Biopower Working Group Meeting
July 23, 2013
NJDEP Hearing Room – Trenton, NJ
10:00 am to 12:00 pm

1. **Purpose of the Working Group (Scott Hunter – BPU Office of Clean Energy)**
    a. **Scott Hunter:** This is the kickoff for the Biopower working group. The framework has been laid out for us. It originated in the spring, when we took market assessment studies of different renewable energy markets toward developing a comprehensive resource assessment that establishes funding levels every four years for the Clean Energy Program. The CRA that was approved by the Board in June changed the program from what had previously been a calendar year basis to a fiscal year basis. For the first time this established a funding level for one year in recognition of the program changes toward having one centralized program administrator from the structure we have now, which is a program coordinator and two Market Managers covering three program sectors.

    The CRA and the Fiscal Year 2014 budget was approved by the Board on June 21st 2013 and the Compliance Filings are the tools that established the framework and the goals that we established in the Fiscal Year 2014 budget were for biopower to have its first solicitation in the 4th quarter of 2013 followed by two more solicitations in the 1st quarter of 2014, and a 3rd solicitation in the 2nd quarter of 2014. The budget that we originally established in the CRA was $2.5 million for biopower. We also had $2.5 million established for Energy Storage and $2.5 million to the SREC Registration Program. For that straw we increased the budget to $17.5 million for all three of those uses.

    The big change in this program plan is that we're introducing a competitive element to the incentive structure that hasn't existed in the past. In the past we had a flat capacity based rebate, and with the limited budget we anticipate the best approach from our perspective is to bring competition to this endeavor to get the most cost effective use of rate payer funds. The other goal in this optimization problem is that we want to have the money committed as quickly as possible and spent as quickly as possible. The past difficulties that we have had in the Clean Energy Program in having programs that are undersubscribed will leave money on the table that are subject to reallocation within the Clean Energy Program, or even lost from the Program. We are trying to avoid that with this stakeholder proceeding. Maximizing the effectiveness regarding the development of the incentive structure, timing and frequency should be some of our goals in the development process.
    b. **Audience Question:** What is going to be the definition of "biopower" for this program?

i. **Scott Hunter:** That is one of our agenda items in the facilitated discussion, but we're taking our "marching orders" from the Electric Discount and Energy Competition Act (EDECA) from 1999, which has been amended over time, as well as the Renewable Portfolio Standard Regulations. There are technologies or feed stocks that don't require a sustainability determination and there are those that do, such as biogas from food waste. Those regulations are established in the RPS and that's what we try to tie the rebate to. We don't want to give an incentive to a project that is not eligible for a Class 1 REC.

c. **Audience Question:** Is the $2.5 million based on historical use? How did you come up with that number?
   i. **Scott Hunter:** The $2.5 million was a number that was developed on past experience and existing program demand. It was recommended in the CRA and in the FY 2014 budget that was approved by the Board. We have had flexibility as we go along; if demand in the first solicitation was unprecedented it's not inconceivable that we could go back to the Board and recommends a reallocation from another line item that is not over utilized. So it is not rigid but it's also what was approved by the Board at this point.

2. NJCEP Biopower Plans and Biopower Status Report (Charlie Garrison – Market Manager Team)

a. The Biopower Program changes include:
   i. The incentive structure will change from a fixed incentive schedule to a competitive solicitation which will be administered by the Market Manager.
   ii. Board Staff and the Market Manager will hold discussions with interested stakeholders to develop the solicitation process and a solicitation schedule for FY14.
   iii. The solicitation would rely upon past project eligibility requirements and program application forms.

b. FY14 Biopower Program Plan
   i. Evaluation committee includes Office of Clean Energy, Market Manager, Program Coordinator, and other NJ State agencies as applicable.
   ii. Any incentive award that exceeds the current threshold established by the Board *(which is currently $500k)* will require approval by the Board.
   iii. Awards will be based upon the criteria established within the solicitation.
   iv. The BPU priorities include the emphasis on spending for projects that can be completed within 1 year and the desire to build a sustainable market that does not rely on NJCEP funding.

