

**New Jersey's Clean Energy Program  
Draft FY14 Program Descriptions and Budgets**

**Office of Clean Energy**

**Energy Efficiency Programs,  
Renewable Energy Programs, and  
NJCEP Administration Activities**

*Including Programs Managed by:*

**New Jersey Economic Development Authority,  
and Sustainable Jersey**

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This document describes the programs and services provided by the Board of Public Utilities (BPU) Office of Clean Energy (OCE), the New Jersey Economic Development Authority (EDA) and Sustainable Jersey in support of the New Jersey's Clean Energy Program in fiscal year 2014 (FY14).

## **I. OCE Energy Efficiency Programs**

### **Green Jobs and Building Code Training**

In 2009 the Board issued a solicitation for "Green Jobs Training" and awarded \$872,000 in grants to three entities. The three grants have been completed and paid in full. No new activities are planned for FY14 and this program will be closed in FY14.

### **Sustainable Jersey**

Services to be provided in FY14 are described in Attachment A. For budgetary purposes Sustainable Jersey's budget will be moved from the EE Other budget category to the NJCEP Administration budget category, since the outreach and education provided by Sustainable Jersey are administrative in nature.

## **II. OCE Renewable Energy Programs**

### **CleanPower Choice Program**

#### **Program Description**

The CleanPower Choice Program offers retail electric customers the option of selecting an energy product or products with higher levels of renewable energy than is required by the RPS. The option is available to all retail electric customers in the State via a sign-up option on utility bills. The products offered by CleanPower Marketers (CPM) are 100% renewable energy, but customers may select any percentage of their usage to be supplied by this 100 % renewable energy product.

A detailed description of the proposed program is available on the NJCEP web site.

The CPC Program is a voluntary market-based program that is jointly managed by Clean Power Marketers and utilities. Clean Power Marketers are required to be licensed by the BPU and the utilities provide consolidated billing services. The Utilities will continue to support the CleanPower Choice program by maintaining the IT changes needed to support a line item on customer's bills and systems to support EDI transactions with CleanPower Marketers.

#### **Target Market/Eligibility**

The program targets all retail electric customers of the State's four investor-owned electric utilities. Clean power sales in the voluntary program must be renewable energy that is not otherwise used to meet a suppliers RPS requirements and includes full disclosure of the power supply mix utilized by the suppliers participating in the program.

### **Program Offerings and Customer Incentives**

The voluntary program allows customers to select a product with 100% renewable energy content in varying percentages of the customer's usage at a potentially higher cost than basic generation services would provide.

### **Program Delivery**

Implementation is achieved through a collaborative utility-clean power marketer program hosted by the four investor-owned electric utilities. The 'host' utilities provide a delivery platform to enable enrollment and billing. The program is offered as an add-on subscription of clean power supplied by a qualified third-party clean power marketer without interruption to customer's basic electric service. The OCE will require Clean Power Marketers to provide third party verification of all CPC products.

### **Program Budget**

The proposed FY14 budget does not include any funding for the CPC program.

### **Offshore Wind Program**

By Order dated November 21, 2008, Docket No. EO08110971, the Board authorized Staff to develop and issue an application for an Offshore Wind (OSW) Rebate program that would provide rebates for the installation of meteorological towers. The Board initially approved \$12 million in OSW rebates. These rebates were reduced to \$6 million in a series of Orders issued by the Board in 2011 and 2012. A portion of the OSW rebates were paid since 2011. The proposed FY14 RE budget includes carryover of any unspent funds related to the OSW rebate commitments.

The FY14 OSW budget will also be used to pay any remaining expenses related to an OSW study to be performed by the Rutgers Institute of Marine and Coastal Sciences previously approved by the Board.

In 2011 the Board reallocated funds to the OSW budget to pay costs associated with a contractor engaged by the Board to assist with the review of OSW applications. Any unspent funds from 2012-2013 will carry forward in FY14 and additional funds are being added to the FY14 budget for this purpose. Pursuant to the Board's OSW regulations, the fees for these services are to be paid by the OSW applicants themselves, so any NJCEP funds spent for this purpose will be reimbursed by the OSW application fees.

### **Renewable Energy Program: Grid Connected**

In 2009, the OCE developed and the Board issued a competitive solicitation for incentives for the development of grid-connected renewable energy systems. The solicitation's objective was to facilitate the development of renewable wind and biopower energy projects in New Jersey. The selected proposals demonstrated the superior ability of the project team to construct a wind or biopower project, and the need for grant funds to document feasibility, secure permits, process feedstocks, demonstrate innovative financing, supplement other revenue streams, or overcome other barriers to private investment in renewable electricity generation.

Proposals that provided renewable wind and biopower energy generation using emerging, commercially-available, technologies that maximize energy production during peak demand periods with the greatest feasibility were given preference. Proposals that provided clean energy generation that address load pocket or congestion problems within the electricity distribution system serving New Jersey were also given preference. Other evaluation criteria that were considered included projects that encouraged increased energy security, reliability and maximized environmental benefits to New Jersey ratepayers.

In 2010, the Board awarded approximately \$3.9 million in incentives to two projects. The FY14 budget includes funding for any remaining balances related to these incentives.

### **Edison Innovation Clean Energy Fund**

In 2010, the Commission on Science and Technology managed a solicitation for the Board through the Edison Innovation Clean Energy Fund. The program offered assistance in the form of grants to support New Jersey renewable energy and energy efficiency technology research and development activities. In 2010 the Board approved approximately \$4.5 million in grants.

No new activities are planned for FY14 and this program will be closed in FY14 once the final payments are made. The FY14 budget will be used to pay any outstanding balances of grants previously approved by the Board.

### **III. EDA**

The New Jersey Economic Development Authority (EDA) will manage two programs in FY14 as follows:

1. Edison Innovation Clean Energy Manufacturing Fund
2. Edison Innovation Green Growth Fund

The EDA will also finalize and pay any incentives awarded by EDA in 2012-2013 to large CHP projects. Detailed descriptions of the programs to be managed by EDA are included in Attachment B.

### **IV. NJCEP Administration**

The FY14 NJCEP Administration budget includes four components:

1. Administration and Overhead including OCE Staff and Program Coordinator;
2. Memberships and Dues
3. Evaluation and Related Research including CEEEP; and,
4. Miscellaneous Administration, including Sustainable Jersey

This following provides a description of each of these activities.

#### **Administration and Overhead**

The Administration and Overhead component of the NJCEP Administration budget includes two sub-components as follows:

- OCE Staff and Overhead
- Program Coordinator Services

*OCE Staff and Overhead*

The Office of Clean Energy (OCE) was charged by the Board with the responsibility for administering New Jersey's Clean Energy Program. As the administrator of New Jersey's Clean Energy Program, the OCE is responsible for various program related matters including:

1. Developing recommendations to the Board regarding programs to be funded, budgets for those programs and various matters related to the administration and implementation of the programs.
2. Drafting Board Orders memorializing Board decisions and tracking compliance with such Orders.
3. Development of policies and procedures for payments to the NJCEP Trust Fund and payments made by the Trust Fund for program related services:
  - a. Coordinating with Treasury with regard to the financial management of the programs and the development of financial reports to the Board and the public
    - i. Coordinating audits of the Trust Fund with Treasury and program managers
  - b. Review of payments requests to insure consistency with policies and procedures and any contractual arrangements
4. Coordinating the activities of the EE and RE committees, including soliciting input regarding programs, budgets and program administrative matters.
5. Overseeing the activities of the Program Coordinator and the various program managers including the Market Managers, utilities, EDA, and the OCE itself with regard to renewable energy and education and outreach efforts and potentially others.
6. Developing reporting guidelines and providing the Board with regular updates regarding program activities.
7. Development of protocols for measuring energy savings and renewable energy generation.
8. Overseeing evaluation and related research activities.
9. Development of program goals, performance indicators and minimum requirements for program management.
10. Monitoring program activity and reviewing evaluation results and recommending modifications to programs and budgets as required.
11. Developing requests for proposals to engage program managers, evaluation contractors and other contractors that assist with the administration of the programs, evaluating proposals received, and selecting contractors.
12. Facilitating resolution of issues related to program management and customer complaints.
13. Managing the CRA proceeding to set four year funding levels.

