



NJ REMI and Wind Manufacturers

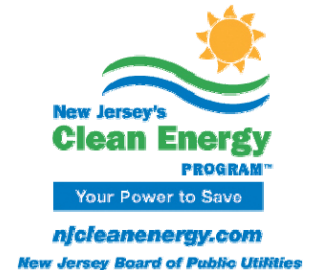
*Larry Barth
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Feb 25, 2010*



Discussion Overview



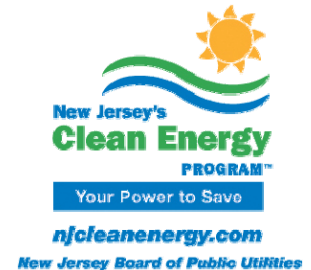
- Provide SWWG members with background on NJREMI
- Solicit feedback on how this might apply to the wind market
- Propose and solicit feedback on strawman



NJREMI Context



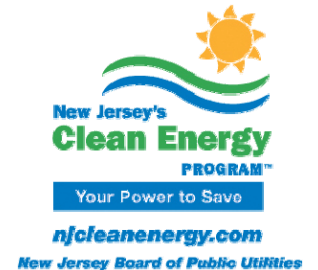
- NJ Renewable Energy Manufacturing Incentive Rolled Out in late 2009 in support of Economic Development goals defined in EMP
- NJREMI provides for additional rebates to customers for projects using renewable energy equipment manufactured in NJ
- Initial rollout limited to solar market with panels; with stakeholder input we have gone deeper into supply chain with inverters and racking systems.
- 1 company currently has registered for this program.
- 2010 plan to rollout to wind and biomass.



Incentive Philosophies



- Markets should dictate winners and losers among product manufacturers
- Incentives should help drive customer purchase decisions at the margin, but should not dominate the decision
- NJREMI's primary goal is to support EDA's mission of recruiting manufacturers to the state vs supporting project economics
- NJREMI reinforces the message that NJ is business friendly, but is subordinate to other EDA incentives
- Keep it simple



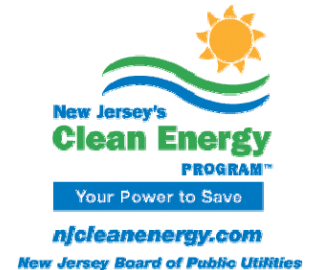
NJ Manufacturer Designation



- Product is UL or national lab recognized certified
- 50% of manufactured product cost including the cost of labor, overhead, components, and raw materials must be sourced from facilities located in NJ
- Product is commercially available
- Site visit demonstrates clear evidence of manufacturing (equipment, inventory, employees)

OR

Product manufactured by a facility provided incentives under EDA's Clean Tech Manufacturing Fund



Considerations in Determining Solar Incentive



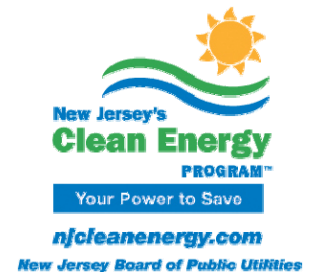
- Benchmarked to other state programs
- NJREMI incentive relative to:
 - overall cost of the item
 - overall rebate
- Incentive delivery mechanism
 - Capacity
 - Production incentive
 - (S) REC multiplier
- Administrative impacts



Solar Incentive



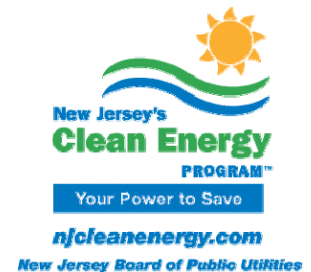
- \$.25 per watt for panels, \$.15 for inverters or racking systems for residential systems
- \$.14 and \$.09 for non-residential systems
- Permitted items to be additive
- Permitted non-rebated projects to participate



Questions for Today



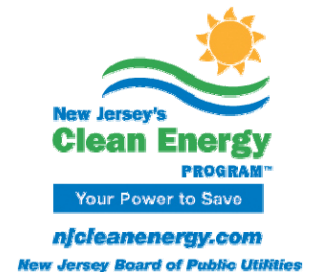
- Can (Is) NJ be an attractive location for wind manufacturers ?
- Do we feel this will encourage manufacturers to come to NJ ?
- What types of equipment should we consider for wind ?
- How would we structure the incentive ?
 - Incentive delivery
 - dollars



Wind Strawman



- Lets start with turbines
- All other REIP qualifications apply
- Apply a 15% multiplier to the EPBB methodology
- Apply 15% multiplier to actual output in case of Innovative Wind incentive





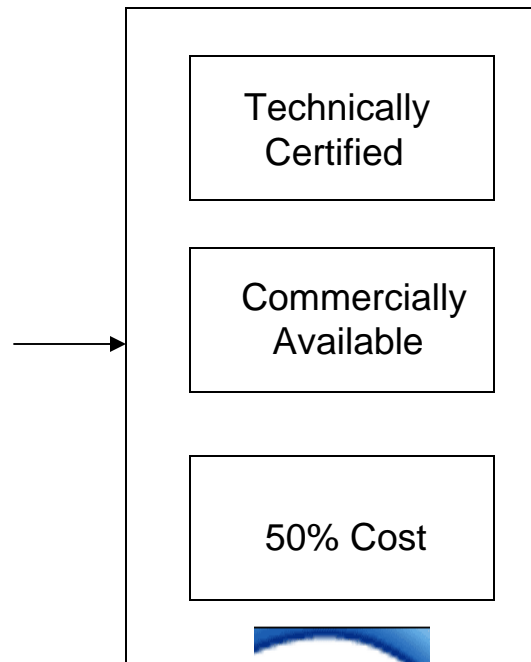
Appendix: Manufacturer Certification Process



NJ Manufacturer Certification Process Overview



NJ Manufacturer



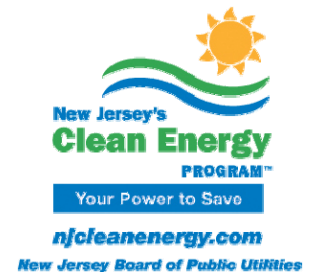
Annual
Certification
Tests



Technical Certification



- For inverters or panels, UL or other nationally recognized lab where applicable
- For racking systems must provide 3rd party engineering test of system design features:
 - Must test all design features as defined by industry standard
 - In the absence of industry standards must test design features according to “best available product”
 - Market Managers will define above testing standards
- Cost of any testing is borne by manufacturer



Commercially Available



<u>Category</u>	<u>Proof</u>
Standalone Business	Certificate of Incorporation
Distribution	List of Distributors
Product Marketing	Catalogs Web site
Pricing	Published product prices



50% Manufacturing Cost Test



- **Worksheet schedule to be filled in by applicant**

- **Line items of the following cost items:**
 - raw materials
 - finished goods
 - labor
 - overheads

- **Each item assigned a % of cost which is originated in NJ; total must add to greater than 50%**

- **Signed and certified as accurate by independent accounting firm**

