



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
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www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF COMPREHENSIVE ENERGY) ORDER
EFFICIENCY AND RENEWABLE ENERGY RESOURCE)
ANALYSIS FOR THE 2009 - 2012 CLEAN ENERGY)
PROGRAM: 2012 SUSTAINABLE JERSEY) DOCKET NOS. EO07030203 &
COMPLIANCE FILING) EO11100631V

Parties of Record:

Randall Solomon, Sustainable Jersey
Michael Ambrosio, Applied Energy Group
Michael Winka, Director, Office of Clean Energy
Stefanie Brand, Director, Rate Counsel

BY THE BOARD¹:

This Order memorializes action taken by the Board of Public Utilities (Board) at its January 18, 2012 public meeting, where the Board considered the proposed 2012 programs and budgets for the Sustainable Jersey component of New Jersey's Clean Energy Program (NJCEP).

BACKGROUND AND PROCEDURAL HISTORY

Sustainable Jersey is a 501(c)(3) non-profit corporation that represents municipal governments and leading organizations working to assist communities in working toward a sustainable future. The Sustainable Jersey program was launched in 2009, and the Board approved its initial budget of \$400,000. However, due to delays in receipt of required approvals, the program did not commence operation until mid-2009. The 2010 budget approved for Sustainable Jersey included \$200,000 in carry over from 2009 and granted an additional \$245,000 for a total of \$445,000 to extend the Sustainable Jersey contract through the end of 2010. By Order dated December 6, 2010, Docket No. EO07030203, the Board approved a new total funding level of \$625,000 for Sustainable Jersey for 2011, categorized as part of the Office of Clean Energy (OCE) Oversight Budget.

¹ Commissioner Mary-Anna Holden recused herself and as such has taken no part in the discussion or deliberation.

By Order dated December 14, 2011, Docket Nos. EO07030203 & EO11100631V, the Board approved 2012 NJCEP programs and budgets including estimated carryover of \$370,000 in 2011 funds related to the Sustainable Jersey project and granted an additional \$500,000 in funding for 2012 activities for a total budget of \$870,000. In this Order the Board will consider the specific services to be provided by Sustainable Jersey in 2012 as set out in the revised compliance filing submitted by the Office of Clean Energy.

The 2012 Program and Budget Filing

In October 2011, the OCE circulated draft compliance filings that set out descriptions of proposed 2012 programs and budgets. At that time, the OCE had not yet reached any agreement related to the services to be provided by Sustainable Jersey in 2012. Therefore, the draft OCE compliance filing only included language related to the services approved for 2011 that would be completed in 2012 with carryover funds.

Between October and December 2011 the OCE held additional discussions with Sustainable Jersey to identify potential new services to be provided by in 2012. However, a compliance filing incorporating the new services was not completed prior to the Board's December 14, 2011 budget Order cited above.

On or about January 5, 2012, Sustainable Jersey submitted a proposed 2012 compliance filing. This filing laid out the tasks and deliverables required of Sustainable Jersey in 2012. Primarily, Sustainable Jersey will be responsible for general program administration (including management and tracking of client contacts, website updates, certification reviews, and development of e-newsletters and e-mail blasts); management of a grants portal that will allow municipalities to identify sources of CEP funding for municipal projects; hosting direct training and outreach events for municipalities; initiation of a Sustainable Jersey Schools Certification program and hosting workshops and trainings for schools; providing training and guidance for Energy Savings Improvement Programs; and development of potential actions for Sustainable Jersey to undertake in the future, with support and input from Sustainable Jersey Task Forces that will convene at least once in 2012.

On January 6, 2012 the OCE circulated Sustainable Jersey's proposal to the Energy Efficiency (EE) and Renewable Energy (RE) Committee listserves for comment. Sustainable Jersey also presented a summary of its proposal at the January 10, 2012 EE Committee meeting and responded to questions from meeting participants.

Summary of Comments

Comments on Sustainable Jersey's proposal were received from the Division of Rate Counsel. Rate Counsel stated its belief that Sustainable Jersey's efforts are laudable. While Rate Counsel did not object to the proposed funding for Sustainable Jersey's 2012 programs, Rate Counsel raised several issues as follows:

- 1 The filing does not provide a narrative setting forth the need for its programs, identify the barriers facing municipalities, or identify target participants;

2. Sustainable Jersey should be required to submit quarterly status reports and detailed annual reports; and
3. Sustainable Jersey should provide information regarding evaluation of its programs.

Response:

Municipalities often have neither the expertise nor resources to identify energy savings opportunities. Further, many municipalities are not aware of the various programs aimed at reducing the cost of installing energy conservation measures or the savings that can be achieved. The main goal of the Sustainable Jersey program is to help municipalities get started in assessing the potential benefits of energy conservation and developing plans for achieving energy and cost savings.

Staff concurs with Rate Counsel that Sustainable Jersey should submit regular status reports and a detailed annual report. Sustainable Jersey currently provides status reports along with invoices for payment. Staff will coordinate with Sustainable Jersey to develop a regular reporting format that can be made available to the public.

Staff also concurs with Rate Counsel that additional information should be provided regarding the evaluation of the program. Staff notes that Rate Counsel's consultant inquired about evaluation of the program at the January 10th EE committee meeting and that Sustainable Jersey provided a summary of its evaluation plans. Staff will coordinate with Sustainable Jersey to document its evaluation plans and make this information available to Rate Counsel.

STAFF RECOMMENDATIONS

Staff has reviewed Sustainable Jersey's proposed 2012 compliance filing and believes it will assist municipalities and schools in achieving energy savings and resultant cost savings and therefore supports its approval. Staff has prepared a revised compliance filing that includes both the services approved for Sustainable Jersey for 2011 that will be completed in 2012 as well as the new services to be provided in 2012. Based on the above, the OCE recommends approval of the revised OCE compliance filing dated January 12, 2012.

DISCUSSION AND FINDINGS

The Board **FINDS** that the process utilized in developing the 2012 Sustainable Jersey program and budget was appropriate and provided stakeholders and interested members of the public the opportunity to comment. The Board has reviewed the OCE's recommendations regarding the 2012 program and budget filings submitted by the OCE on behalf of Sustainable Jersey. The Board **HEREBY FINDS** the OCE's recommendation to be reasonable and consistent with the policies of the State. Therefore, the Board **HEREBY APPROVES** the revised OCE compliance filing dated January 12, 2012 which incorporates the Sustainable Jersey program.

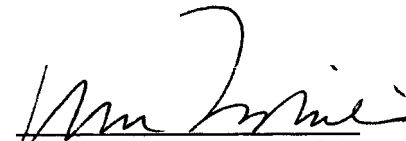
Having approved the programs as modified, the Board **HEREBY DIRECTS** the OCE to post a revised 2012 OCE compliance filing on the NJCEP website along with a copy of this Order.

DATED: 1/18/12

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER

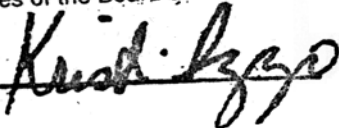

JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



IN THE MATTER OF COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE ENERGY
RESOURCE ANALYSIS FOR THE 2009 - 2012 CLEAN ENERGY PROGRAM:
2012 SUSTAINABLE JERSEY COMPLIANCE FILING
DOCKET NOS. EO07030203 & EO11100631V

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**New Jersey's Clean Energy Program
Revised 2012 Program Descriptions and Budgets**

Office of Clean Energy

**Energy Efficiency Programs,
Renewable Energy Programs, and
OCE Oversight Activities**

Including Programs Managed by:

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

January 12, 2012

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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. A portion of the grants were paid in 2010 and 2011. Remaining expenses related to these grants will be paid from the 2012 Green Jobs and Building Code Training budget.

The 2011 Green Jobs and Building Code Training budget also included funding for partnering with the New Jersey Department of Community Affairs through an MOU to assist in training local code officials regarding new residential and commercial building energy codes as well as to develop more stringent energy codes. Staff has commenced discussions with DCA regarding this MOU and the 2012 budget will carry forward funds for this effort.

Sustainable Jersey

The 2012 budget for Sustainable Jersey will carry forward any unspent funds from the 2011 budget and also includes funding for new services to be provided in 2012. Both the 2011 and 2012 services are described in Attachment A.

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. The program provides additional incentives for the development of renewable energy facilities throughout the region.

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

The CleanPower Choice Program will be managed by Board Staff. In 2011 the OCE reduced program costs by requiring the Clean Power Marketers to market the program and to verify the delivery of renewable energy. In 2012 the OCE seeks to further reduce costs as discussed below.

The Utilities currently 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. Staff will commence discussions with the CleanPower Marketers regarding having them pay the Utilities directly for these services. However, the Utilities will continue to provide these services until Staff concludes such discussions and develops a method

for the CleanPower Marketers to pay the Utilities directly for these services. The Utilities compliance filing budget includes funding for these CleanPower Choice support services in 2012.

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

The program is overseen by the Office of Clean Energy. 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, with oversight by the Office of Clean Energy. 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 develop proposed rules for consideration by the Board that will establish the verification requirements that will be imposed on the Clean Power Marketers.

Program Budget

The proposed 2012 budget for the CPC program includes fees for program support services provided by the Utilities which are described in the Utility compliance filing.

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 \$9 million in a series of Orders issued by the Board in 2011. A portion of the OSW rebates were paid in 2011. The proposed 2012 RE budget includes carryover of any unspent funds related to the \$9 million in OSW rebate commitments.