#### 14. Managing RFPs for program services and related program transition activities.

The OCE Staff and Overhead component of the budget is primarily for BPU staff salaries and payments to Treasury related to the provision of the services described above.

### **Program Coordinator Services**

In 2007 Applied Energy Group (AEG) was engaged by the Board to serve as the Program Coordinator. The OCE Oversight budget includes funding for the costs associated with this contract.

AEG provides a number of services in its role as Program Coordinator including the following:

1. AEG developed and maintains an IMS system for tracking and reporting all program activities including NJCEP, utility, ARRA, SEP and other programs
2. Preparation of monthly ,annual reports and data for federal grant reports
3. Hosting the NJCEP website and supporting the maintenance of the website
4. Financial management, including invoice processing
5. Quality assurance, including field inspections and file reviews to ensure all program policies and procedures are adhered to including ARRA programs
6. Marketing and communications coordination to ensure consistency across all marketing activities
7. Evaluation support; AEG supports the evaluation efforts managed by CEEEP
8. Hosting the statewide 800 number and provision of call center services
9. Dispute resolution
10. Regulatory support; AEG assists in the drafting of Board orders and other regulatory documents related to the NJCEP

The FY14 Program Coordinator budget includes fees for services related to reporting program activities for the utility programs approved by the Board and programs funded through SEP and ARRA.

### **Memberships and Dues**

The FY14 budget includes funding for sponsoring the National Association of State Energy Offices (NASEO) which coordinates efforts amongst state energy offices. The FY14 budget for Memberships and Dues includes carryover for commitments made in previous years that will be paid in FY14 and also includes funding for other potential FY14 memberships including the Consortium for Energy Efficiency and the Clean Energy States Alliance.

#### *Interstate Turbine Advisory Council*

The Clean Energy States Alliance Interstate Turbine Advisory Council (ITAC) is a service for state clean energy programs with wind energy incentive programs. Access to services and participation is tiered with an associated fee structure.

ITAC Tier 2 Participants may designate one individual who will have access to technical information provided by the turbine manufacturers, outside consultants' reports, and internal Advisory Council communications. Tier 2 Participants are eligible to participate in an active conversation on incentive program experiences with wind energy systems, special topic calls

with wind energy experts, discussion of existing and proposed additions of wind energy systems to the unified list through a designated listserv, and regularly scheduled conference calls. Tier 2 Participants are authorized to use the turbine list developed by CESA ITAC. The OCE Oversight budget includes \$5,000 to fund participation in the ITAC subject to receipt of all required approvals.

## **Evaluation and Related Research**

Evaluation and related research provides insights and analysis of clean energy markets and programs. The BPU is the lead implementing agency for the development and implementation of the EMP. As such, the BPU is required to track and report on progress in meeting the EMP goals, as well as to evaluate current and proposed NJCEP programs in terms of their rate impact and the cost-benefit delivered. The BPU is also required to evaluate market potential for current and emerging clean energy technologies including CHP, fuel cells and storage technologies.

Rutgers University's Center for Energy, Economic and Environmental Policy (CEEPP) has been engaged by the Office of Clean Energy (OCE) to manage program evaluation and related research activities and to perform cost-benefit analyses. CEEPP will develop evaluation and related research plans, solicit input on the plans from the OCE, the Energy Efficiency and Renewable Energy Committees, program managers and others, and will implement such plans upon approval by the OCE.

Once evaluation plans are approved, CEEPP will either perform the evaluation and research activities or will develop the technical components of requests for proposals (RFPs) to engage outside contractors to perform the evaluations. RFPs will be issued by either Treasury or CEEPP, and CEEPP will work with Treasury regarding the review of proposals and will manage the day-to-day activities of contractors hired to perform evaluations. CEEPP will coordinate with the OCE and the Energy Efficiency and Renewable Energy Committees to implement recommendations that result from the evaluations and related research. CEEPP's budget also includes funding to track progress towards the EE and RE goals set out in the State Energy Master Plan.

### **FY14 Evaluation and Related Research: Planned Activities**

The Evaluation and Related Research budget includes funding for a number of evaluation related activities planned for FY14 including the following:

- **Rutgers Center for Energy, Economic and Environmental Policy:** evaluation support. This is a continuation of an existing contract to provide overall program evaluation management services and cost benefit analyses.
- **Sandy-Related Storm Response Evaluation -** CEEPP will conduct a cost-benefit analysis (CBA) of each of the four electric utilities (EDCs) proposals to upgrade and harden their systems in response to future severe weather events such as Superstorm Sandy and Hurricane Irene. The analysis will be at the level of each major set of proposals for each of the four EDCs. The CBA will be focused on mitigation measures going forward, but CEEPP will not conduct a prudency analysis or a retrospective review of EDC actions during the events of Sandy. One year of this evaluation will be funded through ARRA SERA Grant.

- **Offshore Wind Evaluations conducted by Rutgers Institute of Marine and Coastal Sciences (IMCS) Offshore Wind Evaluations - Rutgers University, Institute of Marine and Coastal Sciences (IMCS)** will assess offshore wind resource properties and wind power production potential for the three year period April 2011-March 2014. This assessment will be performed by the Rutgers Coastal Ocean Observation Laboratory (RU-COOL), which is a research division of the Rutgers University Institute of Marine and Coastal Sciences (IMCS). The resultant hourly data will be provided to CEEEP for input into their energy and economic models to determine the overall viability of NJ's offshore wind energy development initiative. Additionally, the information can be made available to the Rutgers Business School (RBS) to evaluate supply chain management and job creation issues that are associated with the offshore wind energy industry. The results of CEEEP's analysis could be incorporated into the Rutgers Department of Environmental Sciences (DES) air quality model that will convert offshore wind energy production into pollutants that would be emitted by equivalent fossil fuel generating plants. One year of funding to be provided by NJCEP, contingent upon Board approval.
- **Funding Reconciliation:** the FY14 budget includes funding for a proposed NJCEP funding reconciliation for the years 2010 through 2012.
- **Program Evaluation:** The budget includes funding for planned FY14 evaluation activities including:
  - A financial audit of utility EE activities
  - A process audit of the IMS
  - Implementation of other evaluation activities, as developed in the evaluation plan discussed below

The OCE believes a number of additional evaluation projects are warranted at this time including EE market assessments, an impact evaluation for wind and biomass, a process evaluation for the SREC program and others. However, rather than identifying specific evaluations projects in this document, Staff will reconvene the Evaluation Plan Workgroup and coordinate with CEEEP and other interested parties to prioritize evaluation needs and proposed activities.