c. Purpose of Stakeholder Groups

i. The Biopower Working Groups will look into program development issues including, but not limited to: eligible technologies, incentive structure, solicitation structure and timing, and application criteria and process.
ii. Key concepts will be identified and distributed in a straw proposal for future discussion.

d. The total NJCEP Rebate Program for Biopower installations from 2001 to 2010 were 12 projects totaling rebates of $6,575,399. Activity has increased in the last year. During the 2012-13 project year, 8 biopower project applications were submitted and approved, with a total capacity of 3.51 MW and the approved rebate commitments of $7.53 million.

i. **Mark Fennell, UGI Performance:** How does this program relate to the Combined Heat & Power Program? Is it related or is it exclusive?
ii. **Charlie Garrison:** This program is independent of that program, there is a CHP program that has a $65 million budget for FY14, and there's a separate work group and application for that program. The Commercial Market Manager TRC is managing that program. However, it's not to say that under this biopower program we could get renewably fueled CHP coming through. You must choose one program or the other to apply to.
iii. **Richard Crane, T&M Assoc.:** Is the one year goal for completing projects, is that cast in stone right now? With regards to municipalities, that have to go out to bid and comply with NJ bid laws, and the very long lead time for equipment, you're looking at lead times of 6-7 months. A one year completion time is stretching it for municipalities that may want to participate.
iv. **Charlie Garrison:** That is understandable, and the answer to your question is no, it is not set in stone. The key word is "emphasis." It will not be a requirement, and I would imagine we would continue to use the 18 month commitment period but when we come around to evaluating projects, one of the things the committee needs to discuss is 'how much emphasis should we place on the quick completion and payment of the project?' We would not preclude those projects but they may not score as high. It will need to be explored as projects apply.

3. Update on 2007 report "Assessment of Biomass Energy Potential in NJ" and EMP Biomass Work Group (Serpil Guran and Dave Specca – Rutgers Eco-Complex)

a. The Rutgers NJAES Assessment of 2007 was prepared for the NJ BPU and served as the first "Biomass Assessment of New Jersey." The assessment had four major goals; 1) To assess the characteristics and quantity of New Jersey's biomass resources; 2) to assess technologies that are capable of producing bioenergy, in the form of electric power and transportation fuels from NJ's biomass resources; 3) to develop the first

statewide mapping of waste/biomass resources and bioenergy potential; and 4) to develop policy recommendation for moving New Jersey into the forefront of bioenergy innovation.

b. Study yielded six major findings about New Jersey's biomass resources, including that New Jersey produces an estimated 8.2 million dry tons (MDT) of biomass annually, is concentrated in central and northeastern New Jersey, and 75% of New Jersey's biomass resources is produced directly by the state's population, much in the form of solid waste.
c. Rutgers decided to update the study last year because of the changes in the state such as economy, population and different emerging technologies.
d. **Version 2.0- 2013:**
    i. Study is currently being finalized and the final report is due in October 2013.
    ii. Updates include county based data, emerging technologies, NJ's food waste-to-energy potential has been added as a feedstock category and a new section was added on GHG emissions reduction potential in NJ.
e. Emerging technologies reviewed: anaerobic digestion of food waste and other suitable organic waste into methane, gasification of suitable biomass (and other available waste) into syn-gas, pyrolysis of biomass (and other available waste) into pyrolysis oil technologies.
f. Biopower opportunities includes biomass as a "solution candidate" to energy problems, underutilized feedstock availability, need for clean energy, interest in GHG emissions reductions for climate change mitigation, need for sustainability and resilience, new emerging technologies, available incentives…
g. Barriers found for bio-energy includes feedstock securitization, unverified technologies, economic barriers, regulatory barriers, and need for incentives in the transportation sector, public acceptance and collaboration.
h. Recommendations from Biomass Work Group:
    i. **Major |** *Biomass to Power & Fuels Initiative:* Target State resources to facilitate public-private partnerships to build and operate biomass power & fuels plants in two to three years.
    ii. Other | Facilitate and incentivize pilot and small-scale biomass-to-energy demonstrations, Commission studies of key economic aspects of agricultural and rural feedstocks, Commission studies to fill data gaps for urban and industrial feedstocks.
    iii. RNG Work Group Analysis | Renewable natural gas is a sustainable biomass-based fuel with an unmatched combination of economic & environmental benefits.
    iv. Waste-to-Energy "REC" Designation: Based on a consideration of the economics of conventional RECs and of recent Legislative history, the BWG found that an effort to modify the waste-to-energy REC definition would be ill advised and does not recommend it.

