

**New Jersey's Clean Energy Program  
2010 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  
Commission on Science and Technology  
New Jersey Housing and Mortgage Finance Agency, and  
Sustainable Jersey**

**December 15, 2009**

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

### **Special Studies**

The 2010 budget includes \$777,801 for Special Studies. In 2009 the Board issued a solicitation for “Green Jobs Training” and awarded \$777,801 in grants to three entities. Expenses related to these grants will be paid from the Special Studies budget.

### **Community Partners Initiative**

The Community Partners Initiative is a program managed by Honeywell that provides incentives and other support to communities looking to become “green” communities. The New Jersey League of Municipalities has implemented a program called Sustainable Jersey which provides support and incentives for municipalities to become more sustainable and energy efficient.

In 2009 the Board approved a budget of \$400,000 for Sustainable Jersey. Due to delays in receipt of required approvals the program did not commence operation until mid-2009. The proposed 2010 budget would provide Sustainable Jersey with an additional \$245,000 to extend the Sustainable Jersey contract through the end of 2010 and to develop a web site portal that would assist municipalities in identifying available NJCEP, ARRA and other resources. Sustainable Jersey’s 2010 program description and budget is attached hereto as Attachment A.

### **DEP Cool Cities Program**

The Cool Cities Program is managed by the New Jersey Department of Environmental Protection (DEP) pursuant to a Memorandum of Agreement between the Board and DEP. This program is not being provided with any new NJCEP funds in 2010.

### **HMFA EE Mortgage Program**

The New Jersey Housing and Mortgage Finance Agency (HMFA) is developing a program to provide mortgages for the installation of energy efficiency measures. HMFA’s EE Mortgage Program description and 2010 budget is attached hereto as Attachment B.

## **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 Clean Power 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 continue to be managed by Board Staff. Staff is proposing to reduce the level of NJCEP support provided to the program and to rely more on the efforts of the Clean Power Marketers to market the program. As such, staff is proposing to eliminate utility CleanPower Choice bill stuffers in 2010. The Utilities will 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 Clean Power Marketers. The Utilities compliance filing budget includes funding for these CleanPower Choice support services.

In 2009 Honeywell provided support for the CleanPower Choice Program. As noted above, Staff is proposing to reduce the level of NJCEP support for the CleanPower Choice Program in 2010 and to rely more on Clean Power Marketers to market and support the program. As part of this change the OCE is recommending that the CleanPower Choice Program support services provided by Honeywell in 2009 be eliminated in 2010 and that AEG be authorized to provide certain required support services such as reporting and REC verification. Therefore, Honeywell's 2010 compliance filing did not include any support for the CleanPower Choice Program.

#### **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.

### **Program Budget**

Budgets for this program are included in the compliance filings submitted by the utilities.

## **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 OCE RE budget includes \$12 million for rebate commitments made pursuant to the OSW Rebate program.

The 2010 OSW budget also includes \$1,870,253 for an OSW study to be performed by the Rutgers Institute of Marine and Coastal Sciences previously approved by the Board.

## **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 is to facilitate the development of renewable wind and biopower energy projects in New Jersey. The selected proposal(s) will demonstrate the superior ability of the proposed 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 will be given preference. Proposals that provide clean energy generation that address load pocket or congestion problems within the electricity distribution system serving New Jersey will be given preference. Other evaluation criteria that will be considered based on the information from the project proposal, are those that encourage increased energy security, reliability and maximized environmental benefits to New Jersey ratepayers.

The 2010 budget includes sufficient funding to award incentives to projects that submitted proposals in response to the 2009 solicitation as well as for a further solicitation anticipated to be issued in 2010. Any incentives awarded as a result of these solicitations are subject to review and approval by the Board.

## **HMFA Solar Loan Program**

The New Jersey Housing and Mortgage Finance Agency (HMFA) will offer loans to eligible customers that install photovoltaic systems. HMFA's Solar Loan Program description and 2010 budget is attached hereto as Attachment C.

### **III. EDA/CST Programs**

#### **Renewable Energy Project Grants and Financing Program**

*(Including commitments made in its predecessor programs the Renewable Energy Advanced Power Program and the GRID Supply Program)*

The Renewable Energy Project Grants and Financing Program was discontinued in 2007. However, the Board issued incentive commitments to a number of projects prior to discontinuing the program. The 2010 budget for this program is to pay these commitments if and when the projects are completed and demonstrate that all program requirements have been met. The program is administered by the New Jersey Economic Development Authority.

#### **Renewable Energy Business Venture Assistance**

*(Including commitments made in its predecessor programs: the Renewable Energy Economic Development Program)*

The Renewable Energy Business Venture Financing Program was discontinued in 2007. However, the Board issued incentive commitments to a number of projects prior to discontinuing the program. The 2010 budget for this program is to pay these commitments if and when the projects are completed and demonstrate that all program requirements have been met. The program is administered by the New Jersey Economic Development Authority.

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

The Edison Innovation Clean Energy Manufacturing Fund will provide incentives for innovative clean energy technologies, including both energy efficiency and renewable energy manufacturing businesses intended to stimulate the clean energy industry in New Jersey. The program will be administered by the New Jersey Economic Development Authority pursuant to a Memorandum of Understanding between EDA and the Board. Program details are set out in Attachment D.

#### **Edison Innovation Green Growth Fund**

The Edison Innovation Green Growth Fund (EIGGF) program will offer assistance in the form of loans and performance based grants 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 program will be administered by the New Jersey Economic Development Authority pursuant to a Memorandum of Understanding, to be developed, between EDA and the Board. Program details are set out in Attachment D.

## **Wrap-around Program**

The EDA will administer a wrap-around program for the Commission on Science and Technology's (CST) Edison Innovation Clean Energy Fund. This program will provide supplemental financing of up to 20% of the grant approved by CST for non-project specific costs such as rent and utilities, not to exceed \$100,000, pursuant to an agreement with the BPU, NJCST and NJEDA. A Wrap-around program description is included in CST's program description for the Edison Innovation Clean Energy Fund in Attachment E.

## **Edison Innovation Clean Energy Fund**

The Edison Innovation Clean Energy Fund will offer assistance in the form of grants to support New Jersey renewable energy and energy efficiency technology research and development activities. The program will be administered by the New Jersey Commission on Science and Technology (CST) pursuant to a Memorandum of Understanding between CST and the Board dated September 17, 2008. Program details are set out in Attachment E.

