Responses to Questions Submitted on the FY2014 Sustainable Biopower Solicitation March 27, 2014

Note: The below questions were submitted to either the bioworkgroup@njcleanenergy.com email box prior to the Solicitation's March 7, 2014 deadline for questions or via question session during the webinar on March 13, 2014. The names of stakeholders that asked questions have been kept anonymous consistent with the nature of this competitive Solicitation.

QUESTION #1: Is the gasification of municipal solid waste to generate both electrical and thermal energy eligible for incentives under this program?

ANSWER #1: No, the Biopower Program is limited to feedstocks that are defined as Class I biomass resources in N.J.A.C. 14:8-2.5. Subsection (l) of that regulation specifically identifies municipal solid waste as one of the "substances that shall not qualify as Class I renewable energy for the purposes of this subchapter."

QUESTION #2: Will the funding be available for research, development and demonstration of the technology associated with the gasification of municipal solid waste and its conversion into energy?

ANSWER #2: No, the solicitation states that "Projects should use established biomass conversion technologies in proven and commercially available electric generating systems" (Page 8 –Section 2.2).

QUESTION #3: Do system expansions need to increase electric capacity of a facility only, or can the expansion address increased energy production? For instance, the installation of a siloxane cleaning system could increase reliability, producing more energy over time and decrease maintenance costs of an existing facility.

QUESTION #4: Is a project considered having "new" equipment if ancillary equipment, such as a new siloxane cleaning system, is added to an existing biopower system?

QUESTION #5: Will grants be considered for equipment additions to existing electrical capacity, which provide operations and maintenance improvements?

ANSWERS #3, #4 and #5: The Evaluation Committee will consider the proposed investment in new siloxane treatment equipment to increase productivity of the landfill gas-to-energy system and produce more energy annually than under recently documented baseline conditions to be an expansion of an existing plant for purposes of this Solicitation. Applicants will be required to fulfill all program requirements established in the Solicitation as listed on Pages 11-13, Section 5.1. In addition, as part of the response to this Solicitation, the Program recommends that you provide information on the potential decrease in maintenance costs and increase in the annual

system output as a result of the improvement to the system efficiency when installing these cleaning systems. Applicants should also include data on annual production for each year of system operation as documentation of an historic baseline and the degradation of the system.

QUESTION #6: Will the Evaluation Committee consider economic incentives or grants to existing biopower capacity facilities if they are in jeopardy of being closed down due to financial distress?

ANSWER #6: The Committee would need to understand how the installation of the cleaning system would alleviate the financial distress of the existing biopower facility. This information should be included in the response to Question 5.2.1(e) of the "Additional Information" document.

QUESTION #7: The majority of biogas projects (landfill based) are not sized by the host's electrical load, but rather by the amount of biogas which can be efficiently utilized. Regarding the requirement to be installed behind the meter and sized no greater than 100% of the site host's historic annual electric consumption: Can the facility export any excess energy into the grid? Is this requirement based on the site host's maximum electric demand (kW) or annual consumption (kWh)? Can the facility be sized above the host's load at all?

ANSWER #7: The system cannot be sized to generate more than 100% of the site host's historic annual electric usage in kilowatt-hours. This program is intended for net metered facilities which provide electricity behind a customer-generator's electric meter.

QUESTION #8: Can the project export energy in excess of host requirement into the grid? Occasionally? For substantial portions of the year? Always?

ANSWER # 8: The customer-generator can export energy in excess of load if the facility is sized to provide no more than 100% of annualized consumption and is approved to interconnect using the Board's rules at N.J.A.C. 14:8-5.

QUESTION #9: Can the requirement for the project to be sized no greater than 100% of the site host's historic annual consumption be interpreted to include the host's total electric consumption if the site host has multiple electric accounts at multiple sites?

ANSWER #9: The system cannot be sized to generate more than 100% of the host site's historic annual usage. It is based on kilowatt-hours, not demand as measured in kilowatts, and applies to the host site's usage only – and not any other facilities owned by the same entity. Biopower projects were not authorized to participate in aggregated net metering pursuant to the Solar Act of 2012 or the subsequent rules codified by the Board.

QUESTION #10: If an application is submitted to add ancillary equipment systems to an existing facility (such as the siloxane cleaning system), does a five year warranty need to be required for the incremental additions, or the entire facility?

ANSWER #10: A minimum 5-year warranty is required on all new equipment related to the biopower project.

QUESTION #11: If the warranty is necessary for the entire system, is the warranty required from the date the project originally began operating or from the date of the incremental installation of the biogas cleaning system?

ANSWER #11: The 5-year warranty requirement applies only to the new equipment and begins on the date when the new phase of the project is completed.

QUESTION #12: If the biopower facility is owned by a third party, and the site host is responsible for biogas cleaning, can the site host apply for improvements to its gas cleaning system?

ANSWER #12: Yes, subject to all the other conditions expressed in the Solicitation and these responses to questions. The Application Form must contain the appropriate signatures for the system owner and site host.

QUESTION #13: Is the requirement for the customer to contribute to the Societal Benefit Charge (SBC) a historic or prospective requirement?

ANSWER #13: For projects proposed at existing facilities, the site host must be paying the SBC on their electric and/or natural gas bills at the time the application is submitted. For projects proposed for sites where electric service is just beginning and which have no billing history, the new facility will be required to take electric service and pay into the SBC. The proposed system size will be subject to approval by the EDC interconnection team.

QUESTION #14: Is the host making any commitment by signing the application other than allowing for release of electrical and gas records?

ANSWER #14: The signatures on the REIP Application Form certify that the information included in the REIP Application is accurate and true. See Section E on the REIP Application Form for a detailed explanation.

QUESTION #15: Will the slides presented in the webinar be available online?

ANSWER #15: Yes. Both the slides and an audio recording of the webinar are available at http://www.njcleanenergy.com/biopower

QUESTION #16: How will an on-farm project demonstrate a supply contract for 10 years?

ANSWER #16: The applicant should do their best to demonstrate that feedstock produced on the farm will be available on an ongoing basis.

QUESTION #17: How will the start date be determined for the Incentive/Penalty?

ANSWER #17: The date of the REIP Approval Letter represents the start date for the 10% incentive bonus payment for completion in <12 months and the 10% incentive penalty for completion in >18 months (Page 9, Section 3.4.).

QUESTION #18: What if the total construction cost ends up being less than estimated and the rebate level was awarded at 30%?

ANSWER #18: The incentive will be reduced accordingly based on 30% of the actual installation cost or $750,000 maximum after deducting any other incentives, whichever is less. If upon completion, a project is sized below capacity for which it was approved, the incentive shall be reduced by a dollar amount equal to the capacity reduction multiplied by the project's approved per-Watt incentive.

QUESTION #19: For critical facilities, I assume this presumes the ability to island, which is costly. As an example, I have a project in CT for their micro grid program and the distribution-related infrastructure on a $7MM project serving 3 buildings is $3.8MM. If islanding is expected, $2.5MM is nice but a drop in the bucket. How important is islanding for critical facilities?

ANSWER #19: The Program is not requiring the critical facility to have the ability to "island"; however, the Evaluation Committee will consider this ability during project evaluation process (Page 14, section 5.2.4.).