i. **Questions**
    i. **Bob Kudrick, NJ Resources:** When looking at emerging technologies, do you recommend that we look at pilots or do our own assessments on them?
        1. **Serpil Guran:** Both actually, we are going to update what is in the pipeline emerging technologies are, but we always spread the message that before spending lots of money on large facilities those emerging technologies should be tested and verified. It is important for investors, decision makers and the state because we cannot support failed technologies in the state.
    ii. **Charlie Garrison:** Serpil, can you estimate how much of the 7.4 million dry tons that is available as biomass resources would qualify as Class 1?
        1. **Serpil Guran:** At least half of it would qualify as Class 1. It could be more than half, but at least 50%.
    iii. **Charlie Garrison:** Historically, how many of the projects went to transportation as opposed to what we reported here in the NJ Clean Energy Program completions?
        1. **Serpil Guran:** I cannot give you that exact number because I don't have that information with me, but it would depend on the technology. Even if you use an aerobic digester, it depends on what your end goal is- power generation or for transportation?

4. **Opportunities and Challenges for Biopower in the Wastewater Industry (Richard Kunze – Association of Environmental Authorities)**
    a. Opportunities & Challenges
        i. Energy/Water Nexus: To clean up water, you need energy and if you're going to produce energy, you usually need water.
        ii. In a typical community, the water and wastewater treatment plants typically use about 3-4% of the total energy that is used in a community.
        iii. There is a more holistic use of the role that a water resource utility can play in the future (National Association of Clean Water Agencies (NACWA); Water Environment Research Federation (WERF); and Water Environment Federation (WEF)).Possibly due to the sustainability trend and net-zero waste water treatment plants (Strauss, Austria example using co-digestion with high strength organic waste).
        iv. Types of CHP (cogeneration) Equipment include Internal Combustion Engines, Micro turbines, and Fuel Cells.
        v. Enhancements for CHP at wastewater treatment plants include gas conditioning, gas storage, and incremental equipment utilization.
        vi. During Super storm Sandy, some WWTP's became "energy islands" because they either had emergency generators or they had

CHP that allowed them to continue to operate even though commercial power was down. This can be a very good thing for the Grid, and you can effectively have some power for critical infrastructure during a weather emergency.

vii. Every WWTP is required by the EPA and DEP to be equipped with emergency generators so that in the event of a power failure you can continue to treat the wastewater. Most of these units are diesel engines. Demand Response is an opportunity for generators to come online and take load off the grid when demand on the Grid is excessive. Emergency generators are not allowed to participate in Demand Response because they are dirty engines.

viii. WWTP Potential Future Concepts include Renewable Natural Gas for vehicle fuel, Gasification of bio solids and organic waste, Thermal recovery from liquid stream, and algae production.

b. **Rich Crane:** I want to add another future concept also to consider, there is equipment that involves the organic Rankin cycle technology that uses low grade heat to produce electric power. That technology may be a future concept we will see coming down the pike.

c. **Bob Kettig, NJDEP:** The rebuild schedule for those engines that are properly gas conditioned is essentially the same as for operating on natural gas, 5,000 hours?

i. **Richard Kunze:** There's top end to overhaul and a bottom end to overhaul. When we first put one of our co-gen treatment plants online we did have an industrial discharger to that treatment plant that produced a lot of personal care products, which has Siloxanes in them. Siloxanes get into the digesters and if you don't take it out, in the combustion process in the end it turns into silicone. When this Co-gen was put online twenty years ago, there wasn't any reference to siloxane. Now it's a big topic. We were in the forefront of getting rid of it. Since we have straightened out our process on gas treatment, the rebuilding timeframe on our engines is in line with what the manufacturers expect to get in terms of hours.

d. **Bob Kettig, NJDEP:** The demand-response directive was a restatement of what has been required in NJ's Subchapter 19 rules, specifically preventing the use of emergency generators for demand-response.