## **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 three sub-components as follows:

- OCE Staff and Overhead
- Program Coordinator Services
- Memberships-Dues

#### *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 Clean Energy Council 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, HMFA, DEP, CST, 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.

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

## **Program Coordinator Services**

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

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

1. AEG developed and maintains an IMS system for tracking and reporting all program activities including, 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
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 2010 Program Coordinator budget includes fees for services related to reporting program activities for the new utility programs approved by the Board, programs funded through ARRA, retail margin programs and other RGGI programs as well as a contingency budget of approximately 10%.

#### *Memberships and Dues*

The membership/dues budget includes funding for annual memberships for several entities that support the NJCEP including: the Northeast Energy Efficiency Partnerships (NEEP), the Consortium for Energy Efficiency (CEE), the National Association of State Energy Offices (NASEO), the National Association of Regulatory Utility Commissioners (NARUC), the Clean Energy States Alliance (CESA), the American Council on Renewable Energy (ACORE), the US Green Buildings Counsel, and for participating in NEEP's regional EMV Forum.

### **Evaluation and Related Research**

Rutgers University's Center for Energy, Economic and Environmental Policy (CEEEP) has been engaged by the Office of Clean Energy (OCE) to manage program evaluation and related research activities. CEEEP 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, CEEEP 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 CEEEP and CEEEP will work with Treasury regarding the review of proposals and will manage the day-to-day activities of contractors hired to perform evaluations. CEEEP will coordinate with the OCE and the Clean Energy Council to implement recommendations that result from the evaluations and related research.

### **2010 Evaluation and Related Research: Planned Activities**

The Evaluation and Related Research budget includes funding for a number of evaluation related activities planned for 2010 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 Board engaged MBC to perform a funding reconciliation for the years 2001 through 2005 which was completed in 2009. The Board engaged WS+B to perform a funding reconciliation for the years 2006 and 2007 which is expected to be completed in late 2009. OCE is in the process of engaging an accounting firm to update the reconciliation for the years 2008 and 2009. The funding reconciliation budget includes sufficient funds to complete the 2006-2007 reconciliation as well as the estimated cost of the 2008-2009 reconciliation.
- O&M Scoping Study: The budget includes funding for a C&I Scoping Study which would determine the feasibility and viability of a potential new program focused on the energy efficient operation of existing commercial buildings.
- Online Academy: The budget includes funding for a proposed Online Academy Pilot project which would provide educational offerings to all participants in New Jersey's Clean Energy Program including design professionals, building owners, contractors and CEP program representatives. The New Jersey Institute of Technology (NJIT) will develop the Online Academy and perform the O&M scoping study.
- Other Studies: This budget includes funding for the Anemometer Program (see details below).

- Program Evaluation: The budget includes funding for 2010 evaluation activities included in the 2010 evaluation plan which is currently under development. 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.
- Green Jobs and Building Code Training: the budget includes funding for additional green jobs training and for training related to implementation of the new State residential building codes. Staff will develop detailed proposals for the specific uses of these funds subject to Board approval.
- University Clean Technology Demonstration Projects: Staff will develop a solicitation for funding for innovative clean technology demonstration projects developed by NJ universities. Staff will develop detailed proposals for the specific uses of these funds subject to Board approval.

CEEEP will develop a 2010 to 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 2010 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). 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 2010 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/Job Training Pilot” Evaluation and Related Research line item within the OCE Administration Budget.

### **Marketing and Communications**

In 2010 all of the program marketing will be delivered by the Market Managers, Honeywell and TRC, resulting in a significantly reduced OCE marketing budget compared to past years. The following describes the specific components of the proposed OCE Marketing and communications budget that will continue in 2010:

- Web Site: The OCE is considering engaging outside assistance to assess and upgrade the NJCEP web site. The OCE will submit a draft solicitation for web site services to the Board for review and approval prior to committing any funds.
- Outreach and Education/Community Partner Grants: This budget is for Outreach and Education grants previously approved by the Board. The budget also includes an additional \$450,000 for a new solicitation for outreach and education grants. The OCE will submit a draft solicitation for outreach and education grants to the Board for review and approval prior to committing any funds.

## Appendix A: 2010 Program Budgets

The following tables set out detailed 2010 budgets for the programs managed by the OCE:

Office of Clean Energy Energy Efficiency Program Compliance Filing Detailed 2010 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
Community Partners Initiative	\$445,000.00		\$445,000.00				
Special Studies	\$777,801.00				\$777,801.00		
HMFA EE Mortgages	\$5,000,000.00				\$5,000,000.00		
<b>Total Energy Efficiency</b>	<b>\$6,222,801.00</b>		<b>\$0.00</b>	<b>\$445,000.00</b>	<b>\$0.00</b>	<b>\$5,777,801.00</b>	<b>\$0.00</b>

Office of Clean Energy Renewable Energy Programs Compliance Filing Detailed 2010 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	\$13,870,253.00				\$13,870,253.00		
Renewable Energy Program: Grid Connected (Formerly REDI)	\$16,201,605.00				\$16,201,605.00		
<b>SUB-TOTAL Renewables</b>	<b>\$30,071,858.00</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$30,071,858.00</b>	<b>\$0.00</b>
<b>EDA/CST/HMFA PROGRAMS</b>							
RE Project Grants and Financing	\$894,714.00				\$894,714.00		
Renewable Energy Business Venture Financing/REED	\$870,890.00				\$870,890.00		
Edison Innovation Clean Energy Manufacturing Fund and Green Growth fund	\$43,160,651.00	\$180,000.00	\$20,000.00		\$42,960,651.00		
Edison Innovation Clean Energy Fund (CST)	\$6,365,000.00	\$60,000.00			\$6,305,000.00		
HFMA Solar Loan Program	\$7,000,000.00		\$500.00		\$6,650,000.00		\$349,500.00
<b>SUB-TOTAL EDA/CST/HMFA Programs</b>	<b>\$58,291,255.00</b>	<b>\$240,000.00</b>	<b>\$20,500.00</b>	<b>\$0.00</b>	<b>\$57,681,255.00</b>	<b>\$349,500.00</b>	
<b>Total RE</b>	<b>\$88,363,113.00</b>		<b>\$240,000.00</b>	<b>\$20,500.00</b>	<b>\$0.00</b>	<b>\$87,753,113.00</b>	<b>\$349,500.00</b>

