station in proper working order. This will ensure the continued use of CNG by State government vehicles. Proposed budget: \$29,000.

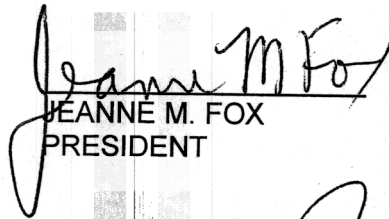
7. Alternative Fuel Vehicle/Hybrid Electric Vehicle Rebate Program This program will permit the Board to provide rebates to local government agencies, State colleges and universities, school districts and governmental authorities for the incremental cost of purchasing alternative fuel vehicles or hybrid-electric vehicles. Proposed budget: \$500,000.
8. Biodiesel Fuel Rebate Program This program will provide rebates to local government agencies, State colleges and universities, school districts and governmental authorities for the purchase of biodiesel fuel, in lieu of 100% petroleum diesel. Proposed budget: \$400,000.
9. NJ Hydrogen Learning Center (NJH₂LC) The overarching goal of continuing the NJH₂LC is to strengthen the emerging network of hydrogen and fuel-cell- related activities in New Jersey and to leverage those resources to inform policymakers about the role hydrogen could play in the State's energy portfolio. Consistent feedback from NJH₂LC stakeholders and others indicates a desire for continued leadership by State policymakers in identifying and mitigating the impacts of the major barriers to the development of the hydrogen economy. Chief among these needs are greater public investment, education and outreach, further research and development, and the advancement of explicit State hydrogen energy policy. We will be expanding this to include a link to Rutgers Center for Advanced Energy Systems to provide technical support in addition to a policy forum discussion mechanism. A new contract will be prepared for the Board's approval. Proposed budget: \$100,000.
10. Energy Data Center This project is part of the ongoing efforts through Rutgers's Center for Energy, Economic and Environmental Policy to develop the New Jersey Energy Data Center (Data Center). The current efforts in developing the Data Center will culminate in November 2007 with a live preliminary website and database. The Data Center will enable the state to have easy access to important energy-related data to serve the State's policymaking needs. This includes data associated with the industries regulated by the BPU, as well as environmental impact and emissions, transportation, and other topics related to energy used in New Jersey. The Data Center will become an important resource in crafting, monitoring, and achieving the objectives of the New Jersey State Energy Master Plan, as well as serving day-to-day information needs of policymakers. This next phase of the Data Center will be to significantly expand the data resources and interactive features of the site. A new contract will be prepared for the Board's approval. Proposed budget: \$100,000.

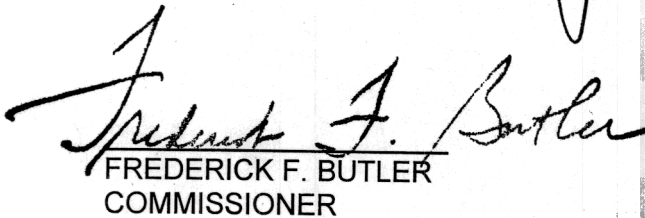
The Office of Clean Energy recommends that the Board approve the 2007 SEP Plan. In Staff's view, all the proposed initiatives for the 2007 program year further the SEP's goals of energy efficiency and conservation, and are reasonably budgeted at levels designed to achieve these goals. Specifically, the plan's emphasis on encouraging the use of alternative vehicle* and heating fuels and on the dissemination of tools and expertise necessary for public institutions to reduce their own use of traditional fossil fuels is fully consistent with the federal and State policies underlying the SEP.

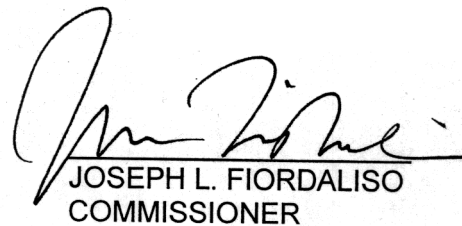
Based on the foregoing recommendations of Staff the Board HEREBY APPROVES said Plan and specifically APPROVES the program budget of \$2,372,957 set forth therein.

DATED: 8/22/07

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

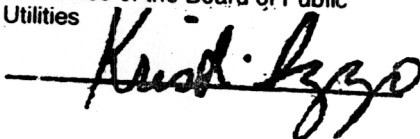

JOSEPH L. FIORDALISO
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CHRISTINE V. BATOR
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ATTEST:


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



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