5. Facilitated discussion forum on FY2014 Program Design

a. <u>Eligible technologies</u> (What do we need to do in terms of including certain technologies?)

i. **Jorge Reyes, NJDEP:** The focus should be placed on utilizing mature technology rather than new technology which would require research and would prolong the actual completion of projects.

ii. **Serpil Guran:** Projects using mature technology with suitable feedstock and what's available in the state. Funds and time are limited so it's important.

iii. Discussion on CHP Component:

1. **Audience Comment:** It makes sense from a practical design standpoint to have co-firing and recognizing the biomass portion, so if it's 80/20 biomass and natural gas, you should be eligible for 80% of the incentive based on that. This particularly makes sense now when we have this overlying sustainability on all of these projects. There are certainly times when there will be an interruption in the flow of digester gas as gas production is very variable according to the season. There are lots of reasons to blend natural gas with digester gas for a more efficient and feasible project.
    a. **Scott Hunter:** Regarding co-mingling, I thought we were going to allow that as long as it was properly metered to enable the calculation of the electricity as eligible for Class 1 RECs.
    b. **Ron Jackson:** In the case of Bergen County, they separately meter the digester gas they use to generate Class I RECs. They did not apply to the REIP program however.
2. **Bob Kubrick:** The idea of putting in multiple machines to be able to ramp up or down based on the volume coming through will also allow you to use more natural gas so you can ramp up the natural gas through that same machine.
3. **Richard Kunze:** In our engines there is a pre-combustion chamber and when you have dirty gas, you can use natural gas in a pre-combustion chamber and 100% digester gas in the combustion chamber. I would like to see the opportunity for a minimal percentage of natural gas, and if you want to base the grant on the percent of renewable gas you can do that as well. I would not recommend getting rid of projects that have any natural gas in it, but you can use a scale.
    a. **Scott Hunter:** We have done projects like that before.
4. **Axel Hesser:** Question on the net metering requirements under the program, and the necessity of those. It creates an enormous complication when we have to get permission from the utility companies who are not prepared to net meter these types of engines into their grid. If you have sufficient demand capacity on site, what is the motivation to require net metering?
    a. **Scott Hunter:** If you're connected behind your meter, it doesn't matter. As long as you're using the power on site it doesn't matter.
    b. **Ron Reisman:** It seems that the feeling of the group is that we need to look at Net Metering as a requirement, from the issues with EDC and costs associated with projects.

5. **Mike Ambrosio:** CHP is not eligible for net metering right now, but renewable CHP is eligible for net metering.
6. **Audience Comment:** Hybrid systems of renewable/natural gas sources should be eligible for the REIP Biopower Program incentive. It can establish a minimum level of renewable sources supply and procedures to ensure measurement and compliance.
    a. **Scott Hunter:** It had been one monolithic program in the CRA I think. That changed in the CRA version 3 for some reason.
    b. **Other discussion points:** Need to schedule discussions with the TRC CHP Program staff and there was a recommendation to use funding from C&I CHP Program administered by TRC to pay incentives for the base project and offer a bonus to customers for the renewable energy component from the $2.5 million RE budget.

b. <u>Incentive Structure and Caps</u>

i. **Ron Reisman:** As Gearoid mentioned, the previous year's incentive structure gave a premium to CHP the way our structured rebate worked if it was power generation only it was $2/watt for the first 500k watts, and $1/watt for the next 500k watts. The cap was $1.5 million or 30% of the project costs. However, with CHP it was $3/watt for the first $500k watts, $2/watt for the next 500k watts and the cap was $2.5 million or 40% of the project costs. That was higher than our power generation rebate but higher than CHP rebate from the program that TRC administrates. Questions that come to mind are if we should maintain the differential between power generation and CHP, and is it necessary? Should we eliminate power generation entirely?