Office of Clean Energy OCE Oversight Compliance Filing Detailed 2010 Budget						
	Total	Administration and Program Development	Sales, Call Centers, Marketing and Website	Training	Rebates, Grants, and Other Direct Incentives	Evaluation and Related Research
<b>Administration and Overhead</b>						
OCE Staff and Overhead	\$2,175,934.26	\$2,175,934.26				
Program Coordinator	\$2,400,000.00	\$1,746,064.00	\$534,936.00			\$119,000.00
<b>Memberships-Dues</b>						
<i>Northeast Energy Efficiency Partnership Sponsorship including EMV Regional Protocol Forum</i>	\$568,692.00	\$568,692.00				
<i>Clean Energy States Alliance</i>	\$175,000.00	\$175,000.00				
<i>Consortium for Energy Efficiency</i>	\$133,817.00	\$133,817.00				
<i>National Association of State Energy Officials and ACORE</i>	\$15,000.00	\$15,000.00				
<i>National Association of Regulatory Utility</i>	\$5,000.00	\$5,000.00				
<i>Other Sponsorships</i>	\$30,000.00	\$30,000.00				
<b>Sub-Total: Administration and Overhead</b>	<b>\$5,503,443.26</b>	<b>\$4,849,507.26</b>	<b>\$534,936.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$119,000.00</b>
<b>Evaluation and Related Research</b>						
Rutgers-CEEEP	\$507,484.37					\$507,484.37
Funding Reconciliation	\$100,350.00					\$100,350.00
O&M Scoping Study/Online Academy	\$300,000.00					\$300,000.00
Other Studies/Job Training Pilot	\$69,131.20					\$69,131.20
Program Evaluation	\$2,870,000.00					\$2,870,000.00
Financial Audits	\$1,000,000.00	\$1,000,000.00				
Green Jobs and Building Code Training	\$1,500,000.00			\$1,500,000.00		
University Clean Technology Demonstration Projects	\$1,500,000.00				\$1,500,000.00	
<b>Sub-Total: Evaluation and Related Research</b>	<b>\$7,846,965.57</b>	<b>\$1,000,000.00</b>	<b>\$0.00</b>	<b>\$1,500,000.00</b>	<b>\$1,500,000.00</b>	<b>\$3,846,965.57</b>
<b>Marketing and Communications</b>						
Web Site	\$267,586.91		\$267,586.91			
Outreach and Education/Community Partner Grants	\$668,671.64		\$668,671.64			
<b>Sub-Total: Marketing and Communications</b>	<b>\$936,258.55</b>	<b>\$0.00</b>	<b>\$936,258.55</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>TOTAL: Administration</b>	<b>\$14,286,667.38</b>	<b>\$5,849,507.26</b>	<b>\$1,471,194.55</b>	<b>\$1,500,000.00</b>	<b>\$1,500,000.00</b>	<b>\$3,965,965.57</b>

## **Attachment A: Sustainable Jersey Program**

**New Jersey Sustainable State Institute  
Edward J. Bloustein School of Planning and Public Policy, Rutgers University**

### **Description and Overview**

This filing is for the continued operation of the Sustainable Jersey™ program in coordination with the New Jersey Clean Energy Program and the Community Partners Initiative. Sustainable Jersey™ is a statewide initiative of 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. This filing will provide a) program support to Sustainable Jersey™ to continue to drive local sustainability efforts, and b) funding for the development of new policies, technical resources, and incentives within Sustainable Jersey™ to support the Community Partners Initiative (CPI) and other Clean Energy Programs (CEP).

Sustainable Jersey™ is a collaborative effort between the NJ League of Municipalities' Mayors' Committee for a Green Future, the Municipal Land Use Center at The College of New Jersey, New Jersey Sustainable State Institute at the E.J. Bloustein School of Planning and Policy at Rutgers University, the NJ Department of Environmental Protection, Rutgers Center for Green Building, and the NJ Board of Public Utilities. The policies and other substantive contents of the program are developed through a 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 Community Partners Initiative and other Clean Energy Programs that target municipalities have partnered with the Sustainable Jersey™ initiative to take advantage of its distribution and recruitment network, and its unique stakeholder engagement process that guides successful program design. The Community Partners Initiative will utilize this partnership to leverage the social capital and leadership of municipalities to educate and enroll governments, residents and businesses in CEP initiatives. The CPI provides an entry point for all governmental authorities, businesses, residential, commercial and industrial entities to gain access to valuable technical and financial assistance.

The unique nature of the Sustainable Jersey™ collaborative partnership has contributed to the successful recruitment and registration of over 230 municipalities in the first 7 months of the program. Using Sustainable Jersey as an outreach tool, and a capitalizing on the growing base of support it is creating for sustainability, will greatly extend the reach and market penetration of

the CPI and CEP programs. This compliance filing will continue work linking and integrating CPI and NJCEP program components into the Sustainable Jersey™ municipal government certification program.

The New Jersey Sustainable State Institute (NJSSI) at the EJ Bloustein School of Planning and Policy at Rutgers in partnership with 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
- 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

### **Program Goals**

The goals of the Sustainable Jersey™ CEP/CPI partnership are:

- 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 and CPI, to drive participation of municipal, commercial and residential customers in NJCEP CEP and CPI programs
- Broadening the value proposition that rewards community partners for increased participation in NJCEP
- Providing "One-face Of The Program" to coordinate various Market Managers and CEP programs at the community level through Sustainable Jersey™
- Removing barriers to entry for municipalities to participate in CPI/CEP programs, and other related Federal and government programs, related to clean energy and greenhouse gasses
- Supporting energy and GHG emission reductions of 20% by 2020

The linking of the CPI 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 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. Going forward, with this year's funding, new "actions" will be jointly developed by Sustainable Jersey™, the Market Managers, and NJBPU that reward municipal governments based on their ability to promote community and business participation. To more strongly align with Sustainable Jersey™ the CPI would offer specific incentives to municipalities that meet participation targets. Sustainable Jersey™ would also grant points towards certification for those municipalities and highlight 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 their website to Sustainable Jersey™ participants and will send out alerts and updates as these programs change. Sustainable Jersey™, CPI, and BPU 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 and CPI programs. These linked activities will create new opportunities to build mutual awareness and to maximize marketing opportunities for both NJCEP and Sustainable Jersey™.

### **Integrative Dynamic Resources Portal**

A critical barrier to participation in government subsidized programs is the confusing mosaic of Federal, State, county, and private incentives. Even within one level of government, similar grants are located at different agencies. This makes locating and understanding all of the possible subsidies available for any specific activity a major research undertaking. Such effort is often beyond the capacity of resource challenged local government actors.