CEEEP will develop an Evaluation and Related Research Plan, circulate a draft plan for input from the OCE, Rate Counsel, the Clean Energy Council, utilities, program managers and others and submit a final plan to OCE for approval. The FY14 program evaluation budget will fund activities included in the Evaluation and Related Research Plan as approved by the Board.

## **Miscellaneous Administration**

The FY14 budget includes funding for the Clean Energy Business web site. The BPU procured services from Rutgers University to maintain and update a statewide web-based database that is designed to assist RE and EE companies to grow and prosper in New Jersey. The objective of the web-site is to attract new RE and EE companies in New Jersey and to retain and expand existing RE and EE companies in New Jersey. The web-site will assist the State in meeting its renewable energy and energy efficiency goals as set forth in the Energy Master Plan, including green jobs development, greenhouse gas reduction and creating a partnership for developing innovative RE and EE technologies between businesses and the state's universities.

These objectives will be met by providing a wide range of business resources on this site including information about:

- State and Federal renewable energy and energy efficiency incentives
- Business financing opportunities
- Policies and permitting information
- Business development assistance
- Green job training

Fees for the services provided by Sustainable Jersey described in Attachment A will also be included in this budget category.

Staff is in discussions with the NJ Department of Community Affairs regarding the development of a fire safety training program related to renewable energy and energy storage systems. The proposed budget includes \$35,000 for this training.

Staff anticipates that management of the NJCEP will be transitioned to a new Program Administrator in FY14. The NJCEP Administration budget includes funding for transition costs related to transferring the programs managed by the current market Managers to the new administrator.

## Appendix A: FY14 Program Budgets

The following tables set out revised detailed FY14 budgets for the programs managed by the OCE:

Note: The OCE will not be managing any EE programs in FY 2014.

Office of Clean Energy							
Energy Efficiency Program Compliance Filing							
Detailed FY 2014 EE Budgets							
Energy Efficiency Programs	Total	Administration and Program Development	Sales, Call Centers, Marketing and Website	Training	Rebates, Grants, and Other Direct Incentives	Rebate Processing, Inspections, and Other Quality Control	Evaluation and Related Research
Energy Infrastructure Trust	\$30,000,000.00				\$30,000,000.00		
<b>Total Energy Efficiency</b>	\$30,000,000.00	\$0.00	\$0.00	\$0.00	\$30,000,000.00	\$0.00	\$0.00

Office of Clean Energy							
Renewable Energy Program Compliance Filing							
Detailed FY 2014 RE Budgets							
Renewable Energy Programs	Total	Administration and Program Development	Sales, Call Centers, Marketing and Website	Training	Rebates, Grants, and Other Direct Incentives	Rebate Processing, Inspections, and Other Quality Control	Evaluation and Related Research
Offshore Wind Solicitation	\$350,800.70				\$100,367.29		\$250,433.41
Renewable Energy Program: Grid Connected	\$256,320.00				\$256,320.00		
Edison Innovation Clean Energy Fund (formerly CST)	\$228,999.72				\$228,999.72		
<b>TOTAL Renewables</b>	\$836,120.42	\$0.00	\$0.00	\$0.00	\$585,687.01	\$0.00	\$250,433.41

EDA Programs Compliance Filing							
Detailed FY 2014 EDA Budgets							
EDA Programs	Total	Administration and Program Development	Sales, Call Centers, Marketing and Website	Training	Rebates, Grants, and Other Direct Incentives	Rebate Processing, Inspections, and Other Quality Control	
Edison Innovation Clean Energy Manufacturing Fund	\$10,302,009.61	\$201,570.68			\$10,100,438.93		
Edison Innovation Green Growth Fund	\$5,621,319.27	\$201,570.68			\$5,419,748.59		
Large CHP Solicitation	\$14,312,274.00	\$201,570.68			\$14,110,703.32		
<b>TOTAL EDA Programs</b>	\$30,235,602.88	\$604,712.05		\$0.00	\$29,630,890.83		\$0.00

Office of Clean Energy							
Detailed FY 2014 NJCEP Administration Budgets							
	Total	Administration and Program Development	Sales, Call Centers, Marketing and Website	Training	Rebates, Grants, and Other Direct Incentives	Rebate Processing, Inspections, and Other Quality Control	Evaluation and Related Research
<b>Administration and Overhead</b>							
OCE Staff and Overhead	\$3,335,104.48	\$3,335,104.48					
Program Coordinator	\$1,962,923.04	\$612,747.04	\$534,936.00			\$765,240.00	\$50,000.00
<b>Sub-Total: OCE Administration and Overhead</b>	<b>\$5,298,027.52</b>	<b>\$3,947,851.52</b>	<b>\$534,936.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$765,240.00</b>	<b>\$50,000.00</b>
<b>Memberships-Dues</b>							
2012 Sponsorships	\$200,000.00				\$200,000.00		
<b>Sub-Total: Memberships-Dues</b>	<b>\$200,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$200,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Evaluation and Related Research</b>							
Rutgers-CEEEP	\$1,400,000.64						\$1,400,000.64
Program Evaluation	\$8,800,000.00						\$8,800,000.00
<b>Sub-Total: Evaluation and Related Research</b>	<b>\$10,200,000.64</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$10,200,000.64</b>
<b>Marketing and Communications</b>							
Clean Energy Business Web Site	\$60,000.00		\$60,000.00				
Sustainable Jersey	\$500,000.00				\$500,000.00		
DCA RE Firefighter Training	\$35,000.00			\$35,000.00			
Program Transition	\$5,000,000.00	\$5,000,000.00					
<b>Sub-Total: Marketing and Communications</b>	<b>\$5,595,000.00</b>	<b>\$5,000,000.00</b>	<b>\$60,000.00</b>	<b>\$35,000.00</b>	<b>\$500,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>TOTAL: Administration</b>	<b>\$21,293,028.16</b>	<b>\$8,947,851.52</b>	<b>\$594,936.00</b>	<b>\$35,000.00</b>	<b>\$700,000.00</b>	<b>\$765,240.00</b>	<b>\$10,250,000.64</b>

# **Attachment A: Sustainable Jersey Program**

## **Sustainable Jersey FY 2014 Compliance Filing**

### **I. INTRODUCTION**

The New Jersey Board of Public Utilities was one of the original founding partners of Sustainable Jersey. Since the program's inception, the BPU has provided funding for program development and implementation. This document sets forth the Scope of Work and Proposed Budget for the Fiscal Year 2014 Compliance Filing. Upon approval, Sustainable Jersey will submit a detailed work plan to BPU for review.

### **II. SUSTAINABLE JERSEY OVERVIEW AND ENERGY LINKAGES**

Sustainable Jersey is a 501(c) (3) non-profit corporation dedicated to assisting communities working toward a sustainable future. Sustainable Jersey partners with the Sustainability Institute at The College of New Jersey to staff and manage the program. Advancing municipal progress through the vehicle of a certification program, Sustainable Jersey develops, promotes, and maintains a comprehensive suite of policies, resources, support, and incentives that are incorporated into Sustainable Jersey "actions". To recognize and reward progress, Sustainable Jersey confers a prestigious certification based on the number of actions (and corresponding points) a community successfully completes.