ii. **Scott Hunter:** I think the question needs to be turned on its head and instead ask what the benefits that the project is proposing are. How do we value them and make an evaluation and make an award recommendation? The reason why this program exists is because there are public benefits to NJ ratepayers for the contribution and development of the biopower industry. The solicitation is going to have to elicit from developers what the benefits of the projects are so we can put them in a dollar/kwh or dollar/mwh metric to enable evaluation.

iii. **Ron Reisman:** In the competitive solicitation that EDA ran last year for CHP, even though it was a competitive solicitation they still had a fixed incentive amount.

iv. **Audience Member:** There are two different issues here as well, you have existing well understood technologies where the costs and benefits are understood, and then on the other hand you have

more evolving technologies where there is room for discussion on what the public benefits that may be, and a lot more flexible such as the food to waste issue. Not only does that generate power, but it's probably quite expensive with a pretty large land use; however it removes a waste disposal issue in the state. If you don't have prescribed amounts particularly for technologies like CHP and landfill gas, it can't be a "we'll tell you what it is after you submit it" project.

1. **Ron Reisman:** It's not necessarily "we'll tell you what it is;" but you have to bid the amount that you feel you need to make this project economically viable.

v. **Audience Member:** One of the main things behind this is that I do not want to overpay for CHP I want to see more CHP for the same fixed dollar amount that we have, and that's what is predetermined, how much we have to spend, and I don't see as much CHP. We go too low per kw, we get nothing, we go too high per kw, we get too little. So we have to find a balance.

1. **Ron Reisman:** Correct, but the question is what is that balance. We saw last year when we had that incentive we got 10 projects. Is that an indication that we're offering too much? We got more applications in the last program year than what we had in the previous history of the program.

vi. **Audience Member:** That is possible. It's also an indication that the economy is in a different place and that there's a higher value on larger sustainable energy projects.

vii. **Surpil Guran:** The project should be looked at for its sustainability potential. What are the environmental, economic and social benefits? Are they going to create jobs? Any biomass energy project is definitely a sustainability determination projects, whether its food waste or energy waste. The first round we should look at clean, part 1 biomass. If someone is coming with a CHP, it means there is more benefit. What are they adding to the long run?

1. **Ron Reisman:** So projects need to be evaluated on the basis of more than just cost, you have to look at the environmental benefits, jobs that are created and other societal benefits that can come from that project.

viii. **Surpil Guran:** Yes, if you all agree to that. It is a competitive process.

1. **Ron Reisman:** What about the value of the end use customer to the state? For example, a project at a waste water treatment plant vs. a project at an amusement park. Something that is not critical to the wellbeing of society? Is that a factor as well?

ix. **Surpil Guran:** I think so. My view is State's should get environmental benefits. If food waste is ending up in somewhere in Delaware, but someone develops a project that is New Jersey's

food waste will be utilized in the state and kw's will be displaced with this project as well as by-product is going to be green, means that GHG emissions will already occur. If it also creates jobs that is a plus. These are low hanging fruits. Clean waste is too valuable to waste.

x. **John Van Dorpe, MASER/TOMSA:** I think the funds that are available; we may be trying to do too much with this. When talking about a wastewater treatment plant, you've got gas that is being flared and not being flared. If you come in with a CHP project, you're eliminating that waste of that gas for utilizing it for a positive purpose. With regard to generating jobs and creating another industry- these are existing facilities, with the funds that are available, getting into all these other issues they are personal opinions.

xi. **Greg Seker ACUA:** I think we touched on critical infrastructure, but also environmental impacts need to be considered

xii. **Pam Frank:** It may make sense to figure out the buckets, because we can't be everything to everybody. It's a small incentive resource available, we've got things that are much more established and far along, feedstock's and projects that are already developed like wastewater treatment versus things that would be fairly new and innovative. One of the examples is a municipality collecting compost and using that as a feedstock and creating energy for the municipality. That is the kind of thing we'd like to help along.

