



Agenda Date: 4/11/12
Agenda Item: 8D

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF COMPREHENSIVE ENERGY)	ORDER
EFFICIENCY AND RENEWABLE ENERGY RESOURCE)	
ANALYSIS FOR THE YEARS 2009 -2012: REVISED)	
2012 PROGRAMS -- LARGE SCALE COMBINED HEAT)	
AND POWER/ FUEL CELL GRANT PROGRAM)	
COMPLIANCE FILING APPROVAL)	DOCKET Nos. EO07030203
AND ISSUANCE OF SOLICITATION)	and EO11100631V

Parties of Record:

Stefanie A. Brand, Division of Rate Counsel

BY THE BOARD:

This Order considers proposed modifications to the 2012 New Jersey's Clean Energy Program compliance filings in order to include the Large Scale Combined Heat and Power/ Fuel Cell Grant Program ("LSCHP-FC").

BACKGROUND AND PROCEDURAL HISTORY

On February 9, 1999, the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. ("EDECA") was signed into law. EDECA established requirements to advance energy efficiency and renewable energy in New Jersey through the societal benefits charge. N.J.S.A. 48:3-60(a)(3). EDECA further empowered the Board to initiate a proceeding and cause to be undertaken a comprehensive resource analysis ("CRA") of energy programs, which is currently referred to as the comprehensive energy efficiency ("EE") and renewable energy ("RE") resource analysis. Ibid. After notice, opportunity for public comment, public hearing, and consultation with the New Jersey Department of Environmental Protection ("DEP"), within eight months of initiating the proceeding and every four years thereafter, the Board determines the appropriate level of funding for EE and Class I RE programs that provide environmental benefits above and beyond those provided by standard offer or similar programs in effect as of February 9, 1999. These programs are now called New Jersey's Clean Energy Program (the "NJCEP").

By Order dated April 27, 2007, Docket No. EO07030203, the Board directed the Office of Clean Energy (“OCE” or “Staff”) to initiate a third comprehensive EE and RE resource analysis proceeding and to schedule public hearings on program funding and funding allocations for the years 2009 through 2012. By Order dated September 30, 2008 (the “CRA III Order”), Docket No. EO07030203, the Board concluded this proceeding and set funding levels of \$245 million for 2009, \$269 million for 2010, \$319.5 million for 2011, and \$379.25 million for 2012.

By Order dated December 20, 2011, Docket Nos. EO07030203 and EO11100631V, the Board approved 2012 programs and budgets for the NJCEP (“2012 Budget Order”) as well as the compliance filings of Honeywell International, Inc. (“Honeywell”), TRC, Inc. (“TRC”), the OCE, and the electric and gas utilities (collectively referred to as “the Utilities”). The compliance filings included program descriptions and detailed budgets for each program.

The program description for the LCHP-FC broadly explained that the “program will offer assistance to support large sized CHP projects including stand-alone qualified fuel cells.” It also stated that this “program will be designed to assist those implementing a CHP or combined cooling heat and power or fuel cell project with an electric generating capacity of greater than one megawatt serving a commercial, institutional, or industrial electricity customer in New Jersey.” In approving the OCE compliance filing, the Board directed OCE to work with the New Jersey Economic Development Authority (“EDA”) to develop a detailed program description and solicitation for the LSCHP-FC.

Consistent with the 2012 Budget Order, EDA coordinated with BPU Staff and Stakeholders to develop a detailed LSCHP-FC program description and solicitation. Pursuant to the March 24, 2011 Memorandum of Understanding between BPU and EDA, as amended on March 1, 2012, the EDA will act as administrator of the LSCHP-FC. Staff recommends that the Board approve the program description as set forth in the amended OCE compliance filing, and approve the related LSCHP-FC program Solicitation.

