



Agenda Date: 6/18/14
Agenda Item: 8G

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 THE COMPREHENSIVE ENERGY)
EFFICIENCY AND RENEWABLE ENERGY)
RESOURCE ANALYSIS FOR THE YEARS 2009-2012:)
REVISED 2012 PROGRAMS – LARGE SCALE)
COMBINED HEAT AND POWER (CHP) / FUEL CELL) DOCKET NO. EO07030203
PROGRAM AWARDEE APPROVAL) DOCKET NO. EO11100631V

Parties of Record:

Geoff Pass, Plant Manager, Solvay Specialty Polymers USA, L.L.C.

BY THE BOARD:

This matter involves the application of Solvay Specialty Polymers USA, LLC, ("Solvay") seeking funding for the installation of a CHP Project under the New Jersey Clean Energy Program's ("NJCEP") Large Scale Combined Heat and Power ("CHP") and Fuel Cells Program. ("LSCHP-FC"). Under the LSCHP-FC program, qualified participants are eligible to receive financial incentives to further enhance energy efficiency in their buildings through on-site power generation with recovery and productive use of waste heat to reduce existing and new demands to the electric power grid.¹

PROGRAM BACKGROUND

The New Jersey Board of Public Utilities' (the "Board") Commercial & Industrial ("C&I") Energy Efficiency Program includes ten (10) individual programs targeting the C&I market segments. The ten programs consist of New Construction, Retrofit, Pay for Performance - New Construction, Pay for Performance - Existing Buildings, Local Government Energy Audit, Direct Install, Small Scale Combined Heat and Power ("CHP") and Fuel Cells, the LSCHP-FC Program, and the Societal Benefits Charge Credit Program. These programs collectively offer financial incentives to encourage the installation of energy efficient products and technologies. Each program has specific eligibility requirements that allow eligible applicants to receive incentives for a portion of the cost of installing energy efficient measures such as lighting, heating, ventilation and air conditioning ("HVAC"), water heating and other measures in new or existing buildings.

¹ The FY2014 CHP and FC program goal is to maximize total installed capacity by 40 MW.

PROCEDURAL HISTORY AND DESCRIPTION OF PROJECT

Solvay is a global chemical company in the consumer goods, automotive and energy markets. The facility located in West Deptford, New Jersey was purchased by Solvay in 2002 and has been in operation for 29 years. The site is located on a 243 acre property with approximately 770,300 square feet of developed space consisting of process facilities, workshops, warehouses, outdoor equipment, and office space, among other things. The site produces fluoropolymers and fluoroelastomers with continuous and batch chemical processes. The facility operates 24 hours per day and typically seven days per week. The manufacturing process consumes significant energy in the forms of electricity and natural gas.

The main electrical users in the plant are equipment motors. Motors are used throughout the facility for operation of the plant's chillers, agitators, cooling water pumps, well water booster pumps, DI water pumps, boiler intake air fans, and air compressors, for example. The plant also consumes electricity for its office and outdoor lighting, office cooling, office heating, plant tools and various other operations throughout the facility.

Natural gas is consumed by the plant for process and plant heating. The largest consumers of natural gas are two (2) 50,000 lb/hr steam boilers. Steam is distributed throughout the plant for process and plant heating. Additional natural gas is consumed by the plant by two (2) dryers, one (1) furnace and one (1) incinerator.

On March 11, 2014, Solvay submitted an application under the 2014 LSCHP-FC program for a total financial incentive in the amount of \$2,460,000. Solvay proposes to install a new 4,600 kW cogeneration plant, with an estimated annual efficiency of 80.4%, at the 10 Leonard Lane, West Deptford, New Jersey site described above.

On April 25, 2014, Board Staff determined that the project met all technical requirements of the LSCHP-FC program. On April 30, 2014, Board Staff conducted a pre-inspection of the proposed project site and verified that, in accordance with LSCHP-FC requirements, the project was not yet installed.