Since the program was launched in February 2009, 67% of the municipalities in New Jersey have joined the Sustainable Jersey program and passed resolutions stating their intent to become certified. One hundred and thirteen are certified; and collectively they have implemented and documented over 3,000 sustainability actions. Although the program covers a broad array of sustainability issues, energy is the single greatest component. Sustainable Jersey specifically develops municipal policy recommendations, educational programs, written guidance, and outreach efforts, in support of the NJBPU Clean Energy Program's (NJCEP) initiatives. For example, there are ten (10) actions that directly promote NJCEP programs, worth a total of 170 points. A significant portion (approximately 25%) of the Sustainable Jersey infrastructure is utilized in support of these actions. There are an additional twenty two (22) actions that have a direct bearing on energy sustainability, but which are not specifically related to NJCEP programs.

NJCEP Specific Sustainable Jersey Actions:

- Energy Tracking and Management (coordinated with NJCEP)
- Energy Audit for One Building (LGEA)
- Inventory and Upgrade All Buildings
- Green Purchasing (requires all appliances be Energy Star)
- Energy Education and Outreach (rewards municipalities for holding education events on CEP programs)
- School Energy Conservation Programs

- Home Performance with Energy Star
- Direct Install
- Wind Ordinance (the BPU model wind siting ordinance)
- Geothermal Installations
- Solar Installations
- Wind Installations

The funding that directly supports the Sustainability Institute at The College of New Jersey's administration of Sustainable Jersey's energy-related actions is leveraged through the time and efforts of community volunteers and thereby increase participation in the NJCEP.

Non-NJCEP Actions that address sustainable energy (and likely drive interest and participation in NJCEP programming indirectly) include:

- High Performance Building (Achieve the USEPA Energy Star label for one building)
- High Performance Building Portfolio (Energy Star rating achieved for entire building portfolio)
- Municipal Carbon Footprint
- Climate Action Plan
- Green Fleets (including CNG and electric vehicles)
- Adopt Behavioral Policies (mandating turning off lights and office machines, setting efficiency controls, raising thermostats etc.)

### **III. SCOPE OF WORK**

The New Jersey Energy Master Plan identifies the expansion of education and outreach regarding the promotion of cost-effective conservation and energy efficiency as a primary objective. Sustainable Jersey's Fiscal Year 2014 Scope of Work focuses on supporting the NJCEP's policy goals through (1) the ongoing integration, maintenance and support of energy efficiency and renewable energy actions in our municipal program; (2) the delivery of educational programs and outreach targeted at the local government sector; (3) the implementation of new Sustainable Jersey actions based on best practices and program research; and (4) the development of the energy related components of the new Sustainable Jersey for Schools certification program.

#### **1. Operations and Program Coordination**

Sustainable Jersey's successful certification program provides a framework and support for municipalities to achieve their sustainability goals. Integrating the NJCEP's policy goals and programs into the Sustainable Jersey structure provides an extremely cost effective conduit for the NJCEP to reach local governments. To that end, a portion of Sustainable Jersey's annual NJCEP funding supports the coordination and integration of the NJCEP with Sustainable Jersey operations.

The FY2014 compliance filing will help support the annual review cycle. The certification process is an important opportunity to provide technical support and collect information regarding the array of energy-related actions municipalities have implemented. The first half of

the year will be focused on reviewing the certification applications submitted by the June 16, 2013 deadline. Each application will undergo three rounds of review and revision between the reviewers (Sustainable Jersey staff and task force leaders) and the applicant. Sustainable Jersey works intensively with the applicants to help them fix deficiencies in their applications and correctly document their actions. The goal is to encourage, support, and guide municipalities to achieve certification. Final decisions will be made on all applications by mid-December 2013. Sustainable Jersey's Participating Communities tool on our website's home page enables website visitors to search our completed actions database, discover what specific communities are doing, and download helpful information. During the second half of the fiscal year, Sustainable Jersey staff will work to encourage municipalities to submit applications in June 2014.

In FY2013, Sustainable Jersey implemented a new sophisticated web platform that streamlined the administration of the certification process. Each Sustainable Jersey municipality has its own online work space or "profile" to plan, prepare, and submit its certification application. All of the municipality's documentation can be stored online in the profile. The municipality's primary contact controls access to the profile by designating "owners" and "contributors", thereby facilitating Green Team coordination and collaboration activities. The application review and revision process is also managed via the web platform. The results of each application review cycle are stored in the relational databases associated with the website. These databases provide a key source of information to track and evaluate the overall impact of the Sustainable Jersey certification program, as well as each specific action. In FY2014, Sustainable Jersey will work with its website contractor to develop reporting capabilities that will provide easy access to data.

The Sustainable Jersey Help Line provides municipal staff and Green Team members with direct access to staff via phone, voice message, or email to answer their questions and provide guidance regarding the certification process and specific actions. On average, Sustainable Jersey receives over a thousand inquiries per year.

### ***Task Deliverables:***

Under this task, Sustainable Jersey will:

- Participate in monthly NJCEP meetings, including the Program Coordinators' Meeting, the Energy Efficiency Meeting, and the Sustainable Jersey/BPU 24 Task Force Meeting to share information, report on Sustainable Jersey deliverables, and coordinate activities with the BPU and the NJCEP Program Administrator
- Provide BPU with a summary report on the energy related actions submitted by municipalities seeking Sustainable Jersey certification and the insights gleaned relative to local government NJCEP participation and the creation or modification of Sustainable Jersey energy related actions
- Develop the capability to easily access the data stored in the relational databases associated with the Sustainable Jersey website and produce reports
- Provide quarterly reports on the number of inquiries to the Sustainable Jersey Help Line

## **2. Outreach and Education**

Sustainable Jersey's established marketing, communications, and event delivery infrastructure provides for ongoing contact with local government staff, Green Team members, and other interested parties.

Recent statistics report over five thousand visitors each month to the Sustainable Jersey website with over half of those accessing it for the first time. Information on the NJCEP is integrated throughout the website on the Actions & Certification and Resources pages. Training and outreach events that include energy-related topics are listed on the Events & Trainings page and calendar. Presentation materials from past events are posted and available for download. The website also includes a compilation of funding resources (referred to as the Grants Portal) that can be easily searched by users. Users can also create a profile and request weekly updates on new resources that match their preferences. The compilation includes the current components of the NJCEP program and other energy related incentives and grants from federal, state, others. Sustainable Jersey also has an active Facebook page and uses Twitter regularly to disseminate information.

In addition to posting information on the website and social media, Sustainable Jersey distributes a quarterly e-newsletter and weekly email blasts; promotes Sustainable Jersey and the NJCEP at wide range of events; and provides education and training via Sustainable Jersey workshops and webinars and at conferences and events organized by other entities such as non-profits, colleges and universities, professional associations, government departments or others.

Training and education topics are determined based on input from the Sustainable Jersey community and our partner organizations, relevant information and findings identified through Sustainable Jersey's ongoing research efforts, and the implementation of new state and federal programs and policies. Potential FY2014 energy topics include but are not limited to:

- HPwES and other NJ Clean Energy Programming
- ESIPs and Leveraging Financing for Local Government Projects
- Leveraging local governments to promote DI and HPwES in the private sector
- Streamlining Solar Siting and Permitting
- Energy Benchmarking
- Best Practices in Energy Conservation through Behavior Change
- Sustainable Vehicle Fleets

***Task Deliverables:***

Under this task, Sustainable Jersey will:

- Update the Sustainable Jersey website with energy related events and information, including all relevant NJCEP information and programming
- Keep the Sustainable Jersey website funding resources search tool current relative to NJCEP program information and other energy related incentives and grants from federal, state, and other entities.
- Produce and distribute a quarterly newsletter that includes a feature story on an energy related topic
- Incorporate relevant energy related information in Sustainable Jersey weekly e-blasts and social media postings
- Include NJCEP materials in Sustainable Jersey exhibits at conferences and events (minimum of 20 exhibits in Fiscal Year 2014)

- Deliver a total of eight (8) Sustainable Jersey workshops and/or webinars on energy topics mutually agreed upon between Sustainable Jersey and BPU staff. Copies of the presentation materials, participant list, and the session evaluation will be provided to BPU for each event
- Participate as the facilitator and/or presenter in a minimum of four (4) sessions on energy related topics at conferences or events organized by other groups. Copies of the presentation materials, participant list (where available), and the session evaluation (where available) will be provided to the BPU for each event.

