



State of New Jersey
DIVISION OF RATE COUNSEL
31 CLINTON STREET, 11TH FL
P. O. BOX 46005
NEWARK, NEW JERSEY 07101

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

STEFANIE A. BRAND
Director

November 23, 2011

Via Overnight Delivery and Electronic Mail

Honorable Kristi Izzo, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Re: In the Matter of the Comprehensive Energy Efficiency and Renewable Energy
Resource Analysis for 2009-2012: 2012 Programs and Budgets Compliance
Filings – Draft Biopower Compliance Filing
BPU Docket No. EO11100631V

Dear Secretary Izzo:

Enclosed please find an original and ten copies of the Comments submitted on behalf of the New Jersey Division of Rate Counsel (“Rate Counsel”) in connection with the above-captioned matter. Copies of the comments are being provided to all parties by electronic mail and hard copies will be provided upon request to our office. Rate Counsel reserves its right to supplement these comments based upon additional information received from the Office of Clean Energy or other parties in this proceeding, as well as the final Energy Master Plan Report.

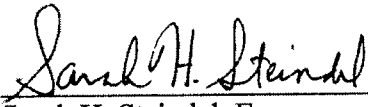
We are enclosing one additional copy of the comments. Please stamp and date the extra copy as “filed” and return it in our self-addressed stamped envelope.

Honorable Kristi Izzo, Secretary
November 23, 2011
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Thank you for your consideration and assistance.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

By: 
Sarah H. Steindel, Esq.
Assistant Deputy Rate Counsel

SHS/sm

c: Hon. Lee A. Solomon, President
Hon. Joseph L. Fiordaliso, Commissioner
Hon. Jeanne M. Fox, Commissioner
Hon. Nicholas Asselta, Commissioner
bioworkgroup@njcleanenergy.com
OCE@bpu.state.nj.us
Mike Winka, BPU
Mona Mosser, BPU
Benjamin Hunter, BPU
Anne Marie McShea, BPU

NEW JERSEY DIVISION OF RATE COUNSEL
Comments on the Market Manager's Proposed
2012 Program and Budget for Biomass Energy

The New Jersey Division of Rate Counsel ("Rate Counsel") appreciates the opportunity to comment on the Market Manager's 2012 program and budget proposals for biomass energy. Rate Counsel has no specific comments on the Market Manager's proposed incentive levels, structures, or programs at this time given our 2012 Renewable Energy Budget recommendations to eliminate ratepayer-subsidized funding for biomass and onshore wind.

As we noted in Rate Counsel's earlier budget comments filed on November 10, 2011, the limited amount of in-state onshore wind and biomass development likely has less to do with "market evolution" than it does resource availability, effective policies, and general renewable energy market conditions. Rate Counsel continues to recommend that the Board's Office of Clean Energy investigate the causes associated with the lack of in-state, non-solar renewable resources, including biomass. This investigation may show that rebates are simply an ineffective means of stimulating other renewable resources and that some other policy alternative should be considered. Rate Counsel believes that until the Board has determined the best way to provide incentives for such projects, ratepayer funds should not be utilized to continue paying for untested programs.

2012 NJ CEP DRAFT COMPLIANCE FILING FOR BIOPOWER COMMENTS

Prepared for:

New Jersey, Board of Public Utilities
Office of Clean Energy

Prepared by:

US DOE Mid-Atlantic Clean Energy Application Center

November 23, 2011

Policy Filing

Mid-Atlantic Clean Energy Applic:



U.S. DEPARTMENT OF ENERGY

Mid-Atlantic Clean Energy Application Center_{f 4}

Promoting CHP, District Energy, and Waste Heat Recovery

NOTICES AND ACKNOWLEDGEMENTS

Acknowledgment: This material is based upon work supported by the Department of Energy's National Energy Technology Laboratory under Award Number DE-EE0001109.