The total project cost will be \$18,079,863, the NJCEP incentive under the LSCHP-FC program would be \$2,460,000, and the project would have a Projected Internal Rate of Return of 23.27%. Board Staff has submitted a certification that the incentive has been calculated in accordance with the program policies and procedures, and that the listed amount is the true and accurate estimated incentive for which the applicant is eligible. Further, Applied Energy Group, in its role as the NJCEP Program Coordinator, has reviewed the application and submitted certification that the incentive for which Board Staff now seeks approval to commit has been calculated in accordance with the program policies and procedures, and that the listed amount is the true and accurate estimated incentive for which the applicant is eligible. Based on the above, Staff recommends that the Board approve the above-referenced application.

Consistent with LSCHP-FC guidelines, the first estimated incentive, in the amount of \$738,000, would be payable upon proof of purchase of equipment. The second estimated incentive, in the amount of \$1,476,000, would be paid upon project installation and successful inspection. The remaining estimated incentive, in the amount of \$246,000, would be paid one year after project inspection, acceptance, and following confirmation that the project has achieved its required minimum efficiency threshold. Additionally, Staff will be requesting four additional years of reporting following the first 12 month period.

DISCUSSION AND FINDINGS

Upon consideration of the facts set forth above, the Board **HEREBY FINDS** that Solvay's application has satisfied the award eligibility criteria under the terms set forth in the LSCHP-FC program guidelines.

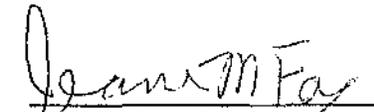
The Board **HEREBY** approves the award to Solvay in the amount of \$2,460,000 based on the information presented in the application and Staff's findings. This approval is subject to all conditions mentioned herein and Solvay's compliance with all applicable program guidelines and requirements.

The Board **HEREBY ORDERS** the approval of the aforementioned Solvay application for the total estimated incentive amount of \$2,460,000 and **AUTHORIZES** issuance of a standard commitment letter to the applicant identified above, setting forth the terms and conditions of this commitment.

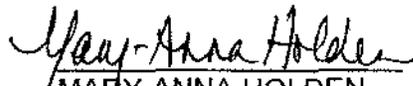
DATED: 6/18/14

BOARD OF PUBLIC UTILITIES
BY:

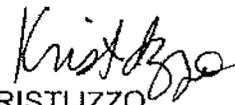

DIANNE SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

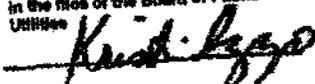

JOSEPH L. FIORDALISO
COMMISSIONER


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 THE COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE
ENERGY RESOURCE ANALYSIS FOR THE YEARS 2009-2012: REVISED 2012
PROGRAMS – LARGE SCALE COMBINED HEAT AND POWER (CHP) / FUEL CELL
PROGRAM AWARDEE APPROVAL
DOCKET NOS. EO07030203 AND EO11100631V

SERVICE LIST

Michael Ambrosio
Applied Energy Group, Inc.
317 George Street
Suite 305
New Brunswick, NJ 08901

James Nappi
Applied Energy Group, Inc.
317 George Street
Suite 305
New Brunswick, NJ 08901

Geoff Pass
Plant Manager
Solvay Specialty Polymers USA, L.L.C.
10 Leonard Lane
West Deptford, NJ 08086-2150

Caroline Vachier
Deputy Attorney General
Division of Law
Dept. of Law & Public Safety
124 Halsey Street
Post Office Box 45029
Newark, NJ 07102-45029

Veronica Beke
Deputy Attorney General
Division of Law
Department of Law & Public Safety
124 Halsey Street
Post Office Box 45029
Newark, NJ 07102-45029

Kristi Izzo, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Rachel Boylan, Esq.
Counsel's Office
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Elizabeth M. Teng
Office of Clean Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Sherri Jones
Office of Clean Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Allison E. Mitchell
Office of Clean Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350