To address this need Sustainable Jersey will create a portal for matching grants and resources to municipal actors. Searching grant applications will be developed in two modules. One is an independent module separate from the existing Sustainable Jersey database, and the other is an integrated module in conjunction with the Sustainable Jersey database.

#### *Independent module*

This traditional approach will create an independent module on the sustainable Jersey website as a separate web-based database where an administrator can add/update grant information. The user will visit the website and search based on their desired criteria. A key feature of this module will be the ability to search based on a) the “activities” they wish to pursue, and b) key eligibility information, and see relevant grants from all sources that can support that activity and for which they are eligible.

#### *Integrated module*

The integrated module will be created using integration with the existing Sustainable Jersey membership database. The following functions will be included:

When each municipality registers, it will be able to add/update information describing which kind(s) of grant information it would be interested in, and describe demographic and other information (such as location and utility service territory).

Each municipality can revisit the site, and update its desired grant information from their profile site. Site administrators can add/update available grant information.

Available grants information will be automatically forwarded to participating municipalities via email and through a viewable profile on their webpage, when new grant information becomes available.

Partner agencies will be given administrative access to the portal to add new grant information directly without having to go through the Sustainable Jersey administrators.

### **Whole Community Pilot**

The Sustainable Jersey partners will participate in the Honeywell/CPI Whole Community Pilot. The current Community Partners program offers New Jersey communities support for participation in statewide clean energy campaigns; to educate and help enroll residents, businesses, and municipalities in New Jersey's Clean Energy Programs (NJCEP); and to take advantage of valuable technical assistance and financial incentives. The current program also offers support to community efforts to set clean energy goals, develop outreach plans, and educate residents about the economic and environmental benefits of clean energy and simple climate change solutions.

All communities located within the State of New Jersey are eligible to participate in the Program. With the collaboration of Sustainable Jersey™, communities must make a commitment to increasing energy efficiency and the use of renewable energy, and to actively pursuing the goals of the state Energy Master Plan by establishing a “green” team. The Market Managers have determined appropriate participation levels and established an incentive matrix that encompasses most residential EE Programs.

To date, the Community Partners program has been focused on engaging a large number of communities. As a result, the services offered have been broad-based and high-level. That kind of approach should enable many communities to take important incremental steps to becoming “greener” with respect to energy use. In 2010 we are proposing to complement that broad-based approach with a pilot testing of a much more intensive “whole community” approach designed to achieve much deeper levels of savings. The results of recent, similar pilot efforts in communities in Massachusetts, Vermont and other states suggest that such intensive community approaches may hold the key to achieving much deeper levels of savings than have been achieved by even the most aggressive statewide initiatives. If this New Jersey pilot is similarly successful, it could be expanded into other communities in the future.

The intensive Whole Community Pilot would build on and attempt to leverage both the existing Community Partners service offerings as well as other existing Clean Energy programs. The focus will be on reducing use of all types of fuels in all types of buildings – residential, commercial and industrial. While particular emphasis will be placed on increasing efficiency investments, the pilot will also consider options for integrating the promotion of renewable energy investment with efficiency investments within the targeted communities. The pilot will run for two years. It will aim as much as possible to leverage and integrate with existing New Jersey Clean Energy, Sustainable Jersey™, and other state and local initiatives. However, it will also have some supplemental features and offerings.

While the details of the strategies to be employed in the pilot communities will be determined as part of the process of assessing and engaging the communities and key leaders within the communities, the following key strategies are expected to be part of the pilot initiative:

- The development of aggressive community goals regarding reduction in use of traditional sources of energy through both efficiency and renewables – both long-term goals and

goals for the two-year term of the pilot will be developed (additional greenhouse gas reduction goals may also be developed in conjunction with broader Sustainable Jersey™ efforts);

- Technical assistance to the communities in developing strategies for meeting those goals including development of a carbon footprint metric based on actual utility data;
- Identification of key community leaders, volunteers and others who can lead social marketing efforts to promote participation in existing Clean Energy programs as a means of achieving community goals;
- Coordination across all NJCEP Programs to support participation and energy savings;
- Supplemental marketing resources to support such social marketing initiatives;
- Limited additional financial resources to support community-specific initiatives that go beyond existing statewide Clean Energy programs (examples might include street lighting replacements, hiring of a contractor to conduct “neighborhood blitz” direct install campaigns, deep energy retrofit demonstration projects, a town energy fair, and/or training and equipping of volunteers who go “door to door” to promote the Home Performance with Energy Star);
- Assistance in accessing additional financial resources (e.g. federal recovery funds) to the extent practical;
- Assistance with the development of local policies or legislation to support energy efficiency and renewable energy (examples might include a rental energy code or a more aggressive residential new construction code based on the federal Energy Star standard as has been adopted by several Long Island communities); and
- A “reward” for achieving aggressive goals – the default being a photovoltaic array on a highly visible public building.

A variety of other strategies may evolve as the pilots themselves develop. One additional option that will be explored is the development of a competitive solicitation for bulk procurement of PV, Home Performance and/or other services that may be promoted to residents of the pilot communities.

The following implementation activities will be undertaken in the first six months:

- Work with Sustainable Jersey™, which has an in depth understanding of New Jersey’s local communities and has been working with Market Manager Team to implement the Community Partners Program. Sustainable Jersey™ will assist pilot development and implementation in the following areas:
- Aid in development of a Request for Proposal to select communities for the pilot, including those that have active/motivated local constituencies and high energy savings potential.
- Provide support to on-the-ground staff to navigate the myriad of local, state and national resources most appropriate for the communities’ specific needs and goals.
- Identify goals in addition to energy efficiency and renewable energy implementation that help to reduce the carbon footprint of the selected communities, and develop strategies for meeting goals.
- Identify/hire local on-the-ground representatives to work with selected communities to develop their customized plans, and facilitate integration of NJCEP initiatives with other federal, state and local resources.

- Begin working with other known state and local programs to raise awareness of this initiative.
- Release RFP and select “winning” communities.
- Conduct initial assessment of key opportunities within the selected communities.

The following implementation activities will be undertaken in the second six months:

- Work with “winning” communities to establish baseline energy/natural resource use and develop savings goals;
- Develop plans for achieving the goals;
- Incorporate key social marketing channels – churches, schools, local groups or individuals – that will drive engagement with the initiative most effectively.
- Design an appropriate “reward” for meeting goals, based on community needs, resources and desires.
- Begin implementation of customized plan, staying integrally involved with community leaders and other initiative “drivers”.

