



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

CLEAN ENERGY

IN THE MATTER OF THE CLEAN ENERGY PROGRAM )  
AUTHORIZATION OF RENEWABLE ENERGY )  
INCENTIVE PROGRAM (REIP) REBATES EXCEEDING )  
\$500,000 )  
Bergen County Utilities Authority )  
Township of Neptune Sewerage Authority )

ORDER

DOCKET NO. EO13070679V  
DOCKET NO. EO13070680V

**Parties of Record:**

**Eric Andersen**, Bergen County Utilities Authority, Little Ferry, NJ  
**Tina Cunningham**, Neptune Sewerage Authority, Neptune, NJ

**BY THE BOARD:**

This Order memorializes action taken by the New Jersey Board of Public Utilities ("Board") at its August 21, 2013 Agenda Meeting.

The Board's Renewable Energy Incentive Program ("REIP") offers financial incentives to encourage installation of Class I renewable energy<sup>1</sup> technologies to generate power with environmental benefits to New Jersey electric utility customers. The 2012-2013 REIP rebates are designed to stimulate investment in renewable energy facilities interconnected to distributed generation, targeting development of the sustainable biomass-to-energy sector within the electricity market. REIP-eligible applicants may receive incentives to offset a portion of the initial capital cost to install customer-sited biopower projects. REIP guidelines require all customer-sited renewable energy projects to be net metered<sup>2</sup>.

To be eligible for a 2012-2013 REIP biopower incentive, an applicant's biopower system must be sized equal to or less than its estimated annual on-site electric use. The 2012-2013 REIP

<sup>1</sup>Class I renewable energy is electric energy produced from methane gas from landfills or a biomass facility, provided that the biomass is cultivated and harvested in a sustainable manner, and biomass-generated electricity may be used to satisfy renewable portfolio standard ("RPS") goals. N.J.S.A. 48:3-51.

<sup>2</sup>A net metered project allows the customer-generator to be credited at the full retail rate for each kilowatt-hour produced on the customer-generator's side of the meter over an annualized period and then to be compensated at a rate equal to the distributor's avoided costs of wholesale power. N.J.A.C. 14:8-1.2.

biopower incentive for CHP is capped at the dollar level equal to 1 MW alternating current ("AC") of rated capacity and either 40% of the installed project costs or a per-watt incentive calculated up to a maximum of \$2,500,000. Power generated by biopower systems is also eligible to serve as the basis for Class 1 renewable energy certificates ("REC"). To be eligible for a 2012-2013 REIP biopower incentive for power generation only, there is no limitation on the size of the project. The 2012-2013 REIP biopower incentive for power generation only is capped at the dollar level equal to 1 MW alternating current ("AC") of rated capacity and the lesser of either 30% of the installed project costs or a per-watt incentive calculated up to a maximum of \$1,500,000. The REIP applies only to net metered, sustainable biopower projects sized no greater than 100% of the host facility's historic annual electric consumption.

Bergen County Utilities Authority ("BCUA") applied for an incentive for the installation of a 1.4 MW combined heat and power ("CHP") system at its Little Ferry, New Jersey water pollution control facility to produce electricity through combustion of biogas pursuant to N.J.A.C. 14:8-2.5(b)7. This application was made under the 2012-2013 REIP biopower incentive for CHP guidelines for a standardized equipment rebate for a biopower project to be net metered. This project will add one CHP system to supplement the operations of two existing CHP systems.

The project engineer submitted a signed and sealed estimate that the project will generate approximately 10.5 million kilowatt hours ("kWh") annually, well below the 18.25 million kWh the BCUA consumed from June 2012 through May 2013, after excluding the production of the two other CHP units. The project will also produce approximately 34,100 MMBtu of thermal energy annually, which will provide heat for the anaerobic digester. Staff has determined that the project's anticipated system output of 10.5 million kWh is less than its anticipated annual consumption of 18.25 million kWh, after accounting for the output of the two existing CHP units. Satisfactory completion of the net metering and interconnection application processes would make the project eligible to receive a 2012-2013 REIP rebate.