The 2012 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 2011 will carry forward in 2012 and be used for this purpose. Pursuant to the Board's OSW

regulations, the fees for these services are to be paid by the OSW applicants 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 demonstrate 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 provide 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 provide 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 encourage 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 2012 budget includes funding for any remaining balances related to these incentives.

The 2011 budget included funding for a new solicitation for RE grid projects which Staff anticipates will be released in late 2011. The 2012 budget includes funding for any incentives awarded pursuant to this solicitation as well as funds for an additional solicitation to be issued in 2012.

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. The proposed 2012 budget includes funding for outstanding commitments previously approved by the Board. There are no plans for an additional solicitation in 2012. The previously approved grants will be managed by the OCE going forward.

III. EDA

The New Jersey Economic Development Authority (EDA) will manage four programs in 2012 as follows:

1. Edison Innovation Clean Energy Manufacturing Fund
2. Edison Innovation Green Growth Fund
3. Clean Energy Solutions Energy Efficiency Revolving Loan Fund
4. Large CHP Solicitation

Detailed descriptions of the programs to be managed by EDA are included in Attachment B.

IV. OCE Oversight Activities

The proposed OCE Oversight budget includes three components:

1. Administration and Overhead;
2. Evaluation and Related Research; and,
3. Marketing and Communications.

This document provides a description regarding how these funds will be expended and a budget for each.

Administration and Overhead

The Administration and Overhead component of the OCE Oversight 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 reporting
 - i. Coordinating with Treasury audits of the Trust Fund 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. Facilitate 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.

Interstate Turbine Advisory Council

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 1 access provides technical assistance services to wind energy program managers including peer exchange on state incentive program developments and a database of wind turbines eligible for incentives. Tier 1 provides participants voting rights in the development of the ITAC list of eligible turbines and access to the frequently updated list of turbines containing information on the status of certification among the various international certifying bodies and the turbine's experience in peer state incentive programs. Board Staff will participate in the technical forums made available by the ITAC to remain current on wind energy development activities and utilize the database of wind turbines to populate a list of turbines eligible for New Jersey Clean Energy Program incentives. The OCE Oversight budget includes approximately \$15,000 to fund participation in the ITAC subject to receipt of all required approvals.

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, RGGI, ARRA, retail margin and other programs
2. Preparation of monthly and annual 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 2012 Program Coordinator budget includes fees for services related to reporting program activities for the utility programs approved by the Board and programs funded through ARRA.

Memberships and Dues

The 2012 proposed budget includes funding for sponsoring the National Association of State Energy Offices (NASEO) which coordinates efforts amongst state energy offices. The 2012 budget for Memberships and Dues includes carryover for commitments made in previous years that will be paid in 2012 and also includes funding for other potential 2012 memberships including the Consortium for Energy Efficiency.

Evaluation and Related Research

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 Clean Energy Council, 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 Clean Energy Council to implement recommendations that result from the evaluations and related research. CEEPP's budget includes funding to support the development of the State Energy Master Plan.

2012 Evaluation and Related Research: Planned Activities

The Evaluation and Related Research budget includes funding for a number of evaluation related activities planned for 2011 and 2012 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.
- Funding Reconciliation: the 2012 budget includes funding for a proposed NJCEP funding reconciliation for the years 2010 and 2011.

- Other Studies: This budget includes funding for the Anemometer Program (see details below).
- Program Evaluation: The budget includes funding for 2011 and 2012 evaluation activities included in the 2010 evaluation plan. Staff will develop detailed proposals for the specific uses of these funds subject to Board approval.
- Financial Audits: The budget includes funding for financial audits of the Market Managers and utilities that manage or managed NJCEPs.

CEEEP will develop a revised 2012 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 2012 program evaluation budget will fund activities included in the 2010 to 2012 Evaluation and Related Research Plan as approved by the Board.

New Jersey Regional Anemometer Program

In 2008 the Board awarded a grant to The Richard Stockton College of New Jersey, The College of New Jersey, and Ocean County Community College, to manage the “New Jersey Regional Anemometer Program” (NJRAP). All the grantees except TCNJ have completed their scope of work. TCNJ has requested a one year extension. The purpose of the NJRAP program is to enlist the assistance of NJ colleges and universities in building New Jersey’s capacity for providing wind resource assessment services through:

1. The purchase and provision of anemometers (wind measuring instrumentation) and related services through colleges and universities without anemometers, or
2. The service, maintenance, and redeployment of anemometers through colleges and universities with existing anemometers.

In 2008 the Board approved a budget of \$68,000 for this program and, as noted above, awarded two year grants to the three schools. OCE is proposing to continue this program through 2012 at the same funding level previously approved by the Board which is a maximum of \$68,000 over the term of the grants. Money for this project will come from the NJCEP “Other Studies” budget within the OCE Administration Budget.

Marketing and Communications

In 2012 all of the program marketing will be delivered by the Market Managers, Honeywell and TRC. The proposed budget includes funding for any remaining balances for Outreach and Education grants previously approved by the Board. The 2012 budget does not include funding for a new solicitation.

The 2012 budget includes funding for a new Clean Energy Business web site. The BPU is seeking to procure services from a State 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 expanding existing RE and EE companies in New Jersey. The web-site would 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 would 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

Appendix A: 2012 Program Budgets

The following tables set out detailed 2012 budgets for the programs managed by the OCE:

Office of Clean Energy							
Energy Efficiency Program Compliance Filing							
Detailed 2012 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
Green Jobs and Building Code Training	\$195,429.97				\$195,429.97		
Sustainable Jersey	\$870,000.00				\$870,000.00		
New Financing Programs	\$20,000,000.00				\$20,000,000.00		
Total Energy Efficiency	\$21,065,429.97	\$0.00	\$0.00	\$0.00	\$21,065,429.97	\$0.00	\$0.00

Office of Clean Energy						
Renewable Energy Program Compliance Filing						
Detailed 2012 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
Offshore Wind Solicitation	\$8,518,408.00				\$8,518,408.00	
Renewable Energy Program: Grid Connected	\$20,425,386.40				\$20,425,386.40	
Edison Innovation Clean Energy Fund	\$1,671,836.75				\$1,671,836.75	
TOTAL Renewables	\$30,615,631.15	\$0.00	\$0.00	\$0.00	\$30,615,631.15	\$0.00

Office of Clean Energy						
EDA Programs Compliance Filing						
Detailed 2012 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 and Green Growth Fund	\$31,067,385.29	\$240,000.00			\$30,827,385.29	
Edison Innovation Green Growth Fund	\$3,940,545.29	\$60,000.00			\$3,880,545.29	
EE Revolving Loan Fund	\$17,642,499.24	\$360,000.00			\$17,282,499.24	
Large CHP Solicitation	\$55,000,000.00	\$550,000.00			\$54,450,000.00	
TOTAL EDA Programs	\$107,650,429.82	\$1,210,000.00	\$0.00	\$0.00	\$106,440,429.82	\$0.00

Office of Clean Energy
OCE Oversight Compliance Filing
Detailed 2012 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
Administration and Overhead							
OCE Staff and Overhead	\$2,988,016.43	\$2,988,016.43					
Program Coordinator	\$2,163,537.25	\$726,154.25	\$534,936.00			\$783,447.00	\$119,000.00
Memberships-Dues							
<i>Clean Energy States Alliance</i>	\$25,000.00				\$25,000.00		
<i>NASEO and Others</i>	\$100,000.00				\$100,000.00		
Sub-Total: Administration and Overhead	\$5,276,553.68	\$3,714,170.68	\$534,936.00	\$0.00	\$125,000.00	\$783,447.00	\$119,000.00
Evaluation and Related Research							
<i>Rutgers-CEEEP</i>	\$920,613.64						\$920,613.64
<i>Funding Reconciliation</i>	\$50,000.00						\$50,000.00
<i>O&M Scoping Study/Online Academy</i>	\$0.00						\$0.00
<i>Other Studies</i>	\$44,566.75						\$44,566.75
<i>Program Evaluation</i>	\$1,551,779.65						\$1,551,779.65
<i>Financial Audits</i>	\$498,162.35						\$498,162.35
Sub-Total: Evaluation and Related Research	\$3,065,122.39	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,065,122.39
Marketing and Communications							
<i>Outreach and Education/Community Partner Grants</i>	\$22,772.31				\$22,772.31		
<i>Clean Energy Business Web Site</i>	\$60,000.00		\$60,000.00				
Sub-Total: Marketing and Communications	\$82,772.31	\$0.00	\$60,000.00	\$0.00	\$22,772.31	\$0.00	\$0.00
TOTAL: Administration	\$8,424,448.38	\$3,714,170.68	\$594,936.00	\$0.00	\$147,772.31	\$783,447.00	\$3,184,122.39

Attachment A: Sustainable Jersey Program

The following sets out the new services to be provided by Sustainable Jersey in 2012. This section is followed by the 2011 services approved by the Board, some of which will continue into 2012.

2012 Services to be provided by Sustainable Jersey:

I. INTRODUCTION

Sustainable Jersey[®] is a 501(c)(3) non-profit corporation that represents municipal governments and leading organizations working to assist communities in working toward a sustainable future. Sustainable Jersey[™] is a comprehensive suite of policies, resources, support, and incentives to help New Jersey municipalities make progress on a suite of sustainability issues. The program confers a prestigious certification as part of an awards program that recognizes Sustainable Jersey[®] certified communities in New Jersey.