PROGRAM DESCRIPTION

The LSCHP-FC has a budget for 2012 of \$55 million. The amount available for funding under this first Solicitation is \$20 million. Up to fifteen percent (15%) of the funding or up to \$3,000,000, has been set aside under this Solicitation, for the funding of Fuel Cell (FC) projects. If there are no Fuel Cell applications or less than the \$3,000,000 set aside in total in response to this solicitation, the BPU and EDA may award CHP projects for the remaining allocation of this set aside. Any remaining funds from this first Solicitation will be made available in subsequent Solicitations during the calendar year. It is anticipated that a second Solicitation will be issued during the last quarter of 2012 in the amount of \$35 million. Funding is subject to availability and BPU approval of the annual Clean Energy Programs and Budgets and is further subject to State appropriations law.

There are tiered incentives for this program. Program incentives for CHP Projects are as follows:

CHP Incentives:	
CHP greater than 1MW to 3 MW	\$0.55 per Watt
CHP greater than 3 MW	\$0.35 per Watt
Maximum Project Incentive	\$3,000,000
Maximum percent of project cost	30%

Program incentives for Fuel Cell Projects are as follows:

Fuel Cell Incentives:	
FC greater than 1MW – with waste heat utilization	\$2.00 per Watt
FC greater than 1 MW – without waste heat utilization	\$1.50 per Watt
Maximum Project Incentive	\$3,000,000
Maximum percent of project cost	45%

STAFF RECOMMENDATIONS

The OCE has reviewed the modifications to the 2012 NJCEP compliance filings submitted by the EDA. The EDA coordinated with BPU Staff to develop the LSCHP-FC. This program will be designed to assist those implementing a CHP or combined cooling heat and power or fuel cell project with an electric generating capacity of greater than one megawatt serving a commercial, institutional, or industrial electricity customer in New Jersey. This program is in alignment with the goals of the New Jersey Energy Master Plan, which include developing 1,500 MW of CHP generation over the next 10 years. Therefore, Staff recommends approval of the proposed changes to the compliance filings and the program solicitation.

DISCUSSION AND FINDINGS

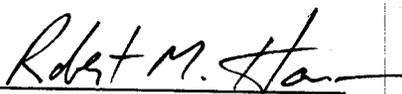
The OCE and EDA coordinated with the Market Managers, the NJCEP Program Coordinator, and other stakeholders to develop the proposed the LSCHP-FC. Accordingly, the Board **FINDS** that the process utilized in developing the LSCHP-FC was appropriate.

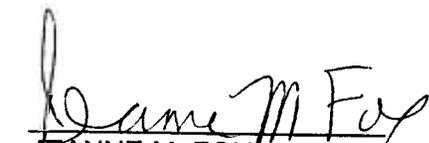
Based on the above, the Board **HEREBY FINDS** that the changes to the compliance filings to reflect the LSCHP-FC as set out above are reasonable. Therefore, the Board **HEREBY APPROVES** the revised 2012 compliance filings filed by the OCE dated March 29, 2012. The Board **HEREBY AUTHORIZES** the program managers to implement the program changes set out in the program filings and release the first LSCHP-FC Solicitation as soon as practicable. The Board also **AUTHORIZES** the program managers to release subsequent solicitations consistent with this Order.

Having approved the programs as modified, the Board **HEREBY DIRECTS** the OCE to post a revised 2012 OCE compliance filing on the NJCEP website along with a copy of this Order.

DATED: 4/12/12

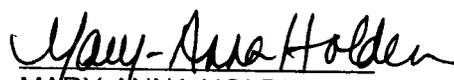
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BY:


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JOSEPH L. FIORDALISO
COMMISSIONER

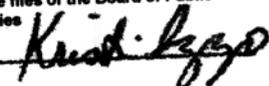

NICHOLAS ASSELTA
COMMISSIONER


MARY-ANNA HOLDEN
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



IN THE MATTER OF COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE
ENERGY RESOURCE ANALYSIS FOR THE YEARS 2009 -2012: REVISED 2012
PROGRAMS -- LARGE SCALE CHP / FUEL CELL GRANT PROGRAM COMPLIANCE FILING
APPROVAL AND ISSUANCE OF SOLICITATION

DOCKET NOs. EO07030203 and EO11100631V

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