### **3. Best Practice and Sustainable Jersey Program Development Research**

Sustainable Jersey actions are developed through an ongoing process of discussion and research that includes participation by subject matter experts from state agencies, colleges and universities, non-profit organizations, and business leaders on topic specific task forces. The task forces are charged with identifying best practices and applying the latest research to ensure that existing Sustainable Jersey actions remain relevant and to develop new actions to continue to drive more sustainable practices. Each new action is designed to provide municipalities with a framework for implementing sustainable policies and practices and detailed guidance on how to accomplish the desired outcomes. The FY2014 compliance filing will fund the Sustainable Jersey Energy Task Force's efforts on NJCEP related topics identified based on input from the Sustainable Jersey community and our partner organizations. Potential FY2014 energy research topics include but are not limited to:

- Energy Aggregation: Sustainable Jersey has received inquiries from municipalities regarding this topic. A compilation of available research on Energy Aggregation would assist municipalities exploring this option. If warranted by the research, a new action could be produced.
- Energy Savings via Behavior Change: Significant energy savings can be achieved without equipment upgrades by enacting behavior changes. The research would be conducted to inform the development of a new action for municipalities in this area.
- Long term Energy Tracking Software Utilization: Although Sustainable Jersey currently has actions that support the use of Energy Tracking Software such as Energy Star Portfolio Manager; work is needed to encourage municipalities to engage in ongoing tracking and evaluation of the data. Research can identify obstacles to the municipalities utilizing these resources to monitor energy efficiency and inform strategies and actions in this area.
- Fleets: Sustainable Jersey has a number of successful actions related to fleets. However, significantly more progress can be made to advance efficiency and alternative fuel vehicles. These include energy efficiency, alternative fuels, and fuel diversity as an emergency management and preparedness strategy.

In addition to the Sustainable Jersey Energy Task Force driven research, Sustainable Jersey staff will participate in the development of the NJCEP Strategic Plan and the Working Group charged with the development of a three year evaluation plan.

#### ***Task Deliverables:***

Under this task, Sustainable Jersey will:

- Undertake research initiatives on three (3) energy related topics mutually agreed upon between Sustainable Jersey and BPU staff. The outcome of each initiative will be the development of a new Sustainable Jersey action or a research report assimilating relevant information for municipalities interested in exploring the topic.
- Conduct quarterly Energy Task Force meetings to guide the research effort, evaluate the findings, and develop Sustainable Jersey actions if warranted.
- Participate in BPU CEP strategic planning and evaluation efforts

#### **4. Sustainable Jersey for Schools Certification Program**

Sustainable Jersey and the New Jersey School Boards Association (NJSBA) have executed a Memorandum of Understanding to establish guidelines to frame their relationship for jointly undertaking a Sustainable Jersey for Schools certification program. NJSBA has committed to providing \$225,000 to support the start-up of the program over the next few years. NJSBA and Sustainable Jersey are currently recruiting program partners and participants. The partners will establish school-focused task forces to support the development and deployment of the schools' certification program.

There are over 600 school districts and many thousands more school buildings. It is anticipated that the Sustainable Jersey for Schools Program can be launched for a fraction of the cost of the municipal program. This program would significantly enhance Sustainable Jersey's penetration in the local government sector. As with the municipal certification, energy and the NJCEP would be a significant component of program; in regard to schools as consumers of energy in the short term, and as educational institutions that will set consumption patterns for generations of children.

#### ***Task Deliverables:***

Under this task, Sustainable Jersey will:

- Expand the existing Sustainable Jersey Energy Task Force to include representation from the schools community, modify/customize the applicable existing NJCEP related actions for the schools program, and determine the need for new schools-specific energy efficiency or renewable energy related actions
- Convene a subcommittee under the Energy Task Force umbrella to develop a new action or actions related to energy curriculum for schools
- Develop a Sustainable Jersey for Schools web-based platform modeled after and integrated with the existing Sustainable Jersey website

#### **IV. PROPOSED BUDGET**

##### **Budget Summary**

<b>Budget Category</b>	<b>Amount</b>
Sustainable Jersey Staff Salaries and Fringe	\$371,750
Consultants	\$65,000
Other Direct Expenses ( <i>supplies, equipment, telephones, subscription services, publications, postage, and travel</i> )	\$17,795
Indirect Expenses ( <i>facilities and administration</i> )	\$45,455
<b>Total Proposed Budget</b>	<b>\$500,000</b>

##### **Salary Expenses by Task and Hours**

<b>Task</b>	<b>Sustainable Jersey Salary Total</b>	<b>Total Hours</b>	<b>% Hours by Task</b>
Operations and Program Coordination	\$83,294	3,197	33%
Outreach and Education	\$142,922	3,426	36%
Best Practice and Sustainable Jersey Program Development Research	\$81,414	1,921	20%
Sustainable Jersey for Schools Certification Program	\$64,120	1,109	11%
Total	\$371,750	9,653	

## **Attachment B: EDA Programs**

### **New Jersey Economic Development Authority Clean Energy Programs**

The New Jersey Economic Development Authority (EDA) will be administering two Clean Energy programs: The Edison Innovation Clean Energy Manufacturing Fund and The Edison Innovation Green Growth Fund. EDA will also manage grants previously approved as part of the Large Scale Combined Heat and Power (CHP)/Fuel Cells program. Each of these programs is described more fully below.

The Edison Innovation Clean Energy Manufacturing Fund (CEMF) program offers assistance in the form of low-interest loans and non-recoverable grants to companies manufacturing renewable energy, clean and energy-efficiency products in New Jersey. The CEMF will ultimately provide New Jersey consumers with greater access to these products by developing manufacturing facilities in New Jersey.

The Edison Innovation Green Growth Fund (EIGGF) program offers assistance in the form of loans to clean technology companies that have achieved ‘proof of concept’ and have achieved successful, independent beta results and are seeking funding to grow and support their technology business. The EIGGF will ultimately provide New Jersey consumers with greater access to these products by developing emerging technologies in New Jersey. A full description of this program follows.

#### **Glossary of terms:**

- Beta – In the technology industry, this is a second-phase test of new software, equipment or application in a live operating environment conducted by testers other than its developers (often potential customers). This process helps to pinpoint flaws prior to full-scale market introduction.
- Cash Match – Financing - generally equity financing - from a third party, at a minimum, financing without current interest payment and which also has a subordinate collateral position.
- Negative Pledge – Prohibits a borrower from providing a security interest or pledging any rights to their intellectual property.
- Springing Lien – A property lien to secure the payment of a debt or performance of some other obligation that is activated only if the business in question defaults on its obligations.
- Valley of death – Is an industry nomenclature for companies which have passed a proof of concept and are at the point in their life cycle where they are looking to raise their first round of private capital and bring their products to market and scale.