Since the program was launched in February 2009, 62% of the municipalities in New Jersey have joined the Sustainable Jersey program and passed resolutions stating their intent to become certified. Sustainable Jersey has a comprehensive program of policy development, marketing, technical and financial support, and recognition, designed to support local governments and individual citizens in moving toward more sustainable lifestyles.

Although the program covers a broad array of sustainability issues, energy is the single greatest component. Sustainable Jersey (SJ) specifically develops local policy, trainings, written guidance, and outreach efforts, in support of the New Jersey Board of Public Utilities (NJBPU) Clean Energy Program's (CEP) initiatives. The total annual operating budget for FY 2012 for the Sustainable Jersey program is \$2,018,387. Assuming annual program support from NJBPU of \$500,000, CEP program funding would constitute 24.8% of the total program's annual operating costs. Other sources of funding are an estimated in-kind contribution of 5 FTEs from New Jersey Department of Environmental Protection (NJDEP) valued at \$475,000, \$330,000 from the GR Dodge Foundation, \$75,000 from PSEG Foundation, \$25,000 from New Jersey Resources, \$175,000 from Walmart, and the balance from smaller contributions from individuals and corporations. In addition, support for sustainable energy, and for CEP programs in particular, constitutes a major component of all of the basic SJ functions. For example:

- Energy issues constitute approximately 25% of the support questions and emails fielded by our phone and email technical support services.
- The subsidies municipalities can receive for renewable and energy efficiency measures, and the corresponding SJ actions, are part of the standard SJ stump speech and highlighted at every SJ outreach and recruitment event.
- SJ's extensive marketing and communications program is available, and often used to support CEP programs by promoting CEP incentives, deadlines, workshops and events. This includes email updates, a newsletter, a monthly blog, earned media, and a list serve

with approximately 3,000 subscribers. We also write articles and other informational material in support of CEP programs in a regular basis.

II. SCOPE TASKS

This section details the intended scope of services for the Sustainable Jersey/Clean Energy Program in 2012.

1. Operations and Program Coordination

Our ability to attract hundreds of participants to energy related workshops, and attract attention to CEP programs, is a consequence of having a successful overall program that supports municipalities in achieving their sustainability goals. In addition, we believe that strong program coordination along a number of fronts, utilizing the infrastructure of SJ to support CEP programs, is critical. This section covers the basic operational cost of the SJ program and general coordination with CEP. The basic SJ infrastructure that is brought to bear includes:

- A sophisticated web platform
- Marketing, external communications, and information sharing through a newsletter, email list-serves, an events calendar, and other outreach
- A Help Line and email service that provides technical assistance to municipalities
- A Tracking and monitoring system
- Administration, processing, and review of the municipal applications for certification

The process of reviewing municipal applications for certification is an important opportunity for technical support. SJ has three deadlines for certification each year where we review a cohort of applicants, one each in May, August, and January. Each application for certification undergoes three rounds of review and revision between SJ staff and the applicant. During this process, SJ works intensively with the applicant(s) to help them fix deficiencies in their application and correctly document their actions. The applicants undertake significant work and improvement during this phase.

A significant portion of the bandwidth of the SJ infrastructure and operations are used to promote sustainable energy generally, and CEP in particular. For example, there are ten (10) actions that directly promote CEP programs worth a total of 170 points. A significant portion (approximately 20%) of the SJ 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 not CEP programs specifically.

CEP Specific SJ Actions:

- Energy Star Portfolio Manager (coordinated with TRC)
- Energy Audit for One Building (Local Government Energy Audit [LGEA])
- Audit and Upgrade all Buildings (a decision tree that guides municipalities to Free Benchmarking, LGEA, Pay for Performance (P4P), Smart Start, Direct Install(DI), and Energy Savings Improvement Programs(ESIPs))
- 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

- Wind Ordinance (the BPU model wind siting ordinance)
- Geothermal Installations
- Solar Installations
- Wind Installations

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

- Energy Star Buildings (Achieve the USEPA Energy Star label for one building)
- Energy Star Leader (Energy Star rating achieved for entire building portfolio)
- Carbon Footprint
- Greenhouse Gas 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.)

Within this category, specific CEP related support includes direct cross promoting such as adding the CEP logo and links to all relevant actions. For example, when the Residential program develops its on-line “decision tree” for residential customers, SJ will coordinate with the relevant Market Manager (MM) , Program Coordinator (PC) and NJBPU staff on marketing materials. SJ will add this to the website and promote it through all of the methods described above. If warranted, it will be included in a relevant SJ Action, and SJ staff will provide technical support on the action to municipalities and review it when municipalities apply for points.

Project Deliverables: Sustainable Jersey will maintain a program administration and municipal support center providing all of the above services for the duration of the contract period. All client contacts will be tracked. 4 quarterly newsletters and 48 email blasts to over 3000 municipal personnel will be developed. The newsletters and all email communications will contain any relevant CEP program information and updates. The website will be updated continuously with events and information, including all relevant CEP programming. Three cycles of certification reviews will occur.

Quarterly Deliverables:

Q1:

- The website will be maintained and updated throughout the quarter.
- CEP logo and information will be placed in all relevant SJ outreach materials and website
- One newsletter will be produced. All available and appropriate CEP information and program updates will be included.
- 12 email blasts to the SJ list serves will be produced.
- A round of certification applications will be processed and completed in January.

Q2:

- The website will be maintained and updated throughout the quarter

- One newsletter will be produced. All available and appropriate CEP information and program updates will be included.
- 12 email blasts to the SJ list serves will be produced.
- A round of certification applications will be processed and completed in May.

Q3:

- The website will be maintained and updated throughout the quarter
- One newsletter will be produced. All available and appropriate CEP information and program updates will be included.
- 12 email blasts to the SJ list serves will be produced.
- A round of certification applications will be processed and completed in August.

Q4:

- The website will be maintained and updated throughout the quarter
- One newsletter will be produced. All available and appropriate CEP information and program updates will be included.
- 12 email blasts to the SJ list serves will be produced.

2. Grants Portal

In order to enhance municipalities' ability to identify funding available to support and subsidize their activities in pursuit of sustainability, the Sustainable Jersey website is being modified to include a portal for funding resources. The Board allocated \$45,000 for the production and population in our previous compliance filing. That work was not completed because we did not have a signed contract until July 2011 and could not release an RFP. An RFP for the Sustainable Jersey website development, updates, and maintenance was released in July 2011. Once a no-cost extension and budget modification for these funds for 2012 is approved we will formally award the RFP and begin work. The scope of work includes the development of a grants portal that enables entities to search grants and financial incentives in two different ways. Municipalities and other entities can conduct active searches based on set criteria determining their eligibility, such as geography. Alternately, they may create profiles linked to participating communities' accounts which will automatically match search preferences with known grants. Site administrators as well as external entities with administrators' permission will be able to add new entries (new grants) to the database in a standardized format.

For the third and fourth quarters of 2012 additional funding is requested to service the Grants Portal and keep the grants and incentives up to date. All current CEP grants and incentives will be included in the portal. SJ staff will take responsibility for keeping the portal updated with CEP/NJBPU data; but will also develop a protocol that enables authorized program partners, including CEP/NJBPU staff where convenient, to directly update the portal. . Where appropriate, CEP incentives will be flagged as "non-competitive" funding sources which will always be separated and highlighted from the larger list of "competitive" funding opportunities.

Project Deliverables: Sustainable Jersey will maintain a searchable grants portal/database for quarters 3 and 4. This will include adding all CEP grants, incentives, program changes, that are

relevant to municipalities and likely applicants. SJ will coordinate with CEP staff and the MM team to provide a training and access to updating the portal.

Quarterly Deliverables:

Q1: Conduct the programming, database development, and design (this is covered in our 2011 contract and is not a deliverable for this contract, but is noted here as an activity for your information)

Q2: Populate the grants portal with data, train program partners on its use and how to add new grants design (this is covered in our 2011 contract and is not a deliverable, but is noted as an activity for your information)

Q3:

- Conduct Outreach and promotional activities, including a webinar, for the portal
- Maintain the portal and add new grants including new CEP related grants and program changes

Q4:

- Conduct Outreach and promotional activities, including a webinar, for the portal. Provide training on the use of the portal, technical assistance on how to apply for CEP and other energy related programs included in the grants portal. Additional activities will also be determined through municipal feedback.
- Maintain the portal and add new grants including new CEP related grants and program changes

3. Training and Outreach

A core of the SJ program is to provide direct outreach and training to municipalities. In our first three years of operation we are averaging over 50 events per year. As with all aspects of the program, energy issues, and specific CEP related programming, constitute a significant portion of the total. For 2012 we anticipate:

- A minimum of 5 ESIP trainings, information sessions, and outreach events. However, we anticipate more than 5, and activities will be added as needed on a regular basis until demand is satisfied without additional cost.
- A minimum of 5 other CEP related trainings and outreach events. These trainings will be coordinated with CEP staff and the MM team. Likely topics will include:
 - Utilizing Energy Star Portfolio Manager to Save Energy and Money
 - Energy Education and Outreach in the Community
 - New Direct Install and HPwES actions (described later)

The above trainings do not include additional events that will be held for School Energy Conservation which are detailed in the School Certification Program below.

Project Deliverables: A minimum of 5 ESIP trainings and outreach events will be held. We anticipate more than 5, and sessions will be added as needed on a regular basis until demand is satisfied. A minimum of 5 other CEP related trainings and outreach events will be held. There will be at least 20 SJ outreach and marketing events at which CEP programs will be highlighted.