Sustainable Jersey™ will provide consulting services in the program design phase, and coordination and implementation support for outreach efforts, and linkage with existing slate of Sustainable Jersey™ actions. It would also play an important role in codifying the results, and identifying and sharing lessons learned with other communities through the development of new actions within Sustainable Jersey™ to be rolled-out in future years.

Sustainable Jersey™ Tasks for Whole Community Pilot:

- CPI Team Project Design & Collaboration
- Support for development & implementation of Strategic Energy Plans
- Support for development & implementation of community policies/ordinances
- Integrate Outreach & Marketing Components into Sustainable Jersey™
- Case Study Material development & Integration in Sustainable Jersey™

### **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 150 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 standards and guidance material which are at the core of the program.

In addition, the over 230 municipalities that are registered with Sustainable Jersey™ are full partners in developing and implementing the program. To achieve the certification municipalities must form a Green Team and actively participating in coordinating implementation efforts. This constitutes a powerful network of local partners. Linking CPI and CEP with this effort ensures that the programs do indeed synergize with these ongoing local efforts.

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.

### **Community Incentives**

In addition to the CPI incentives provided to municipalities (see appendix B), municipalities that participate in Sustainable Jersey™ will receive priority access to various state and private grants including the Sustainable Jersey™ Small Grants funded by Wal-Mart, the NJDEP Local Government Greenhouse Gas Emission Reduction Grant Program, and 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 CPI and CEP efforts, but generally in organizing and implementing their sustainability efforts.

### **Support and Outreach**

The overarching goal 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 aims to increase recognition of Sustainable Jersey™ among state leaders and media by leveraging the resources of the strong coalition of partners. This will be done by increasing the prestige and value of the certification that comes with satisfying the criteria in Sustainable Jersey™ program by providing local media coverage, competitive grant programs and award programs to promote the towns 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 CPI and other 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 CPI and CEP into all Sustainable Jersey™ outreach efforts, and having dedicated programs, including workshops and on-line communications, specific to CPI and CEP.

At a minimum, the program will engage in the following activities:

- 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 sustainable 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.

- 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.
- Media Relations: Media releases and general coverage of the program in the press has been a part of the early communications. A more strategic and aggressive media campaign is planned for the next six months and into the second year of the program.

### **Training & Information Sharing**

As municipalities register on the Sustainable Jersey™ website 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 at the October 2009 feedback session will be used to develop the 2010 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 CPI and other 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 CPI 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. A minimum of nine (9) workshops and training sessions will be held.

### **Program Administration**

In 2010, 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; and
- Administering the awarding of successful municipalities with the certification.

A second task is administering the stakeholder process used to develop the content of Sustainable Jersey™. A Sustainable Communities Working Group (SCWG) was formed to help create Round One and Two Actions in Sustainable Jersey™. The goal for each Task Force was to identify meaningful actions that communities can and should implement or “criteria” that will

serve as the benchmark by which communities will be measured to assess their progress toward becoming sustainable. The work of each of the Task Forces was 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. A second round of tools will be developed to debut at the League of Municipalities Conference in 2009. Round Three will follow a similar process as Round Two and incorporate the extensive resources and input collected during Round Two work. The Sustainable Communities Working Group will continue 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 will be tailored to fit the needs of mayors and local officials. Materials provided to mayors will be formatted so they can absorb the information and hand it off to the appropriate staff or volunteer group for implementation. All tools will be 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 third round of actions and tools for Sustainable Jersey™. The first and second round of criteria was a starting point and focused on actions and resources that are applicable to every community regardless of size or character. Round Three 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

## **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 CPI

## **Program Marketing**

Sustainable Jersey™ will promote the CPI and CEP programs through the web site, events and member outreach in the coming year. Upcoming Sustainable Jersey™ events will provide a platform for focused outreach and promotional opportunities in the 2010 . 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 2010. As this same event, Sustainable Jersey™ will host six workshops for interested municipalities, staff 12 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.

## **Program Communications**

A comprehensive communications plan will be implemented to move the program forward in 2010. The plan will review the outreach and promotion in 2009 and recommend new communications strategies, materials and tools. For example, a Sustainable Jersey™ e-newsletter is 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.

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.

## **Coordination Between Market Segments**

Facilitating coordination between market segments, and leveraging the social capital and leadership of local governments to reach the various sectors with their communities, is an explicit goal of this program. Sustainable Jersey™ offers one-stop-shopping for municipalities that want to participate in sustainability efforts to easily understand and identify the full slate of State, Federal, and County programs, and different programs led by different Market Managers, that are available to them, and to businesses and residents within their communities. A key task of integrating CPI and CEP into Sustainable Jersey™ is to create new “actions” and programs that seamlessly integrate this mosaic for consumption and use by municipal actors.

## **Appendix A – Budget**

2010 Sustainable Jersey - Energy Efficiency Budget

Energy Efficiency Programs	Proposed 2010 Budget	Administration , IT and Program Development	Sales and Marketing	Training	Rebates, Grants, and Other Direct Incentives	Rebate Processing, Inspections and Other Quality Control	Performance Incentives	Evaluation and Related Research
Sustainable Jersey Program and CPI Coordination	\$200,000	\$185,000						\$15,000
Dynamic Resources Portal	\$45,000	\$42,500						\$2,500
Total	\$245,000	\$227,500	\$0	\$0	\$0	\$0	\$0	\$17,500

## Appendix B – CPI/Sustainable Jersey™ Linked Incentives

These are the current incentives integrated into the CPI and CEP programs that correspond with Sustainable Jersey Actions and points. They will be assessed and altered to meet program goals and municipal needs through this program.