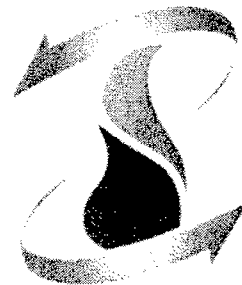
Disclaimer: This report was prepared as an account of work sponsored by an agency of the United States Government. Neither the United States Government nor any agency thereof, nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately owned rights. Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise does not necessarily constitute or imply its endorsement, recommendation, or favoring by the United States Government or any agency thereof. The views and opinions of authors expressed herein do not necessarily state or reflect those of the United States Government or any agency thereof.

Confidentiality: This filing is considered public information

Report preparation: This report was prepared by Gearoid Foley, an MA-CEAC Senior Advisor and President of Integrated CHP Systems Corp., 50 Washington Road, Princeton Junction, NJ 08550, Phone: (609) 799-2340 and email: gearoid@ichps.com and Richard Sweetser an MA-CEAC Senior Advisor and President of *EXERGY* Partners Corp. 12020 Meadowville Court, Herndon, VA 20170, Phone: (703) 707-0293 and email: rsweetser@exergypartners.com.

Purpose: The purpose of this filing is to provide testimony in response to the 2012 NJCEP Compliance Plans and to support the adoption of combined heat and power (CHP) systems in New Jersey.

Jim Freihaut
Director, Mid-Atlantic Clean Energy Application Center
Pennsylvania State University
104 Engineering Unit A
University Park, PA 16802
Tel: 814-863-0083
Fax: 814-863-4789
jdf11@psu.edu



COMMENTS

We appreciate the opportunity to provide comments on the Office of Clean Energy's 2012 Draft Compliance Filing for Biopower with specific reference to matters related to the CHP. The comments made here are derived from our work relating to the implementation of combined heat and power, district energy and waste heat recovery both in NJ as well as throughout the Mid-Atlantic region.

Market Manager's draft Compliance Filing for the biopower component of the 2012 Renewable Energy Incentive Program

We support the move to offer higher levels of incentives for Combined Heat & Power and to offer a layered approach that provides the highest level of financial support for smaller projects. We feel this will have significant impact in helping to develop efficient use of existing biofuel resources and spurring the development of digester gas based systems for waste water treatment plants which individually are relatively small but in aggregate do represent a significant biopower resource.

While the incentive levels suggested in the program filing are significant and should promote project development, it needs to be recognized that fuel clean up is a significant portion of the cost. We therefore recommend that the program should encourage the use of proper gas clean up so that projects installed under the program will in fact remain operational for many years. To this end we would suggest that a portion of the incentive be dedicated to clean up equipment. This would prevent developers from extracting the maximum amount of dollars from the program while not providing the clean up equipment that is required to maintain the facility operational in the long term.

We also recommend that CHP applications be subject to an efficiency threshold to ensure the economic benefits are gained by the owner. Annualized efficiencies of 55% for biopower CHP should be based on higher heating value and calculated from the total power output in Btu plus the total heat recovered for useful purposes in Btu divided by the higher heating value of the fuel input in Btu.

The program should also require a warranty or service contract which should be a comprehensive contract with specific scope requirements that must maintain a specific availability of equipment. The suggested availability is 85%. This does not require the host facility to operate the system 85% of the time but does require that the system is able to operate at least 85% of the time. The availability limit should not be set at maximum thresholds of 95% which would only serve to add additional insurance costs to the project unnecessarily.

An effective CHP program will require comprehensive and technically competent application review so that only well qualified projects will be funded. This is a necessary component to avoid allocation of funds to projects that are ill conceived and which will ultimately not proceed. We suggest that the application and review process employed for the Retail Margin Fund CHP program be used as a template for the Biopower program.

The above mentioned application of waste water treatment plant digester gas may often involve mixing natural gas (typically up to 50%) with the digester gas to meet the facility's base electric and thermal needs as well as to accommodate seasonal variations in digester gas production. This should be accommodated within the program where by the proposed plant would be able to obtain the higher level of incentives under the Biopower Program in recognition of the fact that additional costs are still associated with the biopower based project even if it uses some natural gas. This could possibly be achieved through an adjustment of the rebate differential between the Biopower program and the C&I CHP program according to the percentage of biofuel used to power the proposed project.