Quarterly Deliverables:

Q1:

- 2 trainings or workshops that address CEP content
- 5 general SJ outreach and marketing activities where CEP content is highlighted

Q2:

- 2 trainings or workshops that address CEP content
- 5 general SJ outreach and marketing activities where CEP content is highlighted

Q3:

- 3 ESIP trainings or outreach activities
- 5 general SJ outreach and marketing activities where CEP content is highlighted

Q4:

- 2 ESIP trainings or outreach activities
- 1 trainings or workshops that address CEP content
- 5 general SJ outreach and marketing activities where CEP content is highlighted

4. School Education and Certification Program

To achieve our long term and short term clean energy goals, it is essential that sustainability programs address schools; both as consumers of energy in the short term, and as educational institutions that will set consumption patterns for generations of children. SJ intends to address this need in 2012 in two ways:

- Implement workshops and trainings for schools on programs such as SEE, TEACH (no longer offered, but the curriculum is available), and “See the Light.” We anticipate at least three (3) trainings on this topic.
- Work to establish a new Sustainable Jersey Schools Certification. The municipal certification reaches 566 municipalities and thousands of buildings. There are over 600 school districts and many thousands more school buildings. Many of the SJ Actions are directly transferable to schools. In fact, we have received dozens of requests to offer a Sustainable Jersey for Schools Certification. We believe we can launch a SJ Schools Certification for a fraction of the cost of the launch of the Municipal program, and greatly expand our reach. As with the municipal certification, energy and CEP programs would be a significant focus. For 2012 we propose to develop and pilot test the energy portion of a new schools certification.

Project Deliverables: 3 schools workshops that address both curriculum and building facilities will be held. Significant work toward launching a SJ Schools Certification will be complete,

including establishing a coordinating committee (to which BPU will be invited), developing the energy actions related to schools, and the recruitment of two pilot schools to test the energy sections.

Quarterly Deliverables:

Q1:

- One meeting of the coordinating committee will be held

Q2:

- One meeting of the coordinating committee will be held
- Research, analysis, and scoping of the energy module will be completed

Q3:

- One meeting of the coordinating committee will be held
- A complete draft of the energy module will be completed
- Recruit two schools to pilot the energy module
- Conduct 2 school energy conservation workshops

Q4:

- One meeting of the coordinating committee will be held
- The pilot programs with the two schools will be launched
- Conduct 1 school energy conservation workshop

5. Energy Savings Improvement Programs

Energy Savings Improvement Programs (ESIPs) and performance contracting are theoretically a cost effective way to implement energy efficiency upgrades for local government entities with no public funds or accumulated debt. However, there are significant hurdles to the widespread implementation of these programs. We are implementing a series of programs that, with minimal public funds, are intended to result in vast increase in the number of municipalities undertaking a wide array of energy efficiency building upgrades.

Promoting Energy Savings Improvement Programs: ESIPs and performance contracting for energy are still poorly understood in local governments. In addition to all the other approaches described below, we would engage in a focused effort to promote and provide information on ESIPs and increase their utilization in the public sector.

Technical Support and Financial Analysis: Due to the technical sophistication needed to utilize the best financial instruments, many municipalities are making suboptimal choices for financing efficiency and generation measures. Other municipalities are not moving forward at all due to indecision. Utilizing academic rigor, and a clear public interest, we would produce white papers and fiscal analysis of different financial instruments, and model scenarios for implementing available energy generation and efficiency measures.

Training and Representation: In addition to written guidance and analysis, Sustainable Jersey will provide financial technical assistance, and direct information in response to questions, to

represent and support municipalities in securing private financing for their energy upgrades. This will happen in various forms, including workshops and technical support where we provide expertise to municipalities, to organizing local governments into cohorts and provide representation for them to engage in group purchasing. SJ staff will also seek to work with a cohort of NJ municipalities to do a group ESIP. An ESIP Working Group will be convened to guide this effort.

Project Deliverables:

- Update our written guidance materials (produced under the previous contract) in the form a Guidance Manual, case studies, and frequently asked questions, and promote widely.
- Conduct at least five (5) ESIP workshops, outreach events, or information sessions (these 5 workshops will be tallied as deliverables in Section 3 Training and Outreach where they are also described).
- Continue to work with one or more cohorts of local governments to go through the process of doing an ESIP. This will include Sustainable Jersey actively organizing group ESIPs if legally, economically, and technically feasible. This action will determine, through research and working with local governments if a group effort is economical under current rules; and will make recommendations for change if it is not feasible.

Quarterly Deliverables:

Q1: Development of written materials and workshops, convening of a working group to support the development of a group ESIP, will be completed in this quarter. This work is part of our 2011 grant and is not part of the 2012 contract.

Q2: Release of written materials and workshops, convening of a working group to support the development of a group ESIP, will be completed in this quarter. This work is part of our 2011 grant and will not be billed here.

Q3:

- Update written guidance material with new rules, case studies, and tips, as appropriate.
- Conduct two ESIP workshops, outreach events, or information sessions (this is tallied as part of Section 3, but is recounted here for reference)
- Create a report of the findings from the ESIP Working Group with parameters for doing a group purchase, and an identification of obstacles and improvements that could be made to the ESIP program

Q4:

- Update written guidance material with new rules, case studies, and tips, as appropriate.
- Conduct three ESIP workshops, outreach events, or information sessions (this is tallied as part of Section 3, but is recounted here for reference)
- Based on progress to date and findings from Working Group report, proceed with group ESIP or continue researching and structuring group ESIP

6. Policy Development, New Sustainable Jersey Actions, Integrating CEP Programs

SJ revises and adds new SJ Actions to the program to support CEP programs on an ongoing basis. This work is done by working through a series of Task Forces that guide policy and standards. Administration of Task Forces on the various topic areas is a major undertaking.

The main Task Forces that SJ convenes that deal with CEP related programs are:

- Community Outreach and Education
- Energy and Greenhouse Gas
- Green Purchasing
- Operations and Maintenance

In 2012 SJ will convene each of these Task Forces and upgrade each of the CEP and energy related actions as follows:

- Upgrade actions to reflect new science and new program and funding availability
- Upgrade actions to reflect community feedback
- Add new actions developed in coordination with CEP, the MM, utility partners, and other stakeholders.

In addition to adding new actions, we also develop new programs and support to encourage municipal adoption of the actions. Our focus for 2012 will be supporting Home Performance with Energy Star and Direct Install, by leveraging municipal actions and influence to drive participation in the programs. For 2012 we will develop programming to accomplish this by working cooperatively with the MMs and supported by the SJ Task Forces. Program design will be ongoing.

Two new actions that are mostly likely for 2012 that exemplify new actions we are considering are:

Promoting Direct Install (DI): Working with pilot municipalities TCNJ has gotten municipal governments to partner with DI contractors to jointly market the DI program to local businesses. This entails the municipal government soliciting local businesses, on municipal letterhead, on behalf of, and in partnership with, the DI contractor. The municipality also recognizes and rewards those businesses that participate.

Promoting Home Performance with Energy Star (HPwES): Pilot municipalities are also taking the lead in marketing HPwES to their communities. Two advancements are:

- Municipalities putting out RFPs or RFQs and hiring a HPwES home energy audit contractor and allow residents to participate in the “Town-wide Energy Audit”. This takes the confusion and risk away from homeowners and overcomes one of the major obstacles that has been identified in the program.
- Municipalities recognizing community groups and congregations that distribute literature and provide rewards to their membership for participating in HPwES.

To expand these pilots we propose to work with the MM's and our Task Force to adapt them into new SJ Actions and promote them through a series of workshops. The MM's participate on the SJ Task Forces and that is the official process whereby SJ actions get adopted. Nothing would be done without the cooperation and approval of the MM's.

Project Deliverables: All CEP related SJ Actions will be updated based on latest program rules feedback from the municipalities, CEP and SJ Task Force. Task Forces will be convened at least once, and likely more, to consider new actions that could be developed to advance CEP programming and energy issues in general. At least two new actions will be developed and promoted relating to CEP programs.

Quarterly Deliverables:

Q1:

- Convene CEP related Task Forces to review existing SJ Actions, CEP programs, and also to generate ideas for new 2013 Actions
- CEP related Task Forces will consider and vet new DI and HPwES promotional actions
- Complete drafts of new HPwES and DI promotional actions will be produced and shared for review

Q2:

- Review and vet newly proposed actions with project partners and stakeholders and identify candidates for 2013
- New HPwES and DI promotional actions will be unveiled and three trainings/promotional events will be held
- Provide technical support to municipalities implementing new HPwES and DI promotional actions

Q3:

- Develop complete drafts of all new candidate actions for 2013
- Develop draft revisions for all existing and revised actions for 2013
- Provide technical support to municipalities implementing new HPwES and DI promotional actions
- Make incentive payments as needed based on first successful cohort of municipalities implementing new HPwES and DI promotional actions

Q4:

- Finalize new Actions for 2013, produce final copy, notify municipalities and upload to the website
- Finalize revisions to existing Actions for 2013, produce final copy, notify municipalities and upload to the website.
- Make incentive payments as needed based on municipalities implementing new HPwES and DI promotional actions (Additional incentive payments will be paid in 2013 based on 2012 work)