Sustainable Jersey Action Areas	NJ CEP Programs	LOM Points	Community Participation Target	Community Incentive
Community Partnership & Outreach				
School Programs & Partnerships	Teaching Energy Awareness with Children Help (Teach)	10		
Green Challenges & Community Programs	CFL Challenges & Distributions (E-Star Products GNJRT)	10	1 Event Completed	\$ 200.00
Green Challenges & Community Programs	Efficient Products & Appliances (E-Star Products Program)	10	50 Online Applications Referred	\$ 300.00
Diversity & Equity				
Energy Efficiency				
Municipal Facilities	Local Government Energy Audit	30	Mandatory	
Residential Buildings (NEW)	HVAC Warm & Cool Advantage Program	10	100 Applications Referred	\$ 200.00
Residential Buildings (NEW)	Home Performance with Energy Star (Existing Homes)	10	100 Audits Referred	\$ 750.00
Commercial Buildings (NEW)	Direct Install (Small Commercial)			
Commercial Buildings (NEW)	Pay For Performance Program (Large Commercial)			
Green House Gas				
Community Carbon Footprint	Clean Power Choice Program	10	3% or More of Residences Join	\$ 400.00
Green Design				
Residential Buildings (NEW)	Energy Star Homes Program (New Construction)	10	10 or More Units Signed In	\$ 300.00
Commercial Buildings (NEW)	Smart Start Program (New Construction)			
Upgrade & Retrofit Buildings	Renewable Energy Incentive Program (solar)	10 - 30	Municipality Installs Solar	\$ -
Health & Wellness				
Land Use & Transportation				
Local Economies				
Natural Resources				
Operations & Maintenance				
Sustainability & Planning				
Waste Reduction & Recycling				
Recycling & Waste Reduction	Large Appliance Recycling Program (E-Star Products)	10	20 Units Referred	\$ 300.00
Innovative Demonstration Projects				
Other	RNC Tier 3 Climate Choice House	10 - 30	Building Permit Issued	\$ 1,000.00
Alternative Energy	Renewable Energy Incentive Program (Wind/Biomass)	10 - 30	Municipality Passes Wind Ordinance	\$ 500.00

## **Attachment B: HMFA EE Mortgage Program**

Program description to be added upon completion.

## **Attachment C: HMFA Solar Loan Program Description**

Program description to be added upon completion.

## **Attachment D: EDA Programs**

### **New Jersey Economic Development Authority 2010 Clean Energy Programs**

#### ***Introduction***

In 2010, the New Jersey Economic Development Authority (EDA) will be administering three Clean Energy programs: The Edison Innovation Clean Energy Manufacturing Fund, The Edison Innovation Green Growth Fund, and a wrap-around product for the Commission on Science and Technology's Edison Innovation Clean Energy Fund, each of which are described more fully below.

The Edison Innovation Clean Energy Manufacturing Fund (CEMF) program offers assistance in the form of zero-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. A full description of this program follows.

The Edison Innovation Green Growth Fund (EIGGF) program will offer assistance in the form of loans and performance based grants 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 EDA will also administer a wrap-around program for the Commission on Science and Technology's (CST) Edison Innovation Clean Energy Fund. This program will provide supplemental financing of up to 20% of the grant approved by CST for non-project specific costs such as rent and utilities, not to exceed \$100,000, pursuant to an agreement directly between NJCST and NJEDA. While the budget (\$600,000) for this program is included with the EDA programs, the program description has been included in the CST's compliance filing.

#### **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 zero-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 the Clean Energy Manufacturing Fund and predecessor 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 adopted New Jersey building energy codes or federal or New Jersey appliance 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 or equipment 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 legally organized for-profit company that currently, or plans to within 36 months from document closing, manufacture eligible Class I 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. Funding for prototype or beta stage manufacturing will also not be considered. Funds will be used for identifying and securing a site, design plans for 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 50% cash match 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 50% 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 – as well as performance grants up to \$1 million or one-third of a zero interest loan with zero interest loans up to a maximum \$3 million per project. The latter 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 50% cash match of total project costs from other non-State 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) Zero 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 50% 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 zero interest loan as evidenced by a loan note shall be repaid with repayment starting on the first month of the fourth year (month 37) on the anniversary date of the closing of the funding and will fully amortize in equal monthly payments over the remaining seven years or eighty-four months of the zero 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 zero 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 the sole discretion, of the BPU or designated market managers monitoring the project.

### **Program Delivery**

The award of grants and no 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 solicitation 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 the due diligence process, will be presented by EDA to the BPU Staff for 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

- Project procedural steps to accomplish the project milestones
- Project Budget including schedule of matching funds

Technical monitoring and project milestones will be set in collaboration with a senior creditor or a designated market manager, with the latter to be hired in consultation with the OCE and paid out of the program proceeds.

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

### **Planned Program Implementation Activities for 2010**

The following program implementation activities will be undertaken in 2010:

- Manage all aspects of a rolling online solicitation with 2010 program funding. The rolling solicitation is expected to be a 6-month process from application submittal until award recipients are announced.
- Develop and distribute educational and marketing promotion materials with the BPU.
- Draft press releases and any other public announcements with the BPU.
- Implement system enhancements for processing applications, project information and quarterly reporting to the BPU in compliance with BPU IMS accounting and reporting requirements.

### **Quality Control Provisions**

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

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

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

### **Program Budget**

The proposed 2010 budget for CEMF is \$12,000,000 in new 2010 funds in accordance with the Board's CRA Order. 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 budget breakdown for other EDA Clean Energy programs governed by the terms and conditions of the prior 2003 BPU-EDA MOU, as amended, for which EDA administrative services are provided is also included in the budget.

### **Marketing Plans**

- The EDA jointly with the BPU will develop marketing materials for distribution and update websites, including industry databases, for announcement of the solicitation.
- Promote the solicitation 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 State of New Jersey Energy Master Plan and New Jersey's implementation of the Regional Greenhouse Gas Initiative (RGGI), P.L. 2007, c.340, 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 aims to meet 20% of its energy needs through Class I renewable energy by 2020 and reduce electricity and heating consumption 20% by 2020. 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
- Number of new renewable energy and energy efficiency manufacturers that locate and/or expand in New Jersey
- Amount of renewable energy and energy efficient products manufactured in New Jersey
- Contribution to lowering the cost of renewable energy and energy efficiency systems

Goals for the program include the following:

- Solicit at least 8 applications and target 6 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 will offer assistance in the form of loans, 50 percent of which may be converted to a performance grant at the end of five years, 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.

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 will provide 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 the Clean Energy Manufacturing Fund and predecessor programs including renewable energy economic development grants, renewable energy business venture grants and loans and large scale renewable energy grid connected grant programs, which are designed to promote the development and installation of renewable energy projects statewide as well as promote renewable energy businesses in New Jersey. The OCE will be able to leverage the financial expertise of the EDA to provide funding to growth stage clean technology companies. This program will also compliment the existing CST program which provides funding to early stage technology companies specializing in clean technologies via its Edison Innovation Clean Energy Fund, which is for pre-commercialization stage 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 organized as a C Corp or an LLC with unit structure and 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 (average 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.

