



NEW JERSEY ENERGY RESILIENCE BANK

Mission: Realizing energy resilience for New Jersey's critical facilities through financing and technical assistance.

Updated 4/27/2016:

New changes to the program in effect 4/27/2016. Please see Updates.

The New Jersey Energy Resilience Bank was established as part of the state's effort to minimize the potential impacts of future major power outages and increase energy resiliency. The bank aims to strengthen the resilience of NJ by offering financially feasible distributed energy for critical facilities affected by disaster. Financing through the Bank will be used to develop or enhance distributed energy resource ("DER") technologies at critical facilities that were directly or indirectly impacted by Superstorm Sandy or directly impacted by other eligible disasters. The bank was created utilizing \$200 million of second round Community Development Block Grant-Disaster Recovery ("CDBG-DR") funds allocated to New Jersey by the U.S. Department of Housing and Urban Development ("HUD").

If a potential applicant meets General Requirements, the ERB may provide 100% of unmet funding needs for an eligible project (Eligible DER Systems & Projects vs. Ineligible Uses), after equity contribution applicable to for-profit owned projects, (i.e., the ERB may finance the entire funding gap, after applicable equity contribution is satisfied.) The amount of unmet need will be established through the federally required duplication of benefits/unmet need analysis. The percentage of the unmet need/funding gap to be provided as a Grant/Forgivable Loan and amortizing loan is determined during the underwriting process and is based on program criteria, which may include but not be limited to, ownership structure, project economic feasibility, rate of return, and other policy considerations.

If interested please see our Application Process to view the steps to proceed, and be sure to continually check our Program Updates. Contact us at any time (Email – erb@njeda.com or Phone: 609-858-6767) for additional information and/or to discuss the ERB Program in more detail.

Updates:

All of the following changes were made 4/27/16:

In the ERB Financing Program Guide:

1. Batteries for storage of electricity (pages 10/15/16/20) have always been eligible for ERB program financing but the language was somewhat ambiguous so this has been clarified.
2. A general requirement of the ERB program is that CHP systems should achieve an annual system efficiency of at least 65% (page 17). In reviewing this further, consideration for flexibility of this 65% threshold was made possible for projects located in the most impacted counties and serving the most impacted communities, allowing for a lower CHP system efficiency threshold of at least 50%.

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3. A new term was added to define the resilient costs eligible for a grant/forgivable loan as part of the ERB financing: "Resilient Costs" (page 19) are defined as incremental additional costs required to make distributed generation system islandable, including blackstart and grid isolation components (e.g., interconnection costs), and the costs associated with hardening/raising/flood-proofing the facility to protect eligible distributed energy resources and supporting systems.

In both the Water and Wastewater Treatment Facilities and Hospitals-Healthcare Facilities Program Guides, the ERB Financial Product Terms are being modified for public and/or not-for profit applicants only. This change recognizes that resiliency costs provide a societal benefit but can be significant to an energy project, while providing little economic value to the applicants. So for public and/or not-for-profit applicants, ERB will provide 100% of the project's unmet need as:

1. a grant/forgivable loan (not to exceed \$25 million) for all eligible Resilient Costs, as described in the Program Guide and defined above;
2. a grant/forgivable loan equal to 40% of the remaining eligible project costs; and,
3. an amortizing, 2% interest rate loan with a term up to 20 years, for the balance of ERB project funding.

No changes were made to the ERB funding terms for for-profit businesses which still will require an equity contribution as well as a project specific underwriting process analyzing rate of return and ensuring that the for-profit business is not unduly enriched.

There will no longer be a \$65 million set-aside specific for Water and Wastewater Treatment facilities. There is \$200 million total of ERB funding for Water/Wastewater and for Hospital applicants and applications will continue to be accepted on a rolling basis, and reviewed and brought forth to the Board on a first-received, first-ready basis.

At the October 2015 NJEDA Board Meeting the following changes were approved:

- New ERB Program Guide, ERB WWWTF Program Guide, and the new Hospital Program Guide.
- ERB funding will be determined and provided for each project as a combination of grant/forgivable loan and amortizing loan based on the underwriting process and program criteria which may include ownership structure, project economic feasibility, rate of return, and other policy considerations. Please see Summary Chart of revisions.
- Eligible applicants now include businesses that do not meet the SBA definition of a small business, and private utilities.
- Application windows will remain open until March 31, 2016 for Water and Waste Water treatment applicants (previously no timeline had been indicated) and until September 30, 2016 for Hospital applicants.
- Simplified Intake Form Process by not requiring submission of Energy Audit at this stage (Note: there is a two step application process, the intake form being the first step followed by a full application when all the project details and plans are available).

