



Updated: September 29, 2010

Clean Energy Solutions ARRA CHP Program Frequently Asked Questions

1) *Q: What is the Clean Energy Solutions ARRA CHP Program?*

A: The Clean Energy Solutions ARRA CHP Program is a competitive grant program created to support the development, design and construction of commercial and industrial entity Combined Heat and Power projects in New Jersey in alignment with the goals of the New Jersey Energy Master Plan (EMP) and the State Energy Program (SEP) under the American Recovery and Reinvestment Act (ARRA).

2) *Q: What is the American Recovery and Reinvestment Act (ARRA)?*

A: The American Recovery and Reinvestment Act of 2009 (Pub.L. 111-5) is an economic stimulus package signed into law by President Barack Obama on February 17, 2009. The Act includes federal tax relief, expansion of unemployment benefits and other social welfare provisions, and domestic spending in education, health care, and infrastructure, including the energy sector. The measures of this package are nominally worth \$787 billion; in which New Jersey will reap about \$17.5 billion in total benefits over the three years. For further details on ARRA, visit <http://www.recovery.gov/>.

3) *Q: What is the State Energy Program (SEP)?*

A: The State Energy Program (SEP) is intended to promote energy conservation, lower energy demand, and reduce our dependence on imported oil. New Jersey is planning to use its share of funding for various programs that address the goals of the SEP outlined above. For further details on the SEP, visit <http://www.nj.gov/recovery/infrastructure/sep.html>.

4) *Q: How much money is available through the ARRA CHP Program?*

A: There is \$18 million in funds available for this solicitation through SEP-ARRA. Grant awards by the New Jersey Economic Development Authority (EDA) are contingent upon receiving approval and funds through the ARRA Program from the Federal government.

5) *Q: What is the maximum grant award that my company is eligible to receive?*

A: Funding amount is \$450 per kW of installed electric generation. Total Clean Energy Solutions ARRA CHP funds awarded are not to exceed \$5,000,000 per generating plant and total federal and state funding may not exceed 50% of the total project cost.



6) *Q: Is an applicant technically eligible for an ARRA CHP grant if it has received commitments from State and/or Federal sources for loans and/or grants that equal 50% or more of the total project costs, but has represented that it will not accept any such award (or portion thereof) that causes it to exceed the 50% public funding restriction set forth in section 3.2 of the Solicitation?*

A: The Applicant is technically eligible for the ARRA CHP grant. However, the total amount of all public funds that the applicant actually receives cannot exceed 50% of the total project cost, including ARRA funding. As stated in the Solicitation, ARRA funds can only be used to "supplement" and not to "supplant" funds which would otherwise have been used to fund the Project without ARRA funding. Therefore in evaluating the cost of the project, the amount the applicant has been offered in public funds, even if it does not accept the offer, will be subtracted from the overall cost of the project and the 50% test will be applied to this reduced number.

7) *Q: Who can apply for the ARRA CHP Program?*

A: To be eligible for consideration for the ARRA CHP Program, the Applicant must be at a minimum:

- A legally organized, Commercial, Institutional or Industrial entity (including public and non-profit entities) with a project based in the state of New Jersey.

8) *Q: What are the eligibility requirements to the ARRA CHP Program?*

A: There are a number of requirements associated with this program. For full details, please refer to the Program Solicitation. Some of the main eligibility requirements include the following:

- Projects must follow all normal Federal-aid funding requirements, including Davis-Bacon wage rates, buy American provisions set forth in ARRA, and National Environmental Policy Act (NEPA) requirements. This includes classification as a NEPA Categorical Exclusion (CX) project.
- CHP project shall have an electric generating capacity of greater than 1 MW for new equipment and CHP upgrades to have a net increased generating capacity over 1MW greater than original capacity
- The CHP project shall be designed to achieve thermal efficiency levels of at least 65% (facilities with up to 20MW of electric generating capacity); 70% for greater than 20 MW
- Project must evidence reduction in greenhouse gas emissions
- Projects are expected to include CHP generation using mature or emerging technologies that maximize energy production during peak demand periods with the least impact on the environment
- Must create and/or maintain jobs in New Jersey



9) *Q: What are the timeframe requirements for the ARRA CHP program:*

A: The project must meet the following timeframe requirements, at a minimum:

- Be entering into commercial operation after January 1, 2011
- Demonstrate ability to commence construction by September 30, 2011
- Utilize committed project funds by April 30, 2012

10) *Q: What types of restrictions apply to the ARRA CHP Program?*

A: The funds for CHP Facility Installation and Upgrade projects may not be used for:

- Program soft costs such as research, feasibility studies, architectural or engineering services
- Equipment purchases, R&D, or demonstration project activities for technologies that are not commercially available
- Building construction; purchases of land, a building, or structure or any interest therein

11) *Q: Is partnering allowed?*

A: It is possible that there may be two entities involved in the project. If co-Applicants exist, a Memo of Understanding or joint venture agreement that details the roles and responsibilities of each entity, as well as the post-award reporting responsibilities, must be executed and submitted with the application.