# Edison Innovation Clean Energy Manufacturing Fund

## **Program Description**

The Edison Innovation Clean Energy Manufacturing Fund (CEMF) program offers assistance in the form of low-interest loans and grants to companies manufacturing renewable energy, clean and energy-efficiency products in New Jersey. The CEMF will ultimately provide New Jersey consumers with greater access to these products by developing manufacturing facilities in New Jersey.

Products manufactured under this program ultimately benefit the New Jersey consumer by providing long-term energy products locally, thereby reducing environmental impact through reduced transportation and by facilitating competitive and diverse electricity supply for New Jersey. The program provides support for manufacturing of energy efficient products and renewable energy products that will assist Class I renewable energy in becoming competitive with traditional sources of electric generation.

## **Background**

The New Jersey Board of Public Utilities Office of Clean Energy (OCE) and the New Jersey Economic Development Authority (EDA) have been administering New Jersey's Clean Energy Programs including Renewable Energy Programs, which are designed to promote the development and installation of renewable energy projects statewide. The OCE will be able to leverage the financial expertise of the EDA that provides funding for manufacturers in New Jersey and to early stage technology companies specializing in clean technologies via its Edison Innovation Fund Programs.

## **Target Market/Eligibility**

The recipients of the CEMF are companies manufacturing renewable energy and energy-efficiency products in New Jersey with their target markets including investor-owned utilities, municipalities, co-operatives, system integrators, installers and private-label customers/original equipment manufacturers or out of state or out of country manufacturers looking to start a manufacturing facility in NJ given the states robust clean energy community. Renewable Energy products under the CEMF must contribute to the cost-competitiveness of renewable energy in New Jersey, and other tangible ratepayer benefits such as economic development, environmental benefits, etc. from either the production or the direct use of the applicant's products.

Eligible technologies for funding under the CEMF include energy efficiency equipment and technology that reduce electric or natural gas consumption, such as furnaces, boilers, and air conditioning systems with higher efficiencies than energy codes or standards, as well as lighting systems, including LED lights and energy monitoring and control systems, limited to those which conserve the end use of gas or electricity. Eligible renewable energy technologies are: photovoltaic technologies, wind energy, renewably fueled fuel cells, wave, tidal, renewably generated hydrogen, sustainable harvested biomass and other technologies that can demonstrate their integral nature to the development of Class I renewable energy technologies that produce or support the production of renewable or clean electricity generation.

For the CEMF, applicants must be a for-profit company that currently, or plans to, manufacture eligible renewable energy or energy efficient technology products in New Jersey and is entering or expanding with the manufacturing stage of commercial development. Proposals to manufacture products that are not beyond the prototypes or pre-commercialization phase are not eligible. Modifications to existing manufacturing lines will not be considered (however, material expansions to current manufacturing lines may be considered). Funding for prototype or beta stage manufacturing will also not be considered. Funds will be used for identifying and securing a site and to obtain the necessary permits and regulatory approvals, and for capital equipment, leasehold improvements, and engineering and construction services related to such equipment and improvements, and, potentially, increase in inventory. The use of NJ contractors, suppliers, labor and products are preferred. Non-project costs – such as interest expense on loans - are not considered to be eligible under this program. All projects must be in compliance with all applicable laws.

This program requires a firm commitment of a minimum 1:1 cash match demonstrating funding of total project costs from other non-State third party sources of funding for cost sharing, either from grants, loans, or equity, for meeting the total renewable energy/energy efficiency project expenditures. If the matching funds are not reported on the applicant's balance sheet at the time of application, a written letter of interest (LOI) must be provided for the 1:1 cash match. This policy is intended to encourage applicants to seek collaborators that can provide additional resources and expertise that will increase the likelihood of commercial success.

### **Program Offering and Incentives**

Total funds awarded are subject to a maximum of \$3,300,000 per each company project with funds advanced under two tranches. This program offers traditional grants – up to 10% of total CEMF funds requested not to exceed \$300,000 to be funded under Tranche I as well as performance grants of \$1 million or one-third of a 2% interest loan up to a maximum \$3 million per project to be funded under Tranche II. The former is funded according to the applicant meeting pre-determined employment and production or sales milestones during the disbursement period subsequent to the closing of the CEMF funding.

### Tranche I - Project Assessment and Design (A&D)

These funds are to be advanced to identify and secure a site (either a lease or purchase), complete initial project facility design, and to obtain the necessary permits and regulatory approvals to operate the facility. Funds are to be allocated up to \$300,000 per each company project with a minimum of a 1:1 cash match of total project costs from other financial sources. Up to 10% of the total CEMF funds requested – not to exceed \$300,000 - will be funded under this specific A&D tranche. At closing of the grant, twenty (20%) percent of the approved funds will be advanced for upfront seed money with the remainder paid after work has been completed upon submission of invoices.

## Tranche II - Project Construction and Operation (C&O) 2% Interest Loan with Performance Grant

These funds are to support site improvements, equipment procurement and facility construction and completion. A preference will be given to those projects that demonstrate a greater percentage of the project being designed, manufactured, processed, assembled or made ready for commercial sale at the applicant's facilities within New Jersey. The total amount awarded under this tranche is up to a maximum \$3 million per each company project with a minimum 1:1 match of these total project costs from firmly committed, non-state-derived matching support. No more than 50% of funds requested may be advanced prior to commercial production.

Up to a maximum \$3 million 2% interest loan as evidenced by a loan note shall be repaid with repayment starting on the first month of year four, with interest accruing in the prior periods. The loan will fully amortize in equal monthly payments over the remaining periods of the 2% interest loan repayment period. Any unpaid balance will be due at the 10-year anniversary if not previously paid in the course of amortization. One-third or 33.33% of the C&O 2% interest loan not exceeding \$1 million may be converted to a performance grant with no terms of repayment. This condition is subject to the applicant meeting all pre-determined milestones during the 36-month disbursement period subsequent to the closing of the CEMF funding. These milestones will be deemed satisfactorily completed, in their sole discretion, by the BPU or designated market managers monitoring the project.

### **Program Delivery**

The award of grants and low interest loans from the Edison Innovation Clean Energy Manufacturing Fund shall include: advertisement inviting qualified applicants to submit proposals, a defined process for receiving such proposals and an evaluation process based on established criteria by an objective and disinterested advisory committee.

The EDA will accept the program applications on a rolling basis. There will be a pre-application intake form for technical screening followed by a full application for those successful pre-applicants. Applicants that submit a complete application and meet the evaluation criteria will be asked to make a project presentation to a Clean Technology Advisory Committee comprised of EDA, BPU, and representatives from other government entities and industry volunteers with EE and/or RE and business technology subject matter expertise. The Clean Technology Advisory Committee will review and advise based upon the Applicant's presentation and ability to meet the evaluation criteria.

Applicants successfully meeting all the program criteria, receiving a positive review from the clean technology advisory committee based on the program eligibility and conditions, the evaluation criteria and successfully completing the due diligence process, will be underwritten and presented to the BPU Board for consideration. Both the EDA and the BPU will jointly notify all applicants.