This program will require a firm commitment of a 50% 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 subordinated convertible debt. 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, up to 50% of the funding may be converted to a performance grant at the end of year 5. 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 for a five-year term, based on risk profile and location of the company, ranging from 4-10%. 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. There are no personal guarantees required as part of this financing.

Once approved, financing is staged in over the first 12 months and is based upon business and technology-based 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, and upon satisfactory technical review by BPU, a technical review of the technology by an established Clean Technology Advisory Committee (“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.. The EDA, with the aid of the Advisory 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 with positive advice by the Advisory Committee, an underwriting proposal will be prepared by the EDA will be submitted to the BPU Staff for consideration by the BPU Board. 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 and other reasonably requested information:

- Company business plan
- Historical Financial Statements including balance sheet, cash flow projections & capitalization chart
- 3 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 for all key personnel

Once approved, financing will be staged in over the first 12 months and will be based upon business and technology-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 the BPU 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 2010**

The following program implementation activities will be undertaken in 2010:

- Manage all aspects of the application and review process with 2010 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 Staff for consideration by the BPU Board. The EDA will administer the underwriting, closing and disbursement of funds to the Awardees.

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

## **Program Budget**

The proposed 2010 budget for EIGGF is \$10,000,000 in new 2010 funds in accordance with the Board's CRA Order. 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.

The existing MOU between BPU and EDA would need to be amended to incorporate this new program. A budget for administrative services would be jointly negotiated at that time.

## **Marketing Plans**

- The EDA jointly with the BPU will develop marketing materials for distribution and update websites, including industry databases, for announcement of the solicitation.
- Promote the solicitation 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 State of New Jersey Energy Master Plan and New Jersey's implementation of the Regional Greenhouse Gas Initiative (RGGI), P.L. 2007, c.340, 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 aims to meet 20% of its energy needs through Class I renewable energy by 2020 and reduce electricity and heating consumption 20% by 2020.

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 10 well qualified applications and target 7 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 creates 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.

# **Attachment E: Edison Innovation Clean Energy Fund Program**

## **NEW JERSEY COMMISSION ON SCIENCE AND TECHNOLOGY EDISON INNOVATION CLEAN ENERGY FUND**

### **Program Description**

The Edison Innovation Clean Energy Fund (CEF), administered by the New Jersey Commission on Science and Technology (NJCST) pursuant to a Memorandum of Understanding (MOU) executed with the New Jersey Board of Public Utilities (BPU) through its Office of Clean Energy (OCE), offer assistance in the form of grants to support New Jersey renewable and energy efficiency technology companies for proof-of-concept research and development activities and ancillary activities necessary to commercialization of the identified clean energy technology. The award of grants from the CEF 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 review team.

Products and services under this program will ultimately benefit the New Jersey consumer by providing long-term energy needs in an environmentally sound manner and by facilitating competitive and diverse electricity supply for New Jersey in accordance with the Governor's Energy Master Plan and New Jersey's implementation of the Regional Greenhouse Gas Initiative (RGGI), P.L. 2007, c.340, 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 program provides support for research and development activities of energy efficient and renewable energy products that will assist Class I renewable energy and energy efficiency technologies in becoming competitive with traditional sources of electric generation or gas supply.

Expected benefits of the CEF 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.

### **Background**

NJCST is responsible for the development and oversight of policies and programs promoting science and technology research and entrepreneurship in New Jersey. NJCST provides grant funding under the Edison Innovation Research and Development Fund program to New Jersey technology companies, in partnership with a New Jersey research university, company or institution for proof-of-concept research and development activities necessary for commercialization of an identified technology. This funding provides grants for early stage commercialization of innovative technologies, including those specializing in clean technologies.

### **Program Goals**

The goals of the CEF grant programs 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 Governor Corzine's Economic Growth Strategy and the State of New Jersey Energy Master Plan (EMP). The EMP has a goal of reducing projected non-renewable energy use by 20% by 2020 and meeting 20% of the State's electricity needs with Class 1 renewable energy sources by 2020. This goal states that a combination of energy efficiency, conservation, and renewable energy resources should allow New Jersey to meet any future increase in demand without increasing its reliance on non-renewable resources. Funded projects are expected to lead to the establishment of a dynamic business infrastructure for New Jersey's renewable energy and energy efficiency industry. It will also provide support for the development of technological advances that will assist renewable energy technologies to become competitive with traditional energy generation technologies. NJCST will solicit applications with a focus of providing funding for a broad range of eligible renewable energy and energy efficiency technologies.

### **Program Definition**

Funding in the form of demonstration projects will be open to proposals that seek funding for research, market development, deployment, and technology demonstrations of innovative products or services that advance the delivery of renewable energy and energy efficiency technologies. The proposal should demonstrate how any research conducted will contribute to proving the scientific or technical feasibility of the approach or concept proposed.

The demonstration grant program is not applicable to basic lab or bench scale research and development. This program is not intended to provide financing for construction and installation of renewable energy systems.

“Demonstration Project” is a systematic application of knowledge toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements. This term implies the potential exists for commercial value through practical application of the concept or technology being studied. The existence of bench top models can be used to demonstrate the “proof of concept” needed for applications or technologies to satisfy this requirement.

“Basic Research” is research undertaken to acquire knowledge for knowledge’s sake or to expand mankind’s knowledge without an expectation of near term application. Basic research is not fundable under this solicitation.

### **Program Website**

Edison Innovation Clean Energy Fund <http://www.nj.gov/scitech/entassist/energy/>

### **Target Market/Eligibility**

Eligible technologies for funding under the CEF include energy efficiency equipment and technology 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 would qualify. Renewable Energy products and services include 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 energy generation.

For the CEF, applicants must be a legally organized, for-profit company operating within New Jersey and the applicant owns, has filed for, or has a license to use protected, proprietary intellectual property that would qualify as an eligible renewable energy or energy efficient technology. This program requires applicant companies to identify other third party sources of funding, either from grants, loans, or equity, for meeting a required match of the total program funding.

### **Program Offering and Incentives**

The CEF offers grants of \$100,000 to \$500,000 to eligible companies for research and development projects that meet the eligibility guidelines. Total funds awarded are subject to a maximum of \$500,000 per each company project.

### **Supplemental Financing - NJEDA Wraparound Funding**

Additional supplemental financing of up to 20% of the approved grant for non-project specific costs such as rent and utilities, not to exceed \$100,000, will be available from the New Jersey Economic Development Authority (NJEDA) pursuant to an agreement directly between NJCST and NJEDA.