1. **Ron Reisman:** That goes back to the technology discussion, about whether we want to provide incentives for mature technologies or one's available for innovative, entrepreneurial technologies. The point that John makes is that we have $2.5 million, are we overthinking all of this given the amount of money that is available.

xiii. **Pam Frank**: From the direction of the Energy Master Plan about taking established technologies and trying to get things that are the low hanging fruit, then the "lion's share" of the $2.5 million ought to be used for that and then a small set aside for things that are very innovative. There are two very different criteria to be established.

c. <u>Solicitation Structure, Timing and Frequency</u>

i. **Ron Reisman:** In Scott's opening comments he mentioned splitting the budget into 3 solicitations, we would be taking this first quarter to develop the program, then a solicitation in each of the remaining 3 quarters.

ii. **Charlie Garrison:** The word in the Compliance Filing was "targeted" so it was not set in stone. So there is some flexibility.

iii. **Ron Reisman:** Well there are two issues, you have the dollars and you have the timing. $2.5 million that we want to spread over 3 solicitations, which would be approximately $800 thousand in each

solicitation. You also have a timing factor; when EDA had their solicitation in 2012 they had a two month window from the time they announced it. We were told that there were complaints that the 2 month window wasn't enough. Even if we went with the 2 month window, that would leave us with one month every quarter to evaluate and give the awards, which is simply not enough time. Maybe the idea of the "target" or the "goal" will have to be modified to be realistic. So if there are two solicitations of $1.25 million each, and we can devote 4-5 months that may be more realistic.

iv. **Charlie Garrison:** Yes, especially when the goal is getting the money spent as quickly as possible. To hold money until Q4 of this fiscal year wouldn't make a lot of sense.
v. **Audience Member:** Under EDA's program, the complaints came from the fact that here was a lot of financial reporting that was laid in on the first round that complicated it. The request for information was enormous. It's a new program so no doubt you will get more participation in the 2nd round. It was not so much the two months.
vi. **Charlie Garrison:** Right, we were hoping to capture whatever pent up demand we did generate. By the time we get this program out, if it is October or November, there may be some pent up demand by then. People will have already had time to review and understand the program. We're not looking to add additional layers of complexity.
vii. **Dave Specca:** For the application, do the necessary permits from DEP have to be in place when you apply?
viii. **Charlie Garrison:** The sustainability determination will still remain and be kept in place.
ix. **Ron Reisman:** Do we think there is sufficient time to have all the permitting work in advance in order for someone to get an application in by October? Also, of the ten projects we had this year, there was only one that required a sustainability determination, because the project did not involve wastewater or food waste. That one that needed a sustainability determination used wood waste.
x. **Audience Member:** Are you saying they would have to apply for the permit before applying toward the funding? Or do they have to actually have it?
xi. **Charlie Garrison:** The case right now is that it's a requirement for completion of the project. That's why it's an 18 month process with a 12 month extension. We only pay the project upon 100% completion, so every permit that was required and all program requirements must be met before we would pay them.
(Post meeting Note: The guidelines regarding the sustainability determination and the timing of applying for and obtaining permits remains the same as currently specified in the REIP Biopower program guidelines. The sustainability determination must be

obtained prior to submitting the REIP Biopower application. All necessary permits and the electrical inspection must be provided to the Market Manager with the Final As-Built Packet.)

xii. **Audience Member:** So then there's some requirements of the time frame that you could have a project for well-established technologies that are regulated under Title V of the Clean Air Act, when you build in EPA review and mandatory public comment, you're looking at a year as a time frame for getting a significant modification approved at a Title V facility. That really is out of the control of the facility as it is federally mandated time schedules. However, that may be a very viable project, it may be proven technology, it may be a very efficient and economical project but you may have one that does not have to go through the Title V permitting process that could go through much quicker.

