



FY2014 Biopower Straw Proposal

**Biopower Working Group Meeting
September 20, 2013**



Background and Context

- 30.905 MW of biopower capacity installed in New Jersey to date
 - 22.65 MW of grid supply and 8.255 MW of behind-the-meter
- 10 REIP biopower projects approved in 2012-13 program year
 - 5.29 MW installed capacity
 - \$11.17 million in rebate commitments
 - No projects completed to date
- CRA recommended \$10 million funding level over four years
 - Board approved Staff recommendation of \$2.5 million for FY2014
- HW Compliance Filing calls for competitive solicitation in FY2014
 - Stakeholder process to develop program in Q3 of 2013
 - BPU approval and first round of solicitation in Q4 of 2013



Program Goals

- Focus on sustainable biopower projects as defined by NJ RPS that are “ready to build”
- Establish maximum incentive amounts to stretch limited funds
- Focus on “public and critical” facilities to keep them operational in power outages.



Program Eligibility

- Eligibility guidelines remain the same
 - Projects must generate electricity using Class I biomass resource
 - Sustainability Determination must be obtained prior to application (if necessary)
 - Feedstock must be available on a sustainable basis
 - Combustion of biogas must satisfy NJDEP air emissions standards
 - Projects must be interconnected with electric distribution system; behind-the-meter and no more than 100% of host's annual electric use
 - Customer must contribute to Societal Benefits Charge
 - Project must meet EDC IX requirements and all local, state and federal laws, regulations and permit requirements
 - Applicants must provide source of funds and all other direct incentives



Technology Eligibility

- Mature biopower technologies
 - Including but not limited to anaerobic digestion and gasification
- Proven and commercially available generating systems
 - Including but not limited to gas engines and gas turbines
- Proven track record of success
 - Demonstrated results in existing projects
- Use of readily available biomass feedstock



Incentive Structure and Maximums

- Eliminate structured, administratively set, one-size-fits-all rebate
 - No regard for project economics or benefits
- Fixed incentives can be competitively determined
 - Applicant defines incremental amount needed to make investment
- Incentives are fixed on basis of capacity
 - A 300 kW project requesting \$600,000 is fixed at \$2.00 per Watt
 - If final project is downsized, rebate is adjusted accordingly
- Applicants must disclose all other incentives applied for or received
- Applicants must identify intended funding sources (bonds, loans, etc.)



Incentive Structure and Maximums / continued

- Maximum incentive payments per project
 - Lesser of \$750,000 or 30% of project cost after deducting other incentives
- Maximum incentive payments per entity
 - \$1,125,000 per fiscal year
 - Entity defined as business, institution or agency that is site host
 - Does not apply to project developers
- Projects receiving commitments
 - Must sit out one solicitation round before reapplying



Early Completion Incentive

- Projects completed within 12 months of approval receive 110% of incentive
- Projects completed in 12 to 18 months receive 100% of incentive
- Projects requesting extensions beyond 18 months receive 90% of incentive



Solicitation Structure, Timing and Frequency

- MM proposes full \$2.5 million be available in first round (Q4 2013)
 - If not fully committed or new funding is available, second round will be held in Q1 of 2014
- Each solicitation round will be 90 days
 - Day 1: Solicitation emailed and posted; question period begins
 - Day 7: Written question period closes
 - Day 14: MM conducts webinar to answer questions and review procedures
 - Day 60: Deadline for applications
 - Days 61-70: MM reviews applications for completeness
 - Days 71-88: Solicitation Evaluation Committee scores applications
 - Day 90: All applicants notified in writing



Application Process and Evaluation Criteria

- Application packet to remain virtually unchanged
 - Will use revised versions of REIP Application Checklist, Form and TWS
 - Other documents required, likely including some not required now
- All applications reviewed by Solicitation Evaluation Committee
 - Comprised of OCE, MM, PC and other appropriate agencies
 - Will review complete and incomplete applications at their discretion
- Applications evaluated on four criteria linked to program goals
 - Economic
 - Project Readiness
 - Technical
 - Resiliency
 - Criteria and questions within criteria will not be equally weighted



Economic Criteria

- Cost per kWh analysis for first 20 years of generation
- Incentive per kWh of projected annual electric generation
- Annual system efficiency
- Projected payback period
- Other incentives for which the project may be eligible



Project Readiness Criteria

- Projected completion date with realistic schedule and milestones
- Whether a Sustainability Determination, if needed, has been obtained
- The identification and progress of obtaining permits
- Status of contractors and contracts in place



Technical Criteria

- The project utilizes proven and mature technology
- Equipment is commercially available
- Feedstock is readily available and has been contracted for
- The system's projected capacity factor is sufficiently high



Resiliency Criteria

- The host site is defined as a “public and critical facility”
- The system incorporates islanding capability
- The feedstock supply is secure in the event of an emergency



Evaluation Considerations

- Exact criteria, grading system and specifics will be in Solicitation
- No default winners due to lack of competition
 - All applicants must meet minimum score to receive incentive commitment



Issues Deferred for Future Consideration

- Funding of innovative or experimental technologies
- Extending incentives to co-mingled projects (i.e., digester gas and natural gas)
- Co-firing biomass with coal
- Including environmental and societal benefits in evaluation criteria



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