III. 2012 BUDGET

Salary and Contractor Expenses by Task and Hours

TASKS	MLUC Salary Totals	Consultant Salary Total	Salary Total	Salary % By Task	Total Hours by Task	Hours % by Task
<u>OPERATIONS AND COORDINATION</u>						
Web Maintenance and Upgrades	\$10,824	\$20,000	30,824	7.0%	296.10	3%
External Communications, Outreach, Marketing	\$6,893	\$20,250	27,143	6.2%	86.57	1%
Technical Assistance and Support	\$24,022	\$0	24,022	5.5%	646.21	7%
Tracking and Monitoring	\$20,019	\$2,250	22,269	5.1%	858.64	9%
Certification Process	\$39,308	\$0	39,308	9.0%	1082.32	11%
<u>GRANTS PORTAL</u>	\$11,795	\$0	11,795	2.7%	765.77	8%
<u>TRAINING AND OUTREACH</u>						
Outreach Events	\$25,163	\$20,250	45,413	10.4%	862.07	9%
Training Events	\$48,908	\$0	48,908	11.2%	1234.47	13%
<u>SCHOOL EDUCATION AND CERTIFICATION</u>						
Workshops on Efficiency and Curriculum	\$22,248	\$0	22,248	5.1%	354.77	4%
Launch SJ for Schools	\$30,483	\$0	30,483	7.0%	457.17	5%
<u>ESIPS</u>						
Workshops and Promotion	\$18,546	\$2,250	20,796	4.7%	592.11	6%
Technical Support and Written Guides	\$14,901	\$0	14,901	3.4%	265.99	3%
Group Purchase	\$6,468	\$0	6,468	1.5%	86.02	1%
<u>POLICY DEVELOPMENT, NEW ACTIONS</u>						
Task Force Administration (policy development)	\$59,487	\$0	59,487	13.6%	1651.77	17%
Develop new CEP Related Actions	\$33,882	\$0	33,882	7.7%	594.28	6%
<u>SUB TOTAL</u>	\$372,945	\$65,000	437,945	100%	9834.26	100%

Budget Summary

Salary	\$372,945
Consultants	\$65,000
Incentive Payments to Municipalities	\$0
Other Direct Expenses (supplies, travel, etc)	\$16,600
Indirect (Facilities and Administration)	\$45,455
Grand Total	\$500,000

Expenses by Program Reporting Categories

Total	Admin and Program Development	Sales, Marketing, Call Centers, Website	Training and Technical Support	Rebates, Grants and Other Direct Incentives	Rebate, Processing, Inspections, Other Quality Control	Performance Incentives	Total
Salary, Fringe, and Consultant	174,954	125,648	137,342	0	0	0	437,945
Non-Salary Direct Expenses*	1,996	4,150	10,454	0	0	0	16,600
Indirect	17,695	12,980	14,780	0	0	0	45,455
Total	194,646	142,778	162,576	0	0	0	500,000
*Non-salary direct expenses are allocated to the expense categories based on approximations of how much of each expense is utilized by the activities within that category							

The following sets out the 2011 services to be provided by Sustainable Jersey, some of which will carry forward into 2012:

1. Description and Overview

Sustainable Jersey believes that there is no reason that every single municipality and local government in New Jersey cannot initiate and complete a wide range of energy and cost saving activities in a short period of time. The laws and regulations, financial instruments, technical knowledge, and program capacity already exist. Utilizing the assets and reputation of the Sustainable Jersey program, we believe we can expand our partnership with the Board of Public Utilities to build on the existing base of programs to implement a new slate of activities that are efficient and effective, leverage the private sector and volunteers, and will lock in long-term savings for communities, residents, and businesses, throughout New Jersey.

Sustainable Jersey™ Statewide Municipal Government Sustainability Certification Program (The Program) is an initiative of municipal governments and leading organizations across New Jersey working to assist communities in working toward a sustainable future. Sustainable Jersey™ is a comprehensive suite of policies, resources, support, and incentives to help New Jersey municipalities make progress on a suite of sustainability issues. The Program awards a prestigious certification that recognizes Sustainable Jersey™ certified communities in New Jersey.

Since The Program was launched in February 2009, over half the 566 municipalities in New Jersey have joined the Sustainable Jersey program and passed resolutions stating their intent to become certified.

Sustainable Jersey currently works with the New Jersey Clean Energy Program to drive local government participation in CEP programs, and to work with CEP on the development of new policies, technical resources, and incentives within Sustainable Jersey™ to support the Clean Energy Programs (CEP). In a short time, Sustainable Jersey has been instrumental in swelling the participation of municipalities in the Local Government Energy Audit Program, the Community Partners initiative, Direct Install, the Home Performance with Energy Star Program, among others.

Sustainable Jersey™ is a collaborative effort between the NJ League of Municipalities' Mayors' Committee for a Green Future and the Municipal Land Use Center at The College of New Jersey, in partnership with the NJ Department of Environmental Protection, and the NJ Board of Public Utilities. The implementing authority for Sustainable Jersey is the College of New Jersey and they serve as the recipient for all state funds on the project. The policies and other substantive contents of The Program are developed through a transparent participatory process involving NGOs, academics, government, and the business community. To support municipal progress, The Program links "incentives" such as new grants and bonus points on State grant programs for participating communities, technical resources, and detailed implementation guidance. A training component that supports communities in undertaking new initiatives is also part of this comprehensive program.

The Clean Energy Programs that target municipalities have partnered with the Sustainable Jersey™ Program to take advantage of its distribution and recruitment network, and its unique stakeholder engagement process that guides successful program design. The concept is to utilize this partnership to leverage the social capital and leadership of municipalities to educate and enroll governments, residents and businesses in CEP initiatives. The Goals of the existing Sustainable Jersey CEP partnership include:

- Continuing to develop Sustainable Jersey™ as a vehicle for driving municipal actions that support New Jersey's Energy and Climate objectives
- Continuing to integrate Sustainable Jersey™ and CEP to drive participation of municipal, commercial and residential customers in NJCEP programs
- Removing barriers to entry for municipalities to participate in CEP programs, and other related Federal and government programs, related to clean energy and greenhouse gasses
- Advancing new strategies and program design that optimizes public dollars, and leverage private dollars, in pursuit of New Jersey's Clean Energy and Climate objectives.

The unique nature of the Sustainable Jersey™ collaborative partnership has contributed to the successful recruitment and registration of over 310 municipalities in the first 20 months of The Program. Using Sustainable Jersey as an outreach tool, and capitalizing on the growing base of support it is creating for sustainability, has greatly extended the reach and market penetration of the CEP programs. This compliance filing will continue work linking relevant NJCEP program components into Sustainable Jersey, and will expand the scope of local government services to extend to research and direct support to promote new private sector approaches such as Energy Savings Improvement Programs.

The Sustainable Jersey "*advantage*" manifests through our unique relationships with municipalities and communities; and with experts and stakeholders in the field. First, our

combination of mayors on the stump, workshops, and social networking makes our ability to conduct outreach and achieve market penetration unmatched by any other entity in New Jersey or nationally. Second, Sustainable Jersey has been unique in rapidly developing programs and policies that succeed because they meet the needs of the target audience. Sustainable Jersey is an initiative that combines an instrumentality of the State (The College of New Jersey) as the implementing arm, the NJ League of Municipalities providing credibility and “ground truthing” to our program development, and engages with scientists, state agencies, and stakeholders to ensure our efforts have a broad base of support and are thoroughly vetted. Taken together, these two factors place Sustainable Jersey in a unique position to develop and implement a wide range of programs.

The Municipal Land Use Center at The College of New Jersey will provide support and services to the New Jersey Board of Public Utilities (The Board) and its Market Managers, in conjunction with the Sustainable Jersey™ program to:

- Further the effectiveness and penetration of their various Clean Energy Programs (CEP) through linkage with Sustainable Jersey™ ;
- Integrate existing, and create new, CEP and Sustainable Jersey™ actions, standards, and incentives as appropriate;
- Increase the acceptance and utilization of new private sector approaches to generating energy savings and renewable generation;
- Implement a series of policy development and outreach efforts through Sustainable Jersey™ that will change the behavior of municipalities and New Jersey citizens in ways that support achieving the goals and objectives of the Board, the Global Warming Response Act, and the NJ Energy Master Plan;
- Conduct research and feasibility studies on a slate of potential new approaches that will increase energy savings and generation, while maximizing public investment and private sector support.

2. Program Goals

The goals of the Sustainable Jersey™ CEP partnership include:

- Continuing to develop Sustainable Jersey™ as a vehicle for driving municipal and local government actions that support New Jersey’s Energy and Climate objectives
- Continuing to integrate Sustainable Jersey™ and CEP to drive participation of local government, commercial and residential customers in NJCEP and CEP programs
- Broadening the value proposition that rewards community for undertaking clean energy initiatives
- Coordinating various Market Managers and CEP programs at the community level through Sustainable Jersey™
- Uncovering and removing barriers to entry for municipalities to participate in CEP programs, and other related Federal and government programs, related to clean energy and greenhouse gasses
- Uncovering and removing barriers to local governments to leverage private funds to support energy generation and savings activity
- Supporting energy and GHG emission reductions of 20% by 2020

The linking of the CEP program with the Sustainable Jersey™ Municipal Government Certification Program provides an enhanced program delivery mechanism as well as an additional coordinated entry point for municipal participation in various CEP components. Many of the actions that municipalities could take to earn Sustainable Jersey™ certification are consistent with the Energy Efficiency and Renewable Energy goals of CEP. Sustainable Jersey™ will grant points towards certification for those municipalities that both utilize and support CEP programs, thereby increasing the likelihood of municipal involvement and constituent participation in NJCEP Programs. This is a win-win-win synergy for NJCEP, Sustainable Jersey™ and participating municipalities.