xiii. **Serpil Guran:** For decision making, a sustainability determination would provide information; however for the full payment a permit should be a requirement alone. If it is a small project maybe they're off the hook for a permit but projects that require a permit, if they need to get the money they need a permit, but for decision making a sustainability determination might be enough.

xiv. **Ron Reisman:** So a sustainability determination would be required with the application, and all other permitting required at project completion.

d. <u>Application criteria and process</u>

i. **Ron Reisman:** A lot of you are familiar with our current application process. Is there anything that you think needs modification or changes to make the process easier or more transparent?

ii. **Axel Hester, Natural Systems Utilities:** I had a question still on the structure, timing and frequency- as far as I understand you were speaking about solicitations being broken down into multiple times a year with less money available per solicitation. How would that work if a project came in with a request that was higher than the solicitation available at that time? For example, if one came in with a request for $1.5 million, would it be rolled over into the next solicitation or would it be judged on its merits and the solicitation increased or denied?

1. **Ron Reisman:** There's a standard rule that we have in this program that you can't have a bigger incentive than what is budgeted for. So if we do have an $800k solicitation, and someone asked for $1 million, we would ask them to scale back.
2. **Janja Lupse:** Maybe we would first open the solicitation at the $1.5 million and see what happens, and then whatever is remaining leave for other solicitations

3. **Scott Hunter:** I thought the rule you were going to reference was “use it or lose it.” The whole program itself is being strapped, and that’s why this budget is only $2.5 million because stakeholders here had raised a concern to the level of the CHP community has, where they have a $65 million budget with no demonstrated ability to spend in that time period. So it is a political issue. The reason why this budget is limited to $2.5 million is because of the comments from Rate Counsel and others that there’s not a demand and we don’t have the ability to spend it. If we were to make $2 million available in the first solicitation and granting a $1 million investment would put $1 million of this budget at risk to become a failure, becoming one of that 50% that drop out, and we don’t have at the back end the results to justify increasing the $2.5 to $5 million.

iii. **Axel Hester, Natural Systems Utilities:** Understood, I’m just wondering if residual of the project can roll into the next solicitation, where we have a project we suspect is worth a $1.5 million grant but you don’t have a solicitation for that amount so would we be able to apply for $500k at each solicitation to roll along the project.
   1. **Scott Hunter:** We’re not looking at modular projects; we’re looking at standalone projects to make decisions on. From my perspective, the ideal situation would be 6 awards, at $416k. Each of these transactions cost a lot of staff time and effort. We are committed to taking the solicitation to the Board before it is released for Public Use. The ideal would be that we would be oversubscribed in the first solicitation. We would probably split the funds into two solicitations, and have the third as a backup, but to demonstrate demand up front and make commitments. Ideally some of those commitments would get extended the year they’re made and we can have a foundation going forward for the next four years that demonstrates the need for expanding budgets year after year and sustain the program. I know that doesn’t fit in with all of the barriers of implementation, but the reality that we currently live in is that if money that’s not tacked down and committed to it is subject to reallocation.

iv. **Axel Hester:** Do we have an estimate of the size of the grants that were applied for in the past couple of years.

v. **Ron Reisman:** Yes, it is on the chart and I will be circulating it to people on the phone after the meeting. If you look at CHP, nine of the projects for the wastewater treatment plants, they were anywhere from about $350k up to over $1 million, based on the $3/watt.

vi. **Axel Hester:** So if the average grant request size was $700k, in order to not cannibalize the demands of the program, cutting the

solicitation size down to a level that everyone's talking about would basically not cover most of the projects that have applied. If you lose those projects then you don't have that demand.

vii. **Ron Reisman:** Yes and that's the question that goes back to the discussion we had before about what is the right rebate amount. At what point would these projects have been built? Taking that average of $700k for a rebate, would that project have still been built if the rebate was $400k or $500k? That is a question that only the developer can answer. Was our success last year the result of pent up demand or was it the result of an overly generous incentive?

viii. **Scott Hunter:** You're calling commitments success. That's only one indicator of success but none of these projects have constructed yet.

e. Next steps

i. **Charlie Garrison:** During the next meeting we'll be able to determine if we're far enough along to put out a straw proposal. That will be our target after the next meeting.

ii. **Scott Hunter:** Or you could phrase it if you want to have another meeting before you put out a straw proposal? Something you can sink your teeth into before the next meeting.

iii. **Janja Lupse:** The next meeting of the Biopower Working Group will be held after Labor Day, date and location TBD. We may have a straw proposal before that September meeting for review.