12) *Q: What can ARRA CHP funding be used for?*

A: ARRA CHP funds are to be used for project-specific, fixed asset purchases. Fixed-asset purchases must be evidenced by relative purchase order. (Grant funds may not be used to cover administrative costs).

- New installations are eligible CHP project costs
- Expansions of an existing facility with new equipment are also eligible. However, only the incremental expansion would be an eligible project cost
- Equipment must be commercially available and permanently installed. Renewable fueled or waste fueled CHP projects are encouraged. However applicant should consider specific incentives currently being developed under the BPU Clean Energy program. Heat recovery or other mechanical energy recovery equipment used to generate electricity is eligible under the CHP Program.



13) Q: Are there any funding prohibitions or limitations?

A: All such projects will be reviewed to ensure alignment with SEP Program Regulations 10CFR 420.18, including commercial availability requirements and expenditure prohibitions and limitations. Program funds will not be permitted to be used to purchase equipment, conduct research & development, or perform demonstration projects for technologies that are not commercially available.

14) Q: Do we need a consultant to process our application?

A: No, the application is available on the EDA website; however the technical portions must be certified by an independent professional engineer licensed in the State of New Jersey.

15) Q: Can you explain the application process?

A: Applications are **due by 5:00 p.m. EDT on October 4, 2010** and are to be submitted via the EDA's online application. The application can be found at:
<http://www.njeda.com/OnlineApplication>.

In addition to the online submission, applicants must provide 5 copies of requested documentation as instructed in the Program Solicitation Appendix on a CD-Rom or USB flash drive via postal or other delivery service to the following address:

Clean Energy Solutions ARRA CHP Application
New Jersey Economic Development Authority
36 West State Street
P.O. Box 990
Trenton, NJ 08625

16) Can the deadline be extended for submitting applications?

A: No. EDA is bound by the mandate of SEP ARRA to ensure that all committed funds are utilized by the April 30, 2102 deadline. This requires certain due diligence processing timeframes associated for application submittal, review, and awarding of funds.

17) Q: What is the project cost reimbursement end date for awardees under this program?

A: Funds appropriated under the Recovery Act and obligated to this award are available for reimbursement of costs until April 30, 2012. Please note that this is reflected in the Solicitation issued September 13, 2010.



18) Q: What is the review and award process?

A: The program is structured as a competitive application and review process and will be subject to an extensive financial and technical due diligence. Review process is as follows:

Eligibility Review: Applications will be reviewed based on the Project Technical Eligibility Criteria. The technical section of the application must be signed and sealed by a New Jersey Professional Engineer.

Multiagency Evaluation Committee Review and Ranking: As this is a competitive program, evaluators will review and rank applications based on the following criteria:

- The proposed project's ability to commence work quickly and complete the project within a given time period based on: EDA staff recommendations, program rules provided by the DOE, and the requirements outlined in ARRA (25%)
- The ability to create or maintain jobs (25%)
- Potential reduction in greenhouse gas emissions (25%)
- The amount of energy to be created or saved (25%)

Financial Review: Project financial due diligence review in accordance with EDA's standard procedures.

Authorization for Funding Assistance: Those projects recommended for funding by the Multiagency Evaluation Committee will undergo financial and business due diligence. Upon satisfactory review by EDA Underwriting, candidates will be recommended for EDA Board consideration. The EDA will administer the financial review, closing, and disbursement of funds to the Awardees.

19) Q: Are there any fees associated with the ARRA CHP Program?

A: Fees will be imposed on applicants.

Program fees associated are as follows:

- Application: \$500
- Commitment: 1% of the grant amount approved
- Closing: 1% of the grant amount approved



20) *Q: How will funding disbursements be made under the ARRA CHP Program?*

A: The EDA will execute disbursements for committed funds as invoices are submitted and validated by the New Jersey Board of Public Utilities (BPU). There will be three main payment streams:

- 1) At time company makes non-refundable deposit on equipment (up to 30% of amount awarded)
- 2) Upon equipment delivery (up to 70% of amount awarded, but not to exceed 90% of total amount awarded when combined with the prior disbursement)
- 3) Upon system installation (award remainder)

21) *Q: Who do I contact if I have additional questions?*

A: Questions regarding this Solicitation may be submitted **in writing** by electronic mail to ARRACHP@njeda.com. Questions and answers will be posted on the EDA website (www.njeda.com/ARRACHP) within our program FAQs on an as-needed basis. Please note: The question and answer period shall expire one week before the Solicitation's deadline (**September 27, 2010**).

22) *Q: Are there any additional requirements?*

A: Projects funded under this program must comply with applicable Federal, State, and Municipal Laws, Codes, and Regulations for work performed under this award and obtain all required permits. For example, Construction projects will be subject to Prevailing Wage and Affirmative Action. The awardee will also be required to comply with all program progress reporting requirements regarding the use of grant funds.

23) *Q: Will there be another Solicitation for the ARRA CHP Program?*

A: EDA reserves the right to open subsequent Solicitation round(s) if program funds are still available after this Solicitation period.