



Retail Margin Fund - CHP Program

Frequently Asked Questions (FAQs)

1. What are the specific eligibility requirements for receiving a grant?

Answer:

Grants will be awarded on a first-come, first-serve basis for CHP Projects that satisfy **all** of the following eligibility criteria. Applications which do not satisfy **all** of these criteria shall not be eligible to receive a Grant under the CHP Program.

- A. The CHP Project shall serve a commercial, institutional, or industrial electricity customer in this State with electric demand of at least 750 kilowatts or such level of demand as subjects the customer to payment of a Retail Margin.
- B. The CHP Project shall establish by contract or other arrangement that the electric output generated at a CHP Project shall, to the maximum extent feasible, be consumed at the project site by a facility located at the site and that any surplus power produced that is not needed by that facility may be sold into the interstate PJM grid.
- C. The CHP Project shall have an electric generating capacity of greater than one MW.
- D. The CHP Project shall be designed to achieve thermal efficiency levels of at least 65 percent for facilities with up to 20 MW of electric generating capacity, and at least 70 percent for facilities with electric generating capacity greater than 20 MW. An existing facility that does not currently achieve the applicable thermal efficiency level shall be eligible to receive a Grant pursuant to this paragraph if CHP Project will result in achieving thermal efficiency levels of at least 65 percent for facilities with up to 20 MW of electric generating capacity, and at least 70 percent for facilities with electric generating capacity greater than 20 MW.

2. State the eligible use of funds.

Answer:

- The Grants are performance based incentives only and are not to fund the costs of development, design and construction of the CHP Projects.
- Funds may not be used for conducting feasibility studies or location research.

3. Are there any limits on funding amount per project? Are there any specific finance requirements?

Answer:

- There is no cap on funding amount per project.
- The CHP Program is a performance based incentive grant program. Grants shall be made only for performance based on a per kilowatt per hour and per Btu delivered. If approved for funding, the grant agreement shall specify a not to exceed amount of the Grant which may be earned if the CHP Facility meets the performance requirements.
- The amount of the Grant will be based on the actual electric and thermal energy production on an annual basis which shall begin upon the commencement of operations of the CHP Project. The Grant amount will be calculated based on 75% capacity factor over four (4) years. In the event that the CHP Project meets the required efficiency metrics and operates at less than 75% capacity, the recipient of the Grant will have up to six (6) years to qualify for the full amount of the Grant.
- Aggregate State funding cannot exceed 50% of the total project cost.

4. What is the application process?

Answer:

Applicants will need to complete an Intake Form which will be reviewed for meeting the eligibility criteria. A Business Development Officer will contact the Applicant upon completion of the review. Those projects that have been deemed successful for meeting eligibility criteria will be asked to move forward in the process to complete the EDA online application for financial assistance. A detailed financial review process will take place for all proposals. The Applicants will be notified as to the status of complete project review. An Evaluation Review Committee will review all success proposed projects for funding. Upon Evaluation Committee recommendation, successful projects will be presented before the BPU Board for funding approval.

5. Describe the process for funding approval and how funds are disbursed.

Answer:

A review committee will recommend funding commitment decisions to the Board. The Board may reject or accept the recommendations for funding award made by the review committee. Financial incentives will be awarded by the Board to each project or projects deemed to meet the requirements of this solicitation according to the application materials submitted in relation to the criteria stated within solicitation.

Post commercial operation, the Applicant shall submit invoices for payment along with semi-annual reports on a timely basis documenting energy production. These semi-annual reports will be the basis for payment of the performance grant.

If a CHP project consistently generates less than estimated in its application or Board approved project estimates, the Grant amount may be reduced accordingly or terminated. The Board will have the final determination in determining the qualifying energy production at the CHP Project.

6. Does the 50% funding limit include ARRA or other Federal funding?

Answer:

No. Applicants are encouraged to review funding available under ARRA and at DOE or any other Federal Government programs.

7. How much is available for funding under this Solicitation?

Answer:

There is \$60 million available for funding under this CHP Solicitation.

8. Can an Applicant request funding for more than one CHP Project?

Answer:

Yes. An applicant may request funding for more than one CHP Project. Also, entities serving as third party developers may submit applications for multiple sites.

9. When will the next Solicitation be posted for this CHP Program?

Answer:

The timing of the next Solicitation will depend upon the level of demand received for funding under this first Solicitation. Check the Economic Development Authority (EDA) website for latest information on future Solicitation postings.