



Phase II TCDER Microgrid Incentive Program – Questions and Answers #3 As of March 23, 2020

Program Notes:

- The question submittal deadline is extended to 5:00 PM EDT on April 17, 2020. The application submittal deadline is extended to 5:00 PM EDT on May 8, 2020.
- Additional Q&A will be posted periodically. Program participants will be emailed when a new post is made.

1. Question:

Several applicants asked about delaying the question submittal deadline and the application submittal deadline in light of current events.

Answer:

The question submittal deadline is extended to 5:00 PM EDT on April 17, 2020. The application submittal deadline is extended to 5:00 PM EDT on May 8, 2020.

2. Question:

Section 3.3.3 notes that "In order to be eligible for an award under the Phase II TCDER Microgrid Incentive Program, design must be to a level of at least 30%." Please clarify whether the 30% design requirement applies to the design completed to date and summarized as part of the proposal, or whether that is the minimum level of design completion required to be completed in the second phase study. As provided for in the scope accepted by the BPU in its Phase 1 award, the initial feasibility study did not take design to the 30% level, and requiring that level of detail to be completed at the time of the Phase 2 proposal would be both prohibitive and would not recognize that the BPU Phase 1 award did not require a 30% level. We therefore assume the 30% requirement (or higher) applies to the level of detailed needed to be achieved in the second phase study, but please clarify.

Answer:

In order to be eligible for an award, the applicant must propose to complete a minimum 30% level of design with the funding award. Please refer to Appendix C of the Phase II Microgrid Incentive Program Application for the design content guidelines. The application and the evaluation criteria were designed, in part, to assign a higher score to those projects that are more ready to proceed. The greater the level of design proposed may be one factor in determining the readiness to proceed pursuant to Application section 5.2.1.



BPU does not expect any design to be completed at the time the application is submitted. The intention of the Phase II Microgrid Incentive Program is to provide funding for awarded applicants to develop at least Concept-level designs, as described in Appendix C.

3. Question:

Section 3.4: is non-BPU funding for the design phase a requirement?

Answer:

Non-BPU funding is not a requirement. Please refer to Section 5.3.2 of the Application indicating that the amount and percentage of the design cost requested from the NJBPU will be a factor in the BPU's evaluation of applications.

4. Question:

We intend to finance the project through a municipal competitive bidding process that would identify specific financing sources after the second stage design process is complete. Will this approach meet the requirements in Section 3.4.6?

Answer:

The approach meets the requirements of Section 3.4.6.

5. Question:

If two or more companies are working on a particular microgrid as a team, and Company A makes a cost sharing contribution of say \$100,000 on a \$600,000 study with the balance of \$500,000 coming from the BPU, and Company B performs the actual engineering work and is paid \$600,000, how will subterfuge be prevented where Company B rebates \$100,000 to Company A?

Answer:

The BPU will not be evaluating or verifying how firms are paid for work conducted under the Phase II TCDER Microgrid Incentive Program. If the BPU became aware of the specific circumstance posed in the question, we would view it as fraudulent behavior and would refer the matter to the appropriate authorities.

6. Question:

With respect to Section 3.4.2, if an outside party (not the applicant), such as a consultant to the municipality, incurs uncompensated costs for the project, would that be considered "in-kind"?



Answer:

In the specific circumstance proposed, BPU would consider this to be in-kind. BPU will only consider direct financial contributions.

7. Question:

With respect to Section 3.4.2, if a municipal staff member incurs costs, including allocating a portion of their time to the project, would that be considered "in-kind"?

Answer:

In the specific circumstance proposed, BPU would consider this to be in-kind. BPU will only consider direct financial contributions.

8. Question:

If a holding company with multiple subsidiaries or affiliated companies puts up an amount as cost sharing (ex: \$100,000) and the total cost of the engineering study is \$600,000, the balance of which comes from the Board of Public Utilities (\$500,000), and a subsidiary of the holding company then does engineering for the engineering study and bills for \$600,000, then being paid with the \$100,000 from the parent holding company plus the \$500,000 from the BPU grant, is the \$100,000 contribution from the parent considered "payment in kind"?