To facilitate communications and enrollment in NJCE Programs, Sustainable Jersey™ will provide links to relevant CEP Programs on its website. Alerts and updates will be sent to a statewide network of municipal “Green Teams” in each of over 300 municipalities as these programs change. Sustainable Jersey™, BPU, and the Market managers generally will share data regarding municipality progress towards certification and CE Program participation. The CEP and Sustainable Jersey™ will develop co-branded outreach efforts, and develop appropriate new Sustainable Jersey™ “actions” that enable municipalities to score points toward the certification by implementing CEP programs. These linked activities will create new opportunities to build mutual awareness and to maximize marketing opportunities for both NJCEP and Sustainable Jersey™.

New for 2011, Sustainable Jersey will initiate education, training, and targeted support to help municipalities and local governments take advantage of private sector funding to energy efficiency building upgrades and renewable generation. Existing legal authority and financial instruments exist, however few local governments have taken advantage due to high opportunity costs, lack of understanding of the programs, and unequal negotiating position with energy services companies.

In addition, Sustainable Jersey and MLUC@TCNJ will research and vet a range of new policy options that will increase the effectiveness of public investments in this area and make recommendations to the Board.

3. Program Advantages

Community Incentives

Municipalities that participate in Sustainable Jersey™ will receive priority access to various state and private grants including the Sustainable Jersey™ Small Grants Program funded by Wal-Mart, the NJDEP Local Government Greenhouse Gas Emission Reduction Grant Program (if reinstated), and have priority access to the NJBPU’s Local Government Energy Audit program. Moreover, participating municipalities are eligible to receive training and technical assistance from Sustainable Jersey™, both for assistance in implementing CEP efforts, and generally in organizing and implementing their sustainability and sustainable energy efforts.

Synergies with Other Community Organizations

To ensure a high-profile and broadly accepted program, the project partners convened a Sustainable Communities Working Group of over 200 experts and leaders from every sector to support the development of the first version of the Sustainable Jersey™ program. Through this

participatory process nonprofit organizations such as the Association of New Jersey Environmental Commissions, NJ Future, NJ American Planning Association, and the New Jersey Department of Environmental Protection have taken on a leadership role by drafting tools for The Program, as well as coordinating outreach and training for their members. This participatory process involving NGOs, academics, government, and the business community has been used to develop the core program's standards and guidance material.

In addition, the over 300 Sustainable Jersey™ registered municipalities are full partners in developing and implementing The Program. To achieve certification, municipalities must form a Green Team and actively participate in coordinating implementation efforts on the ground. This constitutes a powerful network of local partners. The result is an overall program that enjoys broad legitimacy and support, and has become the point of entry for the majority of local sustainability efforts. Linking CEP with this effort ensures that the programs do indeed synergize with these ongoing local efforts.

Coordination Between Market Segments

By design, The Program facilitates coordination between market segments, and leverages the social capital and leadership of local governments to reach the various sectors with their communities. Sustainable Jersey™ offers “one-stop-shopping” for municipalities that want to participate in sustainability efforts. It allows them to easily understand and identify the full slate of State, Federal, and County programs that are available to local governments, and to businesses and residents within their communities. A key task of integrating CEP into Sustainable Jersey™ is to track currently offered programs and seamlessly integrate them with future new “actions” and programs for consumption and use by municipal actors.

4. Program Elements and Deliverables

Support and Outreach

The purpose of the outreach, recruitment and marketing program is to ensure that Sustainable Jersey™ is presented to municipal leaders and the general public in a way that they will understand and find motivating. The Program engages the considerable communications resources of its strong coalition of partners to increase recognition of Sustainable Jersey™ among state leaders and media. The Program's increasing prestige, its conveyance of awards and recognition, attainment of local media coverage, and its competitive grant programs provide real value to local governments that achieve sustainable results. Awards will be given to municipalities that complete the highest level of certification and also for programs that demonstrate innovation, collaboration, and leadership.

A specific emphasis will be directed toward supporting information and outreach activities to highlight CEP programs that target municipalities, or would benefit from promotion by municipalities directed toward business or residential customers eligible to utilize CEP programs. This will include integrating promotion of CEP into all Sustainable Jersey™ outreach efforts, and having dedicated programs, including workshops and on-line communications, specific to CEP.

The Program brings the following capacities to CEP and will yield the listed deliverable.

- **Workshops, Events, and Conferences:** To spread the word across the state, The Program has made a concerted effort to provide workshops, present at existing events and secure

booth space at every possible green/environmental and sustainable conference in the state. Tailored trade show panels were developed for these events as a way to showcase and market The Program. These events have provided hundreds of new contacts to our mailing list and allowed us to identify the needs and interests of the municipalities through personal conversations. Representatives from the Mayors Committee for a Green Future serve as ambassadors for the Sustainable Jersey™ program by speaking at these meetings, events and conferences to encourage and support municipal and community efforts to initiate sustainability programs.

- **Web Site and Brochure:** A Web site was established to serve as New Jersey's one-stop-shop for information on the Sustainable Jersey™ program as well as statewide green events and sustainability information in general. The site serves as the key information source for people interested in The Program. A full-color project brochure was developed that replicates the look and information contained on the Web site. The brochure is distributed at events.
- **Social Media and E-Mail Blasts:** The Program has developed an extensive mailing list of municipalities, agencies, businesses and the general public. Periodically, Sustainable Jersey™ program information is distributed to this list. Sustainable Jersey™ has a track record of mobilizing award winning, and record breaking, levels of participation in on-line and social media campaigns among NJ Green Teams, allies and supporters throughout the state through a linked online campaign involving its Web site, targeted emails, Facebook, Linked In, Twitter and topical online discussion groups. **Media Relations:** Media releases and general coverage of The Program in the press has been a part of the early communications efforts. Mater releases to targeted statewide media are echoed in locally tailored messages for community media as well. Such strategic targeting and aggressive campaigns are planned.

Project Deliverables: The Program will execute a comprehensive program that includes at least one outreach and support activity in each of the above categories.

Training & Information Sharing

As municipalities register on the Sustainable Jersey™ Web site and enter into the program, they are “polled” to determine on what actions and issues they would like to receive training. This information, along with input gathered in feedback sessions will be used to develop the 2011 training program. NJSSI and MLUC@TCNJ will develop training content that leverages the skills, knowledge and expertise of leading New Jersey organizations and businesses as well as State and Federal agencies. Special emphasis will be directed toward supporting information and outreach activities to highlight CEP areas that target municipalities, or would benefit from promotion by municipalities. Training will also be linked to appropriate municipal certification and training programs with the intent of integrating training workshops into preexisting municipal training models. Training sessions will be hosted as collaboratively sponsored events between CEP and Sustainable Jersey™, and appropriate affiliate and professional organizations associated with municipal government. Workshops will be held throughout the year, and in all parts of the state, to assure access to training that is responsive to municipal time and travel constraints. Sustainable Jersey™ will also work with the NJBPU and its Market Managers to develop co-branded training and outreach sessions to ensure that municipalities are able to take advantage of the latest incentives and programs.

Project Deliverables: At least five training sessions addressing CEP programs will be held.

Program Administration

Task 1: Certification Program Administration: 2011 work will include administering the certification program – as opposed to designing and building one – will become a new and on-going activity. This task will include:

- Reviewing applications, tracking participants, researching problematic submissions and making certification decisions
- Verifying progress reported by municipal applicants
- Maintaining communication with all partners and participants to sustain progress, identify and report success, and reduce barriers
- Answering questions and providing assistance to municipalities working through the process
- Record keeping
- Updating the Sustainable Jersey™ website
- Administering the awarding of successful municipalities with the certification

Task 2: Stakeholder Process: Administering the process used to develop the content of Sustainable Jersey™. A Sustainable Communities Working Group (SCWG) was formed to help create the Round One and Two Actions in The Program. The goal for each Task Force is to identify meaningful actions that communities can and should implement or “criteria” that will serve as the benchmark by which communities are measured to assess their progress toward becoming sustainable. The work of each of the Task Forces is combined and assessed collectively to develop a final list of actions and tools that constitute the current list of Sustainable Jersey™ Actions.

Establishing criteria defining sustainable communities will be an ongoing effort with different tiers and entry points. Tools are developed and refined as part of ongoing reviews and presented annually at the League of Municipalities Conference. Rounds incorporate the extensive resources and input. The Sustainable Communities Working Group continues to build and bring together businesses, academic institutions, nongovernmental organizations and state and federal agencies to support and participate in this work.

Format, language, style, and content of each action are tailored to fit the needs of mayors and local officials. Materials provided to mayors are formatted so they can absorb the information and hand it off to the appropriate staff or volunteer group for implementation. All tools are reviewed by the SCWG and the MCGF in order to produce a product that will be most useful to the audience.

During this contract period the SCWG will be reconvened to aid in the development of a new round of actions and tools for Sustainable Jersey™. In past rounds criteria focused on actions and resources that are applicable to every community regardless of size or character. Subsequent rounds will start to identify criteria and actions municipalities can address that are more tailored to the type of communities and specific program focus areas. This process will:

- Identify and integrate all existing and emerging State Government and NJBPU programs into Sustainable Jersey™ to drive municipal participation
- Develop a points system for State Programs in Sustainable Jersey™
- Work with state and local officials to develop incentives and rewards for that are effective drivers for municipalities
- Update the website, and draft complete new actions, tools, resources, and guidance material for each program area that cross-link to external websites, grants, program and resources

Project Deliverables: Sustainable Jersey will maintain a program administration and municipal support center providing all of the above services for the duration of the contract period. All client contracts will be tracked. The Sustainable Communities Working Group will be convened and the “actions” will be updated and revised accordingly.