BCUA is requesting a rebate of \$2,500,000, the maximum amount allowed for a 2012-2013 Biopower CHP incentive under the REIP rebate structure, or 38% of the total estimated project costs of approximately \$6,591,688. The Board-approved compliance filing for the REIP rebate program states that rebates cannot exceed 40% of project costs. Staff recently learned that the BCUA has also applied for federal financial assistance for this project. In light of this additional source of income available to the applicant to offset its installation costs, Staff proposes that the project receive a REIP rebate less than or equal to 38% of its total installed costs after deducting any federal funding award. Staff, therefore, recommends that the Board authorize a rebate commitment for an adjusted amount conditional upon the applicant's verification of any federal funding award.

BCUA's consultants have represented that the BCUA has not applied for or received federal funding for this CHP project. Staff recommends that the Board require BCUA to supply written confirmation acknowledging the REIP incentive calculation methodology, an attestation of its attempts to obtain any other available incentives for equipment costs, and written confirmation that the applicant understands these terms and conditions prior to the issuance of a commitment letter.

The Township of Neptune Sewerage Authority ("TNSA") applied for an incentive for the installation of a 380 kW CHP system at its Neptune, New Jersey water pollution control facility to produce electricity through combustion of biogas pursuant to N.J.A.C. 14:8-2.5(b)7. This application was made under the 2012-2013 REIP biopower incentive for power generation only guidelines for a standardized equipment rebate for a biopower project to be net metered. The

TNSA project is estimated to generate 2.85 million kWh annually, well below the facility's annual consumption of 4.5 million kWh. It will be fueled by digester gas produced from wastewater and fats, oils and grease.

TNSA is requesting a rebate of \$1,140,000, less than the \$2,500,000 maximum amount allowed under the 2012-2013 REIP rebate structure, or approximately 23% of the total estimated project costs of approximately \$4,999,620. The Board-approved compliance filing for the REIP rebate program states that rebates cannot exceed 40% of project costs. Staff recently learned that the TNSA has also applied for federal financial assistance for this project. In light of this additional source of income available to the applicant to offset its installation costs, Staff proposes that the project receive a REIP rebate less than or equal to 23% of its total installed costs after deducting any federal funding award. Staff, therefore, recommends that the Board authorize a rebate commitment for an adjusted amount conditional upon the applicant's verification of any federal funding award.

TNSA has represented that it was not aware of the federal funding. Staff recommends that the Board require TNSA to supply written confirmation of this statement, as well as acknowledging the REIP incentive calculation methodology used, an attestation on its attempts to obtain any other available incentives for equipment costs, and written confirmation that the applicant understands these terms and conditions prior to the issuance of a commitment letter.

The Staff of the Board's Office of Clean Energy ("OCE") has reviewed the applications under the 2012-2013 REIP guidelines. OCE has determined that each application is complete and fully conforms to all REIP eligibility requirements for a rebate commitment. Honeywell, the Market Manager engaged by the Board to manage the New Jersey Clean Energy Program (NJCEP) renewable energy programs, has submitted certifications that the incentives for which it now seeks approval to commit have been calculated in accordance with the program policies and procedures, and that the listed amounts are the true and accurate estimated incentives for which the applicants are eligible. In addition, Applied Energy Group, the NJCEP Program Coordinator ("AEG"), has conducted a file review of each application. AEG has submitted certifications that the incentives for which the Market Manager now seeks approval to commit funding have been correctly calculated in accordance with the program policies and procedures and that the listed amounts are true and accurate estimated incentives for which the applicants are eligible, as follows:

<u>BPU ID#</u>	<u>Company</u>	<u>Applicant Contact</u>	<u>Address</u>	<u>City</u>	<u>Size (kW)</u>	<u>Maximum Rebate</u>	<u>Install Cost</u>
REIPR-12226	Bergen County Utilities Authority	Eric Andersen	Foot of Merhof Road	Little Ferry	1,400	\$2,500,000	\$6,591,688
REIPR-12232	Township of Neptune Sewerage Authority	Tina Cunningham	634 Old Corlies Ave.	Neptune	380	\$1,140,000	\$4,999,620


The Board **FINDS** that the applications fully conform to all relevant eligibility requirements for standardized equipment rebates under the 2012-2013 REIP program. The Board **HEREBY APPROVES** the aforementioned rebate applicants as eligible for either the amounts requested if the applicants fail to obtain additional federal financial assistance or for an adjusted rebate amount calculated as the lesser of 1) 38% (for BCUA) and 23% (for TNSA) of the total installed costs after deducting the amount of federal financial assistance obtained or 2) \$2,500,000. The Board further **AUTHORIZES** OCE to direct the renewable energy market managers to issue commitment letters with these rebate adjustment contingencies to the applicants identified above, setting forth the terms and conditions of these rebate commitments, as well as the following documentation. The Board **DIRECTS** Staff to obtain written confirmation from the applicants acknowledging the REIP incentive calculation methodology used, an attestation by each applicant on its attempts to obtain any other incentives for equipment costs, and written confirmation that the applicants understand these terms and conditions prior to issuance of the commitment letters.

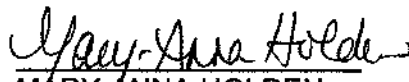
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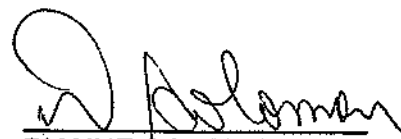
BOARD OF PUBLIC UTILITIES  
BY:

  
ROBERT M. HANNA  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

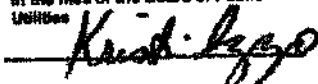
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
MARY-ANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

ATTEST:  
  
KRISTI IZZO  
SECRETARY

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



IN THE MATTER OF THE CLEAN ENERGY PROGRAM AUTHORIZATION OF RENEWABLE  
ENERGY INCENTIVE PROGRAM REBATES EXCEEDING \$500,000

BERGEN COUNTY UTILITIES AUTHORITY  
DOCKET NO. EO13070679V

TOWNSHIP OF NEPTUNE SEWERAGE AUTHORITY  
DOCKET NO. EO13070680V

SERVICE LIST

<p>Tina Cunningham Township of Neptune Sewerage Authority 634 Old Corlies Avenue Neptune, NJ 07753</p> <p>Eric Andersen Foot of Mehrhof Road Post Office Box 9 Little Ferry, NJ 07643</p> <p>Joseph Carpenter NJDEP Post Office Box 409 401 East State Street Trenton, NJ 08625-0409</p> <p>Kristi Izzo Secretary of the Board Board of Public Utilities 44 South Clinton Avenue, 9<sup>th</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Elizabeth Ackerman, Director Board of Public Utilities 44 South Clinton Avenue, 9<sup>th</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Benjamin Hunter Office of Clean Energy Board of Public Utilities 44 South Clinton Avenue, 9<sup>th</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350</p>	<p>Veronica Beke, Esq., DAG Division of Law Department of Law &amp; Public Safety 124 Halsey Street Post Office Box 45029 Newark, NJ 07101-45029</p> <p>Caroline Vachier, Esq., DAG Division of Law Department of Law &amp; Public Safety 124 Halsey Street Post Office Box 45029 Newark, NJ 07101-45029</p> <p>Allison E. Mitchell, AAI Office of Clean Energy Board of Public Utilities 44 South Clinton Avenue, 9<sup>th</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Rachel Boylan, Legal Specialist Council's office Board of Public Utilities 44 South Clinton Avenue, 9<sup>th</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350</p>
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