CEMF Proposals must document the approach, plans and strategies intended to meet project goals including:

- Technical project information and benefits
- Business plan including financial projections
- Proposing team and qualifications (including manufacturing experience)
- Project procedural steps to accomplish the project milestones
- Project Budget including schedule of matching funds

Applications will be subject to an extensive financial and technical due diligence. Final approval of the project grants and 2% interest loans will be by BPU's Board. EDA will arrange for the issuance of all 2% interest loans and grants to award recipients and will perform the documentation closing of all CEMF 2% interest loans and grants.

#### **Planned Program Implementation Activities for FY 2014**

The following program implementation activities will be undertaken in FY 2014:

- Manage all aspects of a rolling online program offering with FY 2014 program funding. The rolling program offering is expected to be a 6-month process from application submittal until award recipients are announced.
- Develop and distribute educational and marketing promotion materials with the BPU.
- Draft press releases and any other public announcements with the BPU.
- Implement system enhancements for processing applications, project information and quarterly reporting to the BPU in compliance with BPU IMS accounting and reporting requirements.

#### **Quality Control Provisions**

The OCE and/or its market managers with expertise in renewable energy and energy efficiency technologies will assist in prescreening the applications and have the authority to reject all applications that do not meet the technical eligibility guidelines for technologies promoting energy efficiency and renewable energy programs as set forth at N.J.S.A., 48:3-49 et seq, the Electric Discount and Energy Competition Act.

As part of the final evaluation committee, the OCE and/or its market managers will conduct a full application review of meeting requirements of technical criteria. Subsequent to this technical review, a Clean Technology Advisory Committee comprised of EDA, BPU, and representatives from other government entities and industry volunteers with EE and/or RE and business technology subject matter expertise will attend individual presentations by the applicants and advise based upon the Applicant's presentation and ability to meet the evaluation criteria.

The OCE and/or its designated market managers will be consulted to conduct field inspections and monitor the project and its milestone deliverables for compliance with program technical requirements.

## **Program Budget**

The proposed budget for FY 2014 for the CEMF program is \$10,302,009.61. EDA will comply with the BPU IMS accounting and reporting requirements. A detailed budget breakdown for this program is provided above.

EDA proposed to charge an administrative fee of \$50,392.67 per month for managing the CEMF, GGF and large scale CHP programs combined.

## **Marketing Plans**

- The EDA jointly with the BPU will develop marketing materials for distribution and update websites, including industry databases, for announcement of the program offering.
- Promote the program offering at educational and networking events with potential participants and industry stakeholders.

## **Program Goals and Performance Indicators**

The goals of this program include leveraging public and private resources for advancing the technologies and services necessary to support vibrant energy efficiency and renewable energy industries in New Jersey in accordance with the NJ Governor's Energy Master Plan and the "Global Warming Response Act", P.L. 2007, c.112, which sets long-term goals for reducing greenhouse gas emissions in New Jersey. The State of New Jersey Energy Master Plan goal is to maintain support for the renewable energy portfolio standard of 22.5% of energy from renewable sources by 2021. It is therefore the mission of the Clean Energy Manufacturing Fund to decrease electricity and heating costs, improve electric reliability and maximize economic and environmental benefit to New Jersey's ratepayers by driving down the cost of key market-transforming efficiency and renewable energy technologies.

Achieving this mission includes:

- Providing a range of tools to integrate policies across programs for research and development support, gap funding, equity investments, and stimulating market demand
- Developing a balanced clean energy industry cluster
- Supporting technologies that will provide the most benefit to New Jersey ratepayers
- Building upon consumer choice

Expected benefits of the CEMF are to include: increasing the number of renewable energy and energy efficiency manufacturing jobs in New Jersey by encouraging expansion of current manufacturers and to provide sufficient incentive to other manufacturers to locate in New Jersey; stimulating economic development in the New Jersey renewable energy and energy efficiency sector through demand for goods and services by manufacturers; and increasing the volume of renewable energy and energy efficient products manufactured in New Jersey to New Jersey consumers.

## **Performance Indicators**

- Number of jobs created in the renewable energy and energy efficiency sector in NJ
- EDA to work with BPU to develop a form for addressing technical specified criteria.

Goals for the program include the following:

- Solicit at least 3 applications and target 1 awards. Focus will be to provide manufacturing match funding for a broad range of eligible renewable energy and energy efficiency technologies.
- Provide program information in order to attract qualified applicants at state, regional and national renewable energy and energy efficiency forums, publications and/ or websites.

## **Edison Innovation Green Growth Fund**

### **Program Description**

The Edison Innovation Green Growth Fund (EIGGF) program offers assistance in the form of loans and grants to Class I Renewable or Energy Efficient clean technology companies that have achieved ‘proof of concept’ and have achieved successful, independent beta results and are seeking funding to grow and support their technology business. The EIGGF will ultimately provide New Jersey consumers with greater access to these products by developing emerging technologies in New Jersey.

Products and services under this program will ultimately benefit the New Jersey consumer by providing long-term alternative energy needs in an environmentally sound manner and by facilitating competitive and diverse electricity supply for New Jersey. The program provides support for businesses looking to launch newly discovered energy efficient, renewable energy or supply chain products that will assist Class I renewable energy or energy efficient technologies in becoming competitive with traditional sources of electric generation.

Expected benefits of the EIGGF are to include: increasing the number of renewable energy and energy efficiency businesses in New Jersey by encouraging expansion of the current pool of clean energy companies and development of clean energy technology products; providing sufficient incentive to other clean energy companies to locate in New Jersey; and stimulating economic development in the New Jersey renewable energy and energy efficiency sector. It is also to be certain that the businesses which are creating the newest technology have adequate capital resources to penetrate the commercial markets and survive “the valley of death.”

### **Background**

The New Jersey Board of Public Utilities Office of Clean Energy (OCE) and the New Jersey Economic Development Authority have been administering New Jersey’s Clean Energy Programs including Renewable Energy Programs, which are designed to promote the development and installation of renewable energy projects statewide. The OCE will be able to leverage the financial expertise of the EDA to provide funding to growth stage clean technology companies.

### **Target Market/Eligibility**

The recipients of the EIGGF will be New Jersey clean technology companies that have achieved ‘proof of concept’ and have achieved successful, independent beta results, developing renewable energy and/or energy-efficiency products which are proprietary to the company and protected via a patent, trademark or license. Renewable Energy products under the EIGGF must contribute to the cost-competitiveness of renewable energy in New Jersey, and other tangible ratepayer benefits such as economic development, environmental benefits, etc. from either the production or the direct use of the applicant’s products.

Eligible technologies for funding under the EIGGF include energy efficiency equipment and technology that reduce electric or natural gas consumption, such as furnaces, boilers, and air conditioning systems with higher efficiencies than energy codes or standards, as well as lighting systems, including LED lights and energy monitoring and control systems, limited to those which conserve the end use of gas or electricity. Eligible renewable energy technologies are: photovoltaic technologies, wind energy, renewably fueled fuel cells, wave, tidal, renewably generated hydrogen, sustainable harvested biomass and other technologies that can demonstrate their integral nature to the development of Class I renewable energy technologies that produce or support the production of renewable or clean electricity generation.

For the EIGGF, Company must be a developer/owner of protected proprietary technology. Companies will be required to employ 75% of its W-2 employees in New Jersey or will commit to growing 10 high paying jobs over two years (minimum salary of \$75k). Further, the company must be willing and able to create high skill, high paying jobs in New Jersey. The company will be required to have a management team that works full time only at that company and has applicable industry experience, as well as a management team or working founders with a financial investment in the company. The Company must have an independent third party who can serve as a positive beta reference and must have generated revenues from the EE or RE technology.