Monitoring and Evaluating Individual Efforts

On-going support for using the Sustainable Jersey™ tools, satisfying the criteria, and receiving incentives, will be provided to municipalities participating in The Program, and will also be open to the general public. This task will include:

- Documenting requests for information and technical assistance;
- Updating the tools as best practices and resources (such as new government programs) change;
- Recording feedback and trouble-shooting issues as municipalities implement actions;
- Providing direct expert assistance to municipalities attempting to implement programs and move through the certification by phone and via email; and
- Coordinating these activities with CEP and Market Managers as appropriate

Project Deliverables: The above activities will be in place throughout 2010, and feedback and troubleshooting will be turned into a FAQ and Getting Started Guide and posted on the website, and all communications will be tracked.

Program Marketing and Communications

Sustainable Jersey™ will promote these programs through its Web site, events and member outreach in the coming year. Upcoming Sustainable Jersey™ events will provide a platform for focused outreach and promotional opportunities moving forward. The Sustainable Jersey™ partners will recognize the outstanding achievements of certified municipalities at a special Sustainability Awards Luncheon on that will be held at the League of Municipalities Annual Conference in November. As this same event, Sustainable Jersey™ will host a series of workshops for interested municipalities, staff up to a dozen consulting tables and roll out the next levels of certification for the program. A strategic media approach will be developed to plan for these events and future program promotion to broadcast, on-line and print media outlets.

A comprehensive communications plan will be implemented to move The Program forward in the coming year. The plan will review past outreach and promotion and recommend current communications strategies, materials and tools. For example, a Sustainable Jersey™ e-newsletter and social media postings are planned to inform, engage and inspire supporters of The Program. A quarterly HTML e-newsletter template, which mimics the Sustainable Jersey™

Web site and includes website navigation, will serve as means of attracting viewers to the site. Each quarterly issue will feature a “theme of the quarter.” The e-newsletter is a cost-effective and “green” method of reaching large audiences with “real time” information. The following components may be used consistently in each issue: a welcome message from program partners, a listing of all participating organizations or registered communities, a “spotlight” feature that focuses on the best practices of a partnering/participating organization, or champion, a listing/calendar of upcoming events and a “get involved” section and contact. Shorter and more frequent posts, tweets and status messages will augment this news and dramatically increase the “viral” potential for The Program’s news and information and deeper “mindshare” penetration as interested groups and individuals can easily and immediately repost the material in ways more people will see.

Readiness on the part of program partners and local municipalities to communicate about the Sustainable Jersey™ program will greatly impact its success. To ensure readiness, an engaging Sustainable Jersey™ Communications Tool Kit will be developed to guide the user through the communication program process, makes readily available all of the program communications tools, and instills knowledge and learning about “how to” implement the various pieces of the communication program. The communications tool kit will include easy-to-download PDFs of relevant information documents, press releases that can be packaged for use by local municipalities and more.

Project Deliverables: A strategic communications and marketing program will be implemented throughout the year, and will culminate in a high profile Awards Luncheon on that will be held at the League of Municipalities Annual Conference .The Program will include communications support to municipalities with an e-newsletter and social media distribution.

Expanding Private Sector Approaches to Energy Savings and Renewable Energy Generation

Energy Savings Improvement Programs (ESIPs) and performance contracting are theoretically a cost effective way to implement energy efficiency upgrades for local government entities with no public funds. Many similar instruments exist. However, there are significant hurdles to the widespread implementation of these programs. We believe that we can implement a series of programs that, with minimal public funds, will result in the majority of municipalities undertaking a wide array of energy efficiency building upgrades.

Energy Savings Improvement Programs: ESIPs and performance contracting for energy are still poorly understood in local governments. In addition to all the other approaches described below, we would engage in a focused effort to promote ESIPs and increase their utilization in the public sector.

Technical Support and Financial Analysis: Due to the technical sophistication needed to utilize the best financial instruments, many municipalities are making poor choices for financing efficiency and generation measures. Other municipalities are not moving forward at all due to indecision. Utilizing academic rigor, and a clear public interest, we would produce white papers and fiscal analysis of different financial instruments, and model scenarios for implementing available energy generation and efficiency measures.

Training and Representation: In addition to written guidance and analysis, Sustainable Jersey could engage contractors and experts to represent and support municipalities in securing private financing for their energy upgrades. This could happen in various forms, ranging from workshops and technical support where we provide expertise to municipalities, to organizing local governments into cohorts and provide representation for them to engage in group purchasing. Organizing a cohort will result in significant economies of scale and lowered opportunity costs for both the ESCO contractor, as well as the municipalities. TCNJ will engage representation for the municipalities to take the lead in contract negotiations with the ESCOs.

Project Deliverables: Produce a white paper with fiscal analysis and guidance in various renewable energy and energy efficiency financing options for local governments, conduct a minimum of three workshops and trainings, and one webinar, providing direct support to municipalities explicating financing options. Organize a cohort of local governments and support them to engage in performance contracting. This will include organizing the cohort, engaging representation for them in contract negotiations, and moving them through to a completed contract.

Researching New Policy Directions

This appropriation will enable us to research and fully develop actionable programs which will be presented as recommendations to the Board. This will include developing a menu of specific programmatic options that can be implemented, each with a cost estimate and an estimate of associated benefits. We will explore three major programmatic approaches to achieving our clean energy goals. The approaches are often complimentary and can be mixed and matched based on the direction from the Board, and the results of our research:

1. Incentives: The CEP provides a significant number of incentive based programs. We believe that these programs could be streamlined and built upon to secure greater results. Three main strategies to accomplish this are:
 - I. Streamlining and Consolidation: Existing programs such as “benchmarking” Direct Install, Smart Start, Community Partners, each exist independently. We propose to improve the starting point for local governments so that it more clearly markets all of the programs as a package, details how they relate to each other and how to identify which is best for them, and outlines initial steps for moving forward.
 - II. Building Ongoing Capacity: Current incentive programs pay for a specific measure, but do not build the ongoing capacity of municipalities to make continuous progress. The value of current incentive programs could be increased by orders of magnitude if they also were linked to capacity building measures. This could include making access to incentive funds contingent on:
 - a) Municipalities completing a building inventory and assessment, and benchmarking all their buildings with Energy Star Portfolio Manager
 - b) Requiring or prioritizing municipalities to create a dedicated reinvestment fund with the savings

- c) Requiring or prioritizing municipalities have an energy manager. This could be a shared service among municipalities that is financed by energy savings at no cost to taxpayers. The Sustainable Jersey program could facilitate the provision of services
 - III. Leveraging Incentive Programs: Building on existing programs such as Smart Start, Direct Install, and the Local Government Energy Audits, we propose to go farther by linking access to incentives with participation in other similar cost and energy saving activities developed within Sustainable Jersey such as:
 - a) Developing a municipal fleet inventory and efficiency assessment
 - b) Adopting smart government behavior policies like mandatory double sided printing in municipal facilities
 - c) Adopting Green Building standards
 - d) Purchasing Energy Star equipment and appliances
- 2. Expanding Private Sector Approaches and Alternative Financial Instruments: Energy Savings Improvement Programs (ESIPs) and performance contracting are theoretically a cost effective way to implement energy efficiency upgrades for local government entities with no public funds. Other options such as PACE financing, subsidized loans, revolving loan funds, also have shown promise. Many similar instruments exist.
 - I. Capitalizing an Investment Fund: Finance the energy efficiency upgrades with financial instruments developed in-house or with contracted partners, using private or public funds, or state guarantees to lower the carrying cost of private funds, and increase the benefits of upgrades that accrue to tax payers. Savings generated by the upgrades will be used to repay the initial investments. The net savings, or profits, would all accrue to the local government and the tax payers. This allows us to better direct the process to ensure efficiency, and to ensure that the benefits accrue to the public.
 - II. Property Assessed Clean Energy, Community Capital and Other New Approaches: A cadre of new approaches are being piloted in neighboring states and across the country that attempt to capture the value of energy upgrades, and overcome structural barriers and opportunity costs for residents, businesses, and local governments. Some, such as PACE financing require legislation. Others can be accomplished within the private sector. We would explicate what is known about the approaches, costs and benefits, and assess opportunities and barriers to implementation in New Jersey.
- 3. Economies of Scale and Shared Services: Some municipalities have found success working with counties to do joint Power Purchase Agreements (PPAs) or engage expertise needed for smart energy management. However, this is not available to all local governments, and each effort may not be utilizing best practices. We would extend this approach:

- I. Facilitate additional group PPAs among groups of local governments, make it available to all local governments in all counties, and ensure that best practices are being utilized
- II. Extend such activities to include energy savings as well as generation
- III. Energy managers: In larger municipalities, a professional energy manager generally identifies cost savings well in excess of their salary. However, most NJ municipalities are too small to support a full-time manager. A program facilitating shared services with local governments as groups could accelerate savings and efficient government. This could be done as cohorts of municipalities, at the county level, or other units of aggregation.

Project Deliverables: We will present to the Board a report with a list of policy and programmatic options for new directions and adaptations of existing programs. The report will include cost benefit analysis for each option and recommended measures for implementation.

5. Budget Narrative

To implement the program functions, \$625,000 is requested. Funding will be used for recruitment efforts to increase participation rates; support the development and improvement of new actions and integration of actions with state programs; support workshops and technical support to local governments, support local government utilization of Performance Contracting, conduct research on the cost benefit of new programmatic directions; and generally manage the program.