Previous Updates

10/20/2014: [NJ Energy Resilience Bank Now Accepting Applications](#)

7/27/2015: [Summary of Previous Updates](#)

HUD Requirements:

The ERB will comply with all applicable federal laws and regulations, including those promulgated by HUD.

- Applicants must show that the critical facility was either directly or indirectly impacted by Superstorm Sandy or directly impacted by another qualifying disaster listed in Appendix A. of the program guide. Direct impact means physical damage to the facility caused by the eligible disaster in the amount of \$5,000 or more.

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- To qualify for indirect impact, applicants must demonstrate that as a result of Superstorm Sandy flooding and/or loss of power from a qualifying disaster prevented the facility from being able to service the community which caused a risk to the health, safety or welfare of the citizens within the community. Applicants using indirect impact also must demonstrate that the project is supporting revitalization of the community in which it is located. Applicants claiming other indirect impact may qualify, though determination will be made on a case-by-case basis, and will likely involve consultation with HUD. Additionally, applicants may demonstrate that investment in a facility will contribute to economic community revitalization. If economic community revitalization is employed, a clear tie to the storm must be made and the applicant must show that making the resilience investment addresses an economic impact, such as job loss and/or tax revenue loss, from the storm and the project contributes to the economic revitalization of an area damaged by the storm.
- More specifically, Round 1 Water and Wastewater Treatment Facilities applicants might demonstrate one of the following indirect impacts: 1) where area flooding and/or loss of power from a qualifying disaster prevented the facility from being able to treat waste water which caused there to be a release of sewage/storm water into the surrounding waterways, causing environmental damage; or caused a risk to health, safety or welfare of the people within the community; and 2) where area flooding and/or loss of power from a qualifying disaster prevented the facility from operating and being able to treat drinking water, which caused a risk to health, safety or welfare of the people within the community.
- Applicant facilities must be eligible CDBG-DR recipients pursuant to applicable HUD regulations. In accordance with HUD CDBG-DR regulations and in conformance with the Waiver granted for the ERB in the Federal Register notice published on August 25, 2015, ERB applicants may be public facilities, not-for-profit entities, for-profit businesses, or a privately owned utility that owns and/or operates a critical facility, as described in Section 4.2, including for-profit or not-for profit businesses that have a contractual relationship with a critical facility for the purpose of operating and/or owning the critical facility's distributed or resilient energy resource system or for supplying energy to the critical facility.
- Priority, as established through the scoring system discussed in this document and the funding round guide(s), is placed on projects which serve low and moderate income communities, which is referred to as the LMI National Objective. Further information regarding LMI National Objectives please see the Chapter 3 link at the following web address, http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/library/stateguide.
- Project systems/fixtures must be permanently installed at a facility and be operational within two years of the closing of the ERB financing. Extension of this construction/operation timeframe may be granted for up to two six-month terms if the project documents significant progress has been made to date. The extension of the construction/operation timeframe will only be granted if the project documents that there were unforeseen reasons for the delay that were not known at the time of the award.
- All CDBG-DR funds in an approved project must be requested and disbursed by September 30, 2019. Any CDBG-DR funds not disbursed after September 30, 2019 will be rescinded.
- All ERB projects must comply with all applicable federal and state requirements relating to CDBG-DR funds, which may include but not be limited to: Davis Bacon and/or Prevailing Wage requirements as set forth at N.J.S.A. 48:2-29.47 and N.J.S.A. 34:1B-5.1 et seq., Affirmative Action, subcontracting to small and minority-owned enterprises, National Environmental Policy Act (NEPA) environmental review, and National Historic Preservation Act (NHPA) historical review, among others. No physical construction activity may occur on site until the completion of required federal environmental reviews. Other work that does not involve on-site physical construction activities (e.g., architectural designs) may proceed prior to completion of federally required environmental reviews.

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Eligible DER Systems and Projects:

Eligible DER systems may include new resilient DER systems, retrofits to existing DER systems and microgrids.