PLEASE SIGN IN AND TAKE A BADGE ↑

Sign in Sheet for **DO NOT REMOVE**

Biopower Working Group

Tuesday, July 23, 2013 10:00 am - Noon

1st Floor Hearing Room of the NJ Department of Environmental Protection building at 401 E. State St., Trenton NJ

Name	Company	Phone	E-mail
Tanja Lupse	NJCEP MMT	732-218-3411	tanja.lupse@csgrp.com
Tammy Gray	" "	732-218-3412	tammy.gray@csgrp.com
Ron Reisman	" "	732-218-3721	rreisman@veic.org
John VanDorpe	MASER/TOMSA	732-241-2216	JVANDORPE@MASERCONSULTING.COM
Rich Kunze	OCUA/AEA	732 269-4500	rkunze@ocua.com
[illegible]	EcoComplex	609-499-3600	[illegible]@aesop.rutgers.edu
Ron Jackson	BPU	609-633-9868	RONALD.JACKSON@BPU.STATE.NJ.US
JOHN TEAGUE	NJBPU	609-292-0080	JOHN.TEAGUE@BPU.STATE.NJ.US
Josh Hodes	PSE	609-[illegible]	jhodes@njpsi.com
Dave Specca	EcoComplex	609-499-3600	specca@aesop.rutgers.edu
G Fowly	DOE CERC	609 466 2200	GFAROD@ICHPS.COM
M. Fennell	UGIPS	215-716-7810	mfennell@ugiperformance.com
Mike Thulen	NJBPU	609-777-3338	michael.thulen.BPU
Peg Gallos	AEA	609 584 1877	pgallos@aeanj.org
Greg Seher	ACUA	609-272-6935	gseher@acua.com
NEERAJ SAXENA	LINDE	908 656 2673	neeraj.saxena@linde.com
BOB KUDRICK	NJR CEV	732-938-1290	RKUDRICK@NJResources.com
Pam Frank	Gabel	732 296 0770	pamfrank@gabelassociates.
Todd Olinsky-Paul	CESA	802-223-2554	Todd@cleanegroup.org

Sign in Sheet for

Biopower Working Group

DO NOT REMOVE

Tuesday, July 23, 2013 10:00 am - Noon

1st Floor Hearing Room of the NJ Department of Environmental Protection building at 401 E. State St., Trenton NJ

Name	Company	Phone	E-mail
Bob Kettig	NJDEP	609-633-3656	Robert.Kettig@dep.state.nj.us
Jim Glassen	NJ Rate Counsel	609-984-1460	jglassen@rpa.nj.us
Scott Hunter	NJDPA	609-292-1516	b.hunter@bpu.state.nj.us
Jorge Reyo	NJ DEP	609-777-1388	jorge.reyo@bpu.state.nj.us
ON THE PHONE			
Sandy Zeglarski	NJEDA	609-858-6671	szeglarski@njeda.com
Mark Corigliano	Orbit Energy	919-882-3970	mcorigliano@orbitenergyinc.com
Alex Dinkel	PEPCO Holdings	302-454-4246	alex.dinkel@pepcoholdings.com
Anthony DeVito	PPL Renewable Energy	610-774-5716	adevito@pplweb.com
Axel Hester	Natural Systems Utilities	203-660-7196	ahester@naturalsystemsutilities.com
James Pfeiffer	EnGeneration LLC	201-251-3815	pfeiffferjr@aol.com
Richard Crane	T&M Associates	732-671-6400 x1253	rcrane@tandmassociates.com