The Municipal Land Use Center will implement the program described. The New Jersey League of Municipalities Educational Foundation, a partner in Sustainable Jersey, will serve as a sub-contractor that conducts outreach and promotional activities for the program. The NJLMEF is uniquely qualified to conduct this role due to their gravitas and credibility with local governments, and the extensive experience as a founding program partner.

The work of the Energy Aggregator will be to provide support to municipalities working through State Energy Savings Improvement Programs. The contract will be competitively bid according to normal TCNJ and State of NJ procedures.

Energy Efficiency Programs Sustainable Jersey MLUC@TCNJ	Proposed 2011 Budget	Administration, IT, and Program Development	Evaluation and Related Research
Sustainable Jersey Program and CEP Coordination	\$305,000	\$285,000	\$20,000
NJLMEF Sub-contract	\$100,000	\$100,000	
Energy Aggregator	45,000	45,000	
Expanding Private Sector Approaches	\$125,000	\$120,000	\$5,000
Researching New Policy Directions	\$50,000	\$50,000	\$0
Total	\$625,000	\$600,000	\$25,000

Attachment B: EDA Programs

New Jersey Economic Development Authority 2012 Clean Energy Programs

In 2012, the New Jersey Economic Development Authority (EDA) will be administering four Clean Energy programs: The Edison Innovation Clean Energy Manufacturing Fund, The Edison Innovation Green Growth Fund, the Clean Energy Solutions Energy Efficiency Revolving Loan Fund and 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.

The Clean Energy Solutions Energy Efficiency Revolving Loan Fund (EE RLF) program offers assistance in the form of low-interest loans to qualified Commercial and Industrial sector applicants looking to make comprehensive whole building energy efficiency upgrades. This loan program is structured as a companion to the NJCEP Pay for Performance (PFP) incentive program to provide support in the form of loans in an amount not to exceed 80% of the cost of the project. The combination of loan and any clean energy program incentive cannot exceed 100% of the project cost. (\$2.5 million per Awardee cap). This program requires applicants to have an OCE-approved Energy Reduction Plan that includes minimum energy reduction requirements. Customers of The Board of Public Utilities’ C&I Large Energy Users Pilot Program are also eligible for the EE RLF program. Additionally, should a stand-alone small scale CHP & fuel cells program through designated market managers become available in 2012, customers eligible for that program would also be eligible for the EDA EE RLF program given current program eligibility parameters. A full description of this program follows.

The Large Scale Combined Heat and Power (CHP)/Fuel Cells Program will be a new program. The program will offer assistance to support large sized CHP projects including stand-alone qualified fuel cells. This program will be designed to assist those implementing a combined heat and power or combined cooling heat and power (CHP) or fuel cell project with an electric generating capacity of more than one megawatt (MW) serving a commercial, institutional, or industrial electricity customer in New Jersey.

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 2012

The following program implementation activities will be undertaken in 2012:

- Manage all aspects of a rolling online program offering with 2012 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 if directed by BPU 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

No new funds are requested for 2012. EDA will comply with the BPU IMS accounting and reporting requirements. A budget breakdown for this program is included in the OCE compliance filing budget.

A \$660,000 annual EDA fee is proposed for EDA administrative services in support of the CEMF program, the EIGGF program, and the EE RLF 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 6 applications and target 3 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, based on risk profile and location of the company. 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 an application fee and the 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 2012

The following program implementation activities will be undertaken in 2012:

- Manage all aspects of the application and review process with 2012 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

No new funds are requested for 2012. EDA will comply with the BPU IMS accounting and reporting requirements. A budget breakdown for this program is included in the OCE compliance filing budget.

A \$660,000 annual EDA fee is proposed for EDA administrative services in support of the CEMF program, the EIGGF program, and the EE RLF 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.

Clean Energy Solutions Energy Efficiency Revolving Loan Fund

Program Description

The Clean Energy Solutions Energy Efficiency Revolving Loan fund (“EE RLF”) program provides financial support in the form of low-interest loans for commercial, institutional and industrial entity end-use energy efficiency building projects in New Jersey with peak demand in excess of 200 kW in any of the preceding twelve months that have the potential to reduce source energy use by at least 15%. This low interest loan program is structured as a companion to the NJCEP Pay for Performance (PFP) incentive program, which is designed to provide grant incentives to large commercial and industrial customers who comprehensively upgrade their facilities through investments in energy efficiency.

This program will ultimately benefit the New Jersey consumer by providing the necessary gap financing to support the deployment of energy efficient measures in commercial and industrial buildings in New Jersey for entities that would not be able to self-fund absent this loan product. Additionally, given that it is structured as a revolving loan program, it will serve as a self-replenishing pool of money of the initial capital source from BPU CEF program dollars, utilizing interest and principal payments on old loans to replenish the fund and assist in future loan allocations.

Serving as a companion to the BPU PFP incentive program, the EE RLF program can provide support in the form of loans in an amount not to exceed 80% of the cost of the project. The combination of loan and any clean energy program incentive cannot exceed 100% of the project cost. Total EDA program funding cannot exceed \$2.5MM per Awardee. It would be the goal of the Authority to finance only those costs of the project that contributes to the energy savings, exclusive of energy reduction plan costs and other non-qualified project costs.

Background

The New Jersey Board of Public Utilities Office of Clean Energy (OCE) and the New Jersey Economic Development Authority have been administering various New Jersey Clean Energy Programs which are designed to promote the development and installation of renewable energy, energy efficiency, and alternative energy projects statewide. Under this new program, the OCE will be able to leverage OCE program funds and the financial expertise of the EDA to provide revolving loan funding to support qualified energy efficiency commercial and industrial projects in New Jersey, as a complement to the current incentive structure of the PFP program.

Target Market/Eligibility

The recipients of the EE RLF will be New Jersey-based Commercial, Institutional or Industrial entities (including 501c-3s) that meet OCE PFP program requirements and have a BPU-approved Energy Reduction Plan. The project should create or maintain jobs in New Jersey. Customers of The Board of Public Utilities’ C&I Large Energy Users Pilot Program are also eligible for the EE RLF program. Additionally, should a stand-alone small scale CHP & fuel cells program through designated market managers become available in 2012, customers eligible for that

program would also be eligible for the EDA EE RLF program given current program eligibility parameters.

Program Offering and Incentives

On a per Awardee basis, total funds awarded are subject to a minimum of \$250,000 and a maximum of an 80% loan to support 100% of eligible project costs. The combination of loan and any clean energy program incentive cannot exceed 100% of the project cost. Maximum loan dollar size is not to exceed \$2,500,000.

Interest rates for this program will be tiered as follows:

- 2%; amortization up to 3 years
- 3%: amortization up to 5 years
- 4% : amortization up to 7 years

Personal guarantees are required as part of this financing for any person or entity with 10% or more ownership in project. Additionally, EDA will look for a minimum 1.1:1 debt service coverage ratio. EDA will also take lien on equipment to be financed, lien on business assets and/or collateral.

Program Delivery

The EDA will accept 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. The EDA's online application will be utilized.

Applicants that have An OCE-approved Energy Reduction Plan (which will identify financing incentives associated with the project though PFP) will be eligible to submit a complete application package for the EE RLF. Applications will be subject to an extensive business and financial due diligence undertaken by EDA. Approval of the project loans will be by BPU's Board. The EDA will administer the underwriting, closing and disbursement of funds to the Awardees. EDA will also manage the loan portfolio post-closing. Technical performance monitoring will be undertaken by OCE and/or its market managers.

Planned Program Implementation Activities for 2012

The following program implementation activities will be undertaken in 2012:

- Manage all aspects of the application and review process with 2012 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

It is expected that the OCE and/or its market managers with expertise in renewable energy and energy efficiency technologies will assist in reviewing the applications into the Pay for Performance program 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.

It is expected that the OCE and/or its designated market managers will conduct field inspections and monitor the project technical performance in alignment with post construction reporting requirements through the PFP program (Measurement and verification (M&V) component to ensure the estimated savings levels are achieved).

Program Budget

No new funds are requested for 2012. EDA will comply with the BPU IMS accounting and reporting requirements. A budget breakdown for this program will be included in the OCE compliance filing budget.

A \$660,000 annual EDA fee is proposed for EDA administrative services in support of the EE RLF program, the CEMF program, and the EIGGF 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.
- Promote the program 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 and supporting vibrant commercial and industrial energy efficiency projects in New Jersey in accordance with the NJ Governor's Energy Master Plan.

Goals for the program include the following:

- Solicit at least 10 well qualified applications and target 6 loans.
- Provide program information in order to attract qualified applicants at state, regional and national energy efficiency forums, publications and/ or websites.

Large CHP Solicitation

Program Description

The EDA will coordinate with BPU Staff and Stakeholders to develop a Large Scale Combined Heat and Power (CHP)/Fuel Cells Program. The program will offer assistance to support large sized CHP projects including stand-alone qualified fuel cells. This program will be designed to assist those implementing a combined heat and power or combined cooling heat and power (CHP) or fuel cell project with an electric generating capacity of more than one megawatt (MW) serving a commercial, institutional, or industrial electricity customer in New Jersey. Upon completion of working group meetings which are to be held as an open process, a detailed program description will be developed. The proposed Solicitation as well as any required revisions to the MOU between the Board and the EDA that are required to implement this program will be submitted to the Board for review and approval prior to the release of the Solicitation.