1. DER systems/fixtures must be new, commercially available and stationary or permanently installed on the customer side of the meter.
2. For projects incorporating renewable energy technology, in order to verify the renewable energy certificates (REC) for the DER systems (CHP or fuels cells fueled with biogas or renewable hydrogen), a separate performance meter must be installed that is capable of recording all renewable energy generation.
3. CHP systems should achieve an annual system efficiency of at least 65% based on the lower heating value (LHV), and fuel cells must achieve at least a 50% efficiency. System efficiency is defined as the total useful electrical, thermal and/or mechanical power produced by the system at normal operating rates and expected to be consumed in its normal application divided by the lower heating value of the fuel sources for the system. However, consideration will be given for CHP projects that attain at least a 50% system efficiency threshold, and based on location in one of the nine counties most impacted by Superstorm Sandy and by the number of most impacted municipalities served.
4. CHP or Fuel Cell system warranty, service contract, or equivalent must be all inclusive for at least ten years. The warranty must cover all components that are financed under the ERB. The warranty must cover the full cost of repair or replacement of defective components including all labor costs.
5. The DER system must be able to disconnect and operate independently of the electric grid in the event of an emergency that results in a grid outage. In order to prevent back feeding to the distribution system, all DER systems must be able to automatically disconnect from the utility in the event of a substantial congestion, grid interruption or grid power failure.
6. The DER system must be able to start up without connection to the electric grid.
7. The DER system must be designed to provide energy to all designated critical loads during a seven-day grid outage without a delivery of fuel to emergency generators. Over the course of such an outage, facilities could plan on using emergency generators and fuel storage in conjunction with the resilient DER system. The costs associated with emergency generators or fossil fuel storage tanks are not eligible for ERB funding.
8. The DER systems must be sized to supply the facility's critical loads. The critical loads are the sum of the electrical load of the facility system required to perform the facility's critical functions. This may result in excess useful thermal energy, which would need to be addressed in the feasibility study, energy audit and final design.
9. The critical function should include any anticipated shelter function to provide a safe and secure facility for displaced employees, customers or residents in the event of a disaster or other emergency. This may include microgrid capabilities to connect additional buildings or facilities.
10. The DER system must operate a minimum number of hours to have a CEEEP DER (or similar cost benefit model) cost-benefit ratio greater than 1.0 at all times under full load. The facility must document the ability to operate at that capacity during the full year. The CEEEP DER Cost Benefit Model is available at <http://ceeeep.rutgers.edu/combined-heat-and-power-cost-benefit-analysis-materials/>.
11. DER systems, except for solar off-grid inverter and switch gear systems as noted below, can be sized larger than the facility's electric and thermal loads provided they have customers for the additional electricity and useful thermal energy that meet the on-site definitions at N.J.S.A. 48:3-51 and 48:3-77.1. However, redundancy measures may not be funded by ERB.
12. Applicants are encouraged, to the extent possible, to make use of technology manufactured in and project construction to be completed by New Jersey-based businesses.

Ineligible Uses:

1. All costs associated with emergency generators or fossil fuel storage tanks or any components of emergency generators.
2. Systems that require fuel deliveries such as diesel or propane.

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3. Used, refurbished, temporary, pilot, or demonstration equipment.
4. Solar PV panels, or balance-of-system equipment related to solar PV panels. (However, upgrades to the inverter and switch gear components are eligible costs, as are batteries for storage.)
5. For other ineligible costs, please see the ERB Funding Round documents (located at the bottom of the page) for each applicable sector.

Application Process:

1. Pre Application Activities
2. Complete Intake Form
3. Complete Full Application

Preapplication Activities: *The following activities are not required to proceed with the intake form; however potential applicants are strongly encouraged to begin each process as they will be required for the full application.*

- Conduct a Local Government Energy Audit (LGEA) or American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Level II Audit, or any other feasibility study related to the project. One such example is <http://www.njcleanenergy.com/commercial-industrial/programs/local-government-energy-audit/local-government-energy-audit>
- Meet with staff of the Office of Permit Coordination and Environmental Review (DEP's ONE STOP permit coordination). - <http://www.nj.gov/dep/pcer/>
- Complete a PJM interconnection application. - <http://pjm.com/planning/rtep-development/expansion-plan-process.aspx>
- Meet with Electric Distribution Company (EDC) to discuss system compatibility.

Complete Intake Form - Following pre-application activities, prospective applicants should first complete the online ERB Intake Form at the bottom of this page (Hard copy sample is for reference only and is not to be filled out). The ERB will review and determine if the applicant and projects meets the general program requirements, at which point applicant will be asked to complete a detailed Full Application.

Complete Full Application - The completed Full Application will also be reviewed by ERB to determine eligibility. If the completed application meets all necessary requirements, it will be scored using the Scoring Criteria applicable to the ERB funding round, and undergo a technical review and underwriting analysis.

Please be sure to review the [ERB Program Guide](#), [ERB WWTTF Program Funding Guide](#), and [ERB Hospital Program Funding Guide](#) document prior to filling out an Intake Form.

Complete Intake Form



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