This program requires a firm commitment of a 1:1 cash match of equity or very deeply subordinated debt from arms-length third party sources. This policy is intended to encourage applicants to seek collaborators that can provide additional resources and expertise that will increase the likelihood of commercial success as well as serving as another vetting/due diligence source on the business and management team.

### **Program Offering and Incentives**

Total funds awarded are subject to a maximum of \$2,000,000 per each company in the form of deeply subordinated debt, which is partially convertible to a performance grant at the end of the five year term. Any companies that have been awarded \$1,000,000 under the EIGGF program are eligible for the increase to \$2,000,000 with fresh matching funds. The EDA will subordinate its lien position to any current senior bank debt, file a UCC 1 filing statement on the assets of the company, and require a negative pledge and a “springing lien” on the Intellectual Property. With the positive performance of the company (to be determined upon specific benchmarks prior to closing and may include, but may not be limited to employee and revenue hurdles), 50% of the funding may be converted to a performance grant at the end of year five. In addition, the EDA will allow future automatic subordination of 25% of the commitment amount for new senior debt. Any amounts above this 25% require the prior written consent of the EDA.

Interest rates for this program will be fixed at 2% for a five-year term. Repayment terms will be customized, based upon the stage of the Company and the pro-forma financials, with the ability to defer principal and/or interest up to two years, with a back ended full payout of principal plus interest by maturity in year five. Once approved, financing is staged in over the first 12 months and is based upon business milestones that are specific to each Company. Financing also includes a negative pledge on the intellectual property, with a “springing lien” in the event of a

default. Outside funding is required to cover business expenses beyond the Edison Green Growth Fund.

### **Program Delivery**

The award loans from the Edison Innovation Green Growth Fund shall include: completion of an EDA application for financial assistance from the applicant, a technical review of the technology by an established Clean Technology Advisory Committee, and a complete underwriting of the applicant company.

The EDA will accept the program applications on a rolling basis. There is no application deadline as applications are reviewed as received. All potential applicants should be speaking with an EDA representative prior to applying for funding to determine eligibility. There will be no application fee. EDA's online application will be utilized. The EDA, with the aid of the Evaluation committee will be reviewing the business plan and financial model of the company for competitive advantage, business execution, ability to grow high paying jobs in NJ and to support the renewable and energy efficient industry in NJ.

After the EIGGF review process is completed and is deemed positive by the Evaluation Committee, an underwriting proposal prepared by the EDA will be submitted to the BPU Board for approval. EDA will jointly notify all applicants.

The EIGGF application will be the standard application for financial assistance utilized by the EDA. EIGGF applications must include the following information (other additional information may be requested):

- Company business plan
- Historical Financial Statements including balance sheet, cash flow projections & capitalization chart
- 5 year- monthly pro-forma financial statements including balance sheet, income statement and cash flow
- Technology and business commercialization plan with fully articulated milestones
- Patent(s) and Documentation of Ownership by Applicant
- Evidence of committed Applicant Matching Funds, received within 90 days prior to the application date to the EDA
- Complete Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis
- Resumes or bios for all key personnel

Once approved, financing will be staged in over the first 12 months and will be based upon business-based milestones that are specific to each Company.

Applications will be subject to an extensive financial and technical due diligence. Final approval of the project loans will be by BPU's Board. EDA will arrange for the issuance of all loans to award recipients and will perform the documentation closing of all EIGGF loans. EDA will also manage the loan portfolio post-closing.

## **Planned Program Implementation Activities for FY 2014**

The following program implementation activities will be undertaken in FY 2014:

- Manage all aspects of the application and review process with FY 2014 program funding.
- Develop and distribute educational and marketing promotion materials with the BPU.
- Draft press releases and any other public announcements with the BPU.
- Implement system enhancements for processing applications, project information and quarterly reporting to the BPU in compliance with BPU IMS accounting and reporting requirements.

## **Quality Control Provisions**

The OCE and/or its market managers with expertise in renewable energy and energy efficiency technologies will assist in prescreening the applications and have the authority to reject all applications that do not meet the technical eligibility guidelines for technologies promoting energy efficiency and renewable energy programs as set forth at N.J.S.A., 48:3-49 et seq, the Electric Discount and Energy Competition Act.

Applicants that submit a complete application package and meet all the evaluation criteria will be asked to make a project presentation to a Clean Technology Advisory Committee comprised of EDA, BPU, representatives from other government entities and industry volunteers with EE and/or RE and business technology subject matter expertise. The Clean Technology Advisory Committee will review and advise based upon the Applicant's ability to meet Evaluation Criteria. Applicants successfully meeting all the program criteria, a positive review from the Clean Technology Advisory Committee based on the program eligibility and conditions, the evaluation criteria and the due diligence process will be presented to the BPU Board for consideration. The EDA will administer the underwriting, closing and disbursement of funds to the Awardees.

The OCE and/or its designated market managers will be consulted to conduct field inspections and monitor the project and its milestone deliverables for compliance with program technical requirements.

## **Program Budget**

The proposed budget for FY 2014 is \$5,621,319.27 for the EIGGF program. EDA will comply with the BPU IMS accounting and reporting requirements. A detailed budget is provided above.

EDA proposed to charge an administrative fee of \$50,392.67 per month for managing the CEMF, GGF and large scale CHP programs combined.

## **Marketing Plans**

- The EDA jointly with the BPU will develop marketing materials for distribution and update websites, including industry databases, for announcement of the program offering.
- Promote the program offering at educational and networking events with potential participants and industry stakeholders.

## **Program Goals and Performance Indicators**

The goals of this program include leveraging public and private resources for advancing the technologies necessary to support vibrant energy efficiency and renewable energy industries in New Jersey in accordance with the NJ Governor's Energy Master Plan and the "Global Warming Response Act", P.L. 2007, c.112, which sets long-term goals for reducing greenhouse gas emissions in New Jersey. The State of New Jersey Energy Master Plan goal is to maintain support for the renewable energy portfolio standard of 22.5% of energy from renewable sources by 2021.

It is therefore the mission of the Edison Innovation Green Growth Fund to decrease electricity and heating costs, improve electric reliability and maximize economic and environmental benefit to New Jersey's ratepayers by driving down the cost of key market-transforming efficiency and renewable energy technologies.

Achieving this mission includes:

- Providing a range of tools to integrate policies across programs for research and development support, gap funding, equity investments, and stimulating market demand
- Developing a balanced clean energy industry cluster
- Supporting technologies that will provide the most benefit to New Jersey ratepayers
- Building upon consumer choice

Expected benefits of the EIGGF are to include: increasing the number of renewable energy and energy efficiency technology companies in New Jersey by encouraging growth in New Jersey; stimulating economic development in the New Jersey renewable energy and energy efficiency sector through demand for goods and services by manufacturers; and increasing the volume of renewable energy and energy efficient products manufactured in New Jersey to New Jersey consumers.

Goals for the program include the following:

- Solicit at least 6 well qualified applications and target 3 awards. Focus will be to provide growth capital for companies which have proven their technology on a limited scale, and give them adequate financial resources to bring their technology product to full scale production and create market penetration. The focus will also be to bring financial incentives from a broad range of eligible renewable energy and energy efficiency technologies to allow for a diverse renewable and energy efficient portfolio of technology companies in New Jersey.
- Provide program information in order to attract qualified applicants at state, regional and national renewable energy and energy efficiency forums, publications and/ or websites.