Answer:

In the specific circumstance posed in the question, the \$100,000 would be considered "in-kind." BPU will only consider direct financial contributions.

9. Question:

On page 3, Section 2.2.2 of the Design Incentive Program Application states: "The project submitted pursuant to this application must conform to existing law, code and standing Board Orders." While there is a reference to Appendix B for a "collection of relevant legal material," there is no reference to law, code or standing Board Orders which would make this type of project in conformance with existing law, code, or Board Orders. As most, if not all, of the submitted feasibility studies include designs that cross multiple rights of way and have no provision for conformance with existing tariffs, current law, codes, and Board Orders would preclude their construction. In the initial application guidelines on page 5, it is stated, "This program is not open to single-building or campus-setting microgrids. This program is not to evaluate or perform a feasibility study of an individual customer or single building; or a campus setting microgrid." The orientation of Phase 2 seems to be changing. Can you expand upon



what existing laws, codes, or Board Orders would in your opinion provide a framework that would make the microgrids as originally defined, in conformance with existing law, codes, or Board Orders? In other words, we all went into this exercise knowing that without some type of Board order, or revision to codes, laws, or regulations that the specified type of infrastructure which meet the given definition of a microgrid in Phase 1 could not be built. What, if anything, has occurred to change this?

Answer:

Please refer to Section 2.2.2 of the Phase II TCDER Microgrid Incentive Program Application. The documents referenced in Attachment B are meant to provide guidance but are not exhaustive. The applicant is ultimately responsible for submitting an application for a project that is legally permissible.

10. Question:

The application for Phase 2 seems to suggest that an arrangement gaining the cooperation of the local EDC would provide an advantage in the evaluation process for achieving Phase 2 grants. Two questions on this:

- a. Does this, in combination with the assertions contained in Section 2.2.2 and mentioned above in [question 9], imply that the BPU is steering applicants to a collaborative effort where the EDC owns the distribution infrastructure, and if so, how can an applicant be sure that it will receive the same “deal” and uniform opportunity from the EDC that other applicants in their service territory receive? There is a concern if safeguards to prevent favoritism or other forms of undue influence on the part of the EDC are not in place.
- b. If an EDC has plans with an applicant to address new tariffs, concessions, or other terms and conditions with respect to implementation of a microgrid, would it be reasonable to ask that those same arrangements are made available to all applicants prior to the submission of final Phase 2 applications? Not having access to that information would put applicants at an unfair disadvantage as they are at the mercy of the EDC to willingly disclose or offer that information. This would seem to put a lot of influence on the distribution of grant dollars in the hands of the EDC and not the Board or OCE.

Answer:

The application and the evaluation criteria were designed, in part, to assign a higher score to those projects that are more ready to proceed. EDC involvement may be one factor in determining the readiness to proceed pursuant to Application section 5.2.1.



Due to the unique nature of each project, BPU anticipates that EDC involvement prior to application submittal may be different for each project.

11. Question:

The deliverable itself seems to have a decided “technical” orientation with an emphasis on design of the proposed microgrids. Unless this is a purely academic exercise with less interest in the ultimate development of viable projects, it would seem that of equal, or even greater importance is the commercial viability of the microgrid and that a business plan as opposed to an engineering design would be more appropriate at this point. Other than the question on legal, regulatory, etc. compliance, there seems to be no criteria for commercial viability. Anything can be engineered but not all that can be engineered can be commercially viable. Is there a reason that the emphasis is on engineering design as opposed to a business plan for a commercially viable microgrid that includes engineering design?

Answer:

Please refer to Section 5 of the Phase II TCDER Microgrid Incentive Program Application. The “Technical Characteristics” and “Financing and Business Model” factors will receive the same weighting in the evaluation of applications.