A Company that applies for the Edison Innovation Clean Energy Fund is not obligated to apply for the NJEDA Wraparound component. No preference will be given to an applicant based on whether or not it is submitting an application for the NJEDA Wraparound component.

NJEDA shall contact each Company that has indicated interest in its financing via the NJCST application and direct each of them to NJEDA's online application. In the event a NJCST grant awardee does not apply for NJEDA Wraparound financing within 90 days of NJCST's grant award date, NJEDA financing will no longer be available to them under this program.

Upon receipt of the signed NJEDA Financing Documents, NJEDA Closing Services will forward the first disbursement to the Company and notify NJCST of the closing. Such check shall be in an amount representing 50% of the NJEDA award amount

### **Program Delivery**

NJCST will accept applications when program announcement deadlines are posted, which is anticipated to occur at least twice a year.

CEF Proposals require the following information to be documented for meeting project goals including:

- Company business plan
- Financial Statements including cash flow projections & capitalization chart
- Technology and business commercialization plan with fully articulated milestones
- Technical project description
- License Agreement(s) to Commercialize Patent(s)
- Patent(s) and Documentation of Ownership by Applicant

- Gantt chart showing the proposed milestones and timeline
- Project Budget and Justification
- Evidence of Availability of Applicant Matching Funds
- Complete Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis
- Resumes for all key personnel

The applicant company must provide a cash match at a minimum of 50% of the grant amount while partners have a 20% matching fund requirement.

### **Grant Review Criteria**

The BPU and NJCST will apply technical and business criteria in determining whether an applicant meets the requirements as set forth in the CEF program solicitation and solicitations for other clean energy technology programs administered in the future on behalf of the BPU by NJCST. The specific requirements for each program will be set forth in their individual program guidelines, to be developed jointly by the BPU and NJCST.

NJCST will develop a grant review criteria to include the following elements;

1. Company Viability
2. Executive Team (including partner) Background and Experience
3. Product Realism including Market and Competition
4. Production and Business Commercialization
5. Scientific & Technological Viability
6. Financial Plans and Projections

These review criteria would be reviewed by the Commission and updated as warranted.

### **Grants Payments**

Payment to grantees will be subjected to NJCST developed grant contract signed by the BPU. BPU-OCE staff and counsel will review the draft contract before it goes into effect. In general for grants above \$100,000 in one fiscal year the initial advance disbursement of the awarded grant not exceed 25% of the total grant award will be made to the grant recipient at the time of the grant award another 25% of the grant award will be made after satisfactory completion of the grant. After the initial advancement, the grant recipient will be paid the remaining grant award quarterly on a reimbursement basis.

### **Program Budget**

The BPU allocated \$3 million per year for the years 2009 to 2012 to the CEF subject to the annual adoption of the BPU budget and State budget appropriations. The grants are to support renewable energy and energy efficiency companies entering or expanding clean energy technology products in New Jersey. BPU may make additional transfers of funds to NJCST for the CEF Program or other programs for the purpose of providing financing assistance to support renewable energy and energy efficiency companies and projects and further grow the clean energy technology sector in New Jersey.

In addition, \$600,000 will be transferred to the NJEDA from BPU for 2010 to support loans for non-project specific costs, known as wrap-around funding.

### **Marketing Plans**

- NJCST and BPU will develop marketing materials for distribution and update websites, including industry databases, for announcement of the solicitation and grant awards.
- Promote grant solicitation at educational and networking events with potential participants and industry stakeholders.

### **Performance Indicators**

One year after the initial grants are made, grantee would be required to provide an annual performance report that would include the following metrics. The Commission would provide a summary of such report for all grants to the BPU:

- Revenue of Company
- Location of Company
- Amount of Third-party financing (also identifying the sources of this financing)
- Number of License/Royalties agreements entered
- Amount of Royalties for the product identified in the proposal
- Number of Patents Applied for and granted for Company as a whole
- Number of Patents Applied for and granted for the product identified in this proposal
- Number of Commercial Products and/or Services
- Number of Joint Partnerships/Strategic Alliances formed
- Number of Spin-off Firms formed
- Number of jobs (total jobs and number created since initial award)
- Amount of Federal Funds acquired (e.g. SBIR, etc.)
- Amount of Capital Expenditures
- Amount of Net Income of product identified in the proposal

### **Program Evaluation**

NJCST reviews all grant applications for administrative completeness (including compliance with political contribution disclosure requirements), and submit to NJCST outside consultants for initial review. The results of this external review will be submitted to the Clean Energy Advisory Board. After the initial external review, companies with strong applications and meets the technology determination of BPU-OCE staff, will be invited to participate in an oral presentation in front of the Clean Energy Advisory Review Board organized by NJCST.

### **Quality Control Provisions**

BPU through its OCE 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.

### **Review Committee**

NJCST will create a Clean Energy Advisory Review Board, whose membership will include NJCST Commissioners, the venture capital community, OCE project managers, and/or marketing managers. At a minimum the review panel will consist of one member from the venture community, one member from the NJEDA, one member from BPU/OCE, and two NJCST Commission members. At the maximum, the review panel will consist of two members from the venture community, one member from the EDA, one member from BPU/OCE, and four NJCST Commission members. Nevertheless, at all times NJCST will have at least one additional member more than the other participating agency on the review board. Venture Fund managers who participates in the Clean Energy Advisory Review Board meetings will only provide comments and advice and would not be allowed to vote on recommendations.

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

### **Planned Program Implementation Activities for 2010**

The following program implementation activities will be undertaken in 2010:

- Revise existing guidelines, procedures and scoring criteria, and manage all aspects of a competitive solicitation. Competitive solicitation is expected to be a 6-month process until award recipients are announced.
- Develop and distribute educational and marketing promotion materials to promote the availability of the grant program
- Draft press releases and any other public announcements of solicitations and grant awards.
- Invite new members of the Clean Energy Advisory Board review committee whose membership may include NJCST Commissioners, the venture capital community, OCE project managers, and/or market managers.
- Implement system enhancements for processing applications, project information and quarterly reporting to the BPU in compliance with BPU IMS accounting and reporting requirements.
- Develop outcome metrics for all grants awarded
- Submit reports on grants and program expense into the NJCEP database
- Work with the NJEDA to provide companies that are awarded the Edison Innovation Clean Energy Fund to receive up to 20% of the approved grant, not to exceed \$100,000, from the NJEDA in equity-like financing for non-R&D related costs.