The proposed program recognizes that the cost of feasibility studies is a significant hurdle and the program needs to require a comprehensive study be obtained before proceeding to the next step. We agree with the incentive levels but suggest that the full feasibility study incentive be all paid upon completion of the study. The added risk to the owner of obtaining the second half of the feasibility study incentive will render this payment ineffective in spurring owners to implement a proper study. In addition, if the project is to move ahead, the remaining portion of incentive for the feasibility is unnecessary as the project will be obtaining the implementation incentives.

FOLLOW UP

I and my colleagues are available to discuss any of the above issues and will continue to support New Jersey in its efforts to develop a clean, cost effective and reliable power market through effective utilization of CHP in line with the NJ Board of Public Utility and Department of Energy's goals.



Consulting, Municipal & Environmental Engineers
Planners • Surveyors • Landscape Architects

331 Newman Springs Road
Suite 203
Red Bank, NJ 07701
Tel: 732.383.1950 • Fax: 732.383.1984
www.maserconsulting.com

November 21, 2011

Via Email: reisman@veic.org and bioworkinggroup@njcleanenergy.com

Ronald H. Reisman
Renewable Energy Program Manager
New Jersey's Clean Energy Program
75 Lincoln Highway, Suite 100
Iselin, NJ 08831

Re: Comments/Recommendations for
Biopower Working Group Consideration

Dear Mr. Reisman:

In response to direction given at the November 17, 2011 Working Group Meeting, I am providing the following written comments for consideration:

- Coordination with NJDEP on Permitting Issues, particularly Air Permitting, could be essential in controlling project costs and expediting approvals.

From previous experience with Air Permitting requirements encountered on Co-Gen Projects, the process has been somewhat difficult, time consuming, and costly. Furthermore, we have experienced inconsistencies with the Air Permitting requirements at a number of Wastewater Treatment Plants.

In order to promote biopower projects at existing Wastewater Treatment Plants, the Air Permitting process should be streamlined and simplified.

- The current New Jersey Clean Energy Program policy of not providing appropriated monies, until a project is 100% percent complete and tested, complicates funding issues for Authorities and Municipalities having to come up with 100% of the funds required to pay off a public contract before being reimbursed.

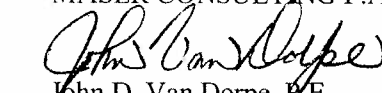
It is suggested that consideration be given to staging the release of funds, either as a percentage of payments or at least when the recipient has paid its total share of the project.

This would alleviate the problem for a public entity having to temporarily bond, or in some other way fund, the entire construction amount, when a significant amount is to be immediately reimbursed upon completion.

Thank you for your anticipated consideration of these issues.

Very truly yours,

MASER CONSULTING P.A.



John D. Van Dorpe, P.E.
Senior Principal

JVD/smk

Glover, Kristian

From: Herb Kaiser [herbkaiser@SE2Sol.com]
Sent: Friday, November 18, 2011 5:06 PM
To: bioworkgroup@njcleanenergy.com
Subject: Comments for draft proposal for Biopower

Hi,

Since Solid Waste - Landfilled in NJ represents 61% of the non- agricultural biomass feedstock opportunities, 47% of total biomass feedstocks, and gasification and pyrolysis represents to best alternative technologies for transforming this waste to energy from large and concentrated volumes, economically while meeting environmental requirements, there should be more emphasis on these feedstocks and technologies for programs, approvals, and permitting.

This is the best approach to meeting the RPS requirements. And any issues with Class I versus Class II and grid versus net metering need to be resolved.

A typical gasification facility can profitably process 300 tons of MSW per day and generate 6-10 MW of electricity. And if heat energy is needed then that can add value.

Take care,
Herb Kaiser
Smart E2 Solutions
14 Edgewood Rd
Rumson, NJ 07760
Mobile 732-241-6070
Work 732-530-2949
Home 732-530-0977
Fax 732-758-1169

