



Agenda Date: 07/11/08  
Agenda Item: 8E

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**[www.nj.gov/bpu/](http://www.nj.gov/bpu/)**

**CLEAN ENERGY**

IN THE MATTER OF THE CLEAN ENERGY  
PROGRAM - AWARD OF 2007 COMBINED  
HEAT AND POWER PROGRAM INCENTIVES.

ORDER

DOCKET NO. EO08040236

(SERVICE LIST ATTACHED)

BY THE BOARD:

The Combined Heat and Power (CHP) Program is a Clean Energy program funded through the Societal Benefits Charge (SBC). The Board memorialized its approval of the final 2008 CHP budget and program on March 31, 2008. I/M/O the Comprehensive Energy Efficiency and Renewable Energy Resource Analysis 2005-2008: Compliance Filings: 2008 Programs and Budgets (Budget Order). The program and its qualification requirements have been widely advertised on the Board of Public Utilities (BPU) and NJ Clean Energy Program web sites, and at industry shows.

CHP systems make use of waste heat, thereby improving the efficiency of fuel use. The CHP Program provides incentives to qualifying customers, contractors, and energy service companies that install eligible systems. To qualify, the customer's facility must be located in New Jersey and the customer must contribute to the Societal Benefits Charge by purchasing electricity from the utility grid. Incentive amounts vary depending on the type and size of the CHP system and 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.

The Board has administered the CHP Program since 2004. A request for applications for CHP projects was issued in 2004, 2005, and 2006. The projects awarded incentives in those years are either completed or are expected to be completed in 2008 and 2009<sup>1</sup>, with incentives payable upon completion. Thus the funds currently budgeted for the Program includes amounts already committed to projects previously awarded grants as well as uncommitted funds available for the 2007 CHP Program. The Clean Energy Program (CEP) accepted project submissions from September 14, 2007 to November 11, 2007.

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<sup>1</sup> Some projects for the years 2005 and 2006 required extensions, which were granted.

To be eligible for incentives, a project must meet or exceed minimum system efficiency requirements and emissions levels that meet New Jersey Department of Environmental Protection (NJDEP) requirements. For the purpose of awarding CHP incentives, all CHP applications are evaluated on the basis of the following criteria:

- System efficiency, environmental performance
- Projected system startup date
- Annual system utilization
- Local Marginal Pricing, as determined by the PJM interchange for the electric service area in which the project is located
- Islanding capability
- Smart Growth
- Emergency Management Center
- General Programmatic Goals
- Project Clarity

Initial evaluation was performed by TRC. A representative from the New Jersey Department of Environmental Protection (NJDEP) then reviewed the proposals for compliance with NJDEP requirements. These reviews are followed by consultation with Board Staff (Staff) and final project review is completed by TRC. TRC ranked all of the project applications received and provided its recommendations to Staff regarding which projects should receive incentive approval letters. Based on the 2008 CHP budget approved by the Board in its March 31, 2008 Order, Docket No. EX04040276, sufficient funding exists to approve the top six projects recommended by the Market Manager. Granting awards to the seven applicants listed below would exceed the un-committed funds available. To enable the funding of seven projects, and on the basis of consultation with the Market Manager, Staff recommends a line item transfer of \$255,812 from the funds budgeted for the Commercial and Industrial Retrofit Program on the grounds that this program has funds not yet committed in its budget and will not be negatively impacted by the removal of these funds.

Staff recommends incentives be awarded, up to the available funding limit, those applications meeting program requirements and those that are the best qualified based on the evaluation criteria. For 2007, Staff recommends the following entities receive incentives, subject to compliance with NJDEP's requirements. The incentives to be awarded are based on the highest weighted scores for each criterion:

Converted Organics of Woodbridge	\$ 711,900
2. Jersey Shore University Medical Center	\$1,000,000
3. Midtown Thermal Control Center	\$1,000,000
4. Franklin Care Center	\$1,000,000
5. Infinium Linden Business &Tech Center	\$ 98,912
6. Ortho McNeil Pharmaceutical	\$1,000,000
7. White Wave Foods	<u>\$1,000,000</u>
<b>Total</b>	<b>\$5,810,812</b>

### Findings and Conclusions

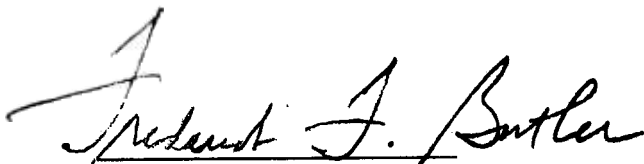
The Board FINDS that the seven entities listed above have met program criteria and are qualified to receive incentives under the CHP Program subject to compliance with NJDEP's requirements. The Board further FINDS that sufficient monies are available in the un-committed portion of the 2008 Energy Efficiency budget to fund six of the applications. The Board also FINDS that funding seven applications would cause the program to exceed the un-committed funds available by \$255,812. The Board further FINDS that the Commercial and Industrial SmartStart Program will not be negatively affected by a reduction of its budgeted funds in that amount.

Thus the Board AUTHORIZES a line item transfer of \$255,812 from the Commercial and Industrial SmartStart Retrofit budget to the CHP budget for rebates to enable the funding of the seventh award and hereby APPROVES the aforementioned CHP in the amount of \$5,810,812. The Board hereby AUTHORIZES the Commercial and Industrial Market Manager, TRC, to issue notification letters and Notices of Award to the recipients for the implementation of the CHP Program, conditioned upon compliance with NJDEP's requirements.

DATED: 7/30/08

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX

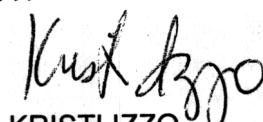
  
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COMMISSIONER

  
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COMMISSIONER

  
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COMMISSIONER

  
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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

