

3. Any other solid waste facility constructed or operated for the collection, separation, recycling, and recovery of metals, glass, paper, and other materials for reuse or disposal or for energy production.

“Revolving loan fund” means a pool of money available at zero interest or low interest to accommodate individually-owned businesses, closely held companies, family-owned farms, multi-family buildings, counties and municipalities, which are unable to use either conventional lending sources or an energy service company (ESCO) for energy conservation projects whose principal repayments are based upon the energy savings generated.

“Subsidy” means funds furnished by the Division originating from the Petroleum Overcharge Reimbursement Fund, P.L. 1987, c.231, for energy conservation projects.

“Urban Enterprise Zone” or “Enterprise Zone” means an area that has been designated as an “area in need of rehabilitation” under the five-year tax abatement process (N.J.S.A. 40A:21-1 et seq.) or is qualified for that designation, and meets the criteria established by the New Jersey Urban Enterprise Zone Authority.

#### 14:31-1.3 Program duration and limitation of funding

(a) The number and amount of subsidies and the duration of the Program shall depend on the availability of sufficient revenues to cover subsidies previously approved by the Division and to provide sufficient funds for further subsidies.

(b) The Board may suspend the Program with respect to new applicants in the event that funds are exhausted or the anticipated demand for subsidies exceeds available funds.

#### 14:31-1.4 Requests for applications

The Division shall make available Business Energy Improvement Program applications upon request until the Program is suspended pursuant to N.J.A.C. 14:31-1.3. Application requests shall be addressed to the Division of Energy, Bureau of Planning and Research, Board of Public Utilities, Two Gateway Center, Newark, NJ 07102.

#### 14:31-1.5 Submission requirements

(a) Each program application submitted to the Division for interest subsidies, revolving loan funds or grants, shall include the following information:

1. The applicant's name and address;
2. A precise description of each energy conservation renovation, energy conserving construction, alternative energy production facility or demonstration program for which the application is made;
3. The following information shall be submitted for all projects except for demonstration programs:

i. A reasonable construction bid, including itemization of the component costs. The construction bid shall be accompanied by the following:

(1) A sworn statement by the bidder, or an officer or partner of the bidder, indicating that the bidder is not, at the time of the construction bid, included on the State Treasurer's list of Debarred, Suspended and Disqualified Bidders; and

(2) A certification that, where applicable, the bidder is in compliance with the discrimination and affirmative action provisions of N.J.S.A. 10:2-1 et seq. and the rules promulgated pursuant thereto;

ii. Engineering calculations and energy savings or avoided costs calculations for each project; and

iii. The simple payback period for each energy conservation renovation or energy conserving construction; and

4. Such additional information as may be required by the Division to provide a complete and accurate description of the project.

(b) All calculations with respect to information contained in the application and any supporting documents shall be based on the energy estimating standards established by the American Society of Heating, Refrigerating and Air Conditioning Engineers, Inc. (ASHRAE) as contained in ASHRAE Standard 90.1-1999, Energy Standard for Buildings Except Low Rise Residential Buildings incorporated by reference as amended and supplemented. Copies of the ASHRAE standards may be obtained from ASHRAE, Inc., 1791 Tullie Circle, N.E., Atlanta, Georgia 30329.

#### 14:31-1.6 Interest subsidies

(a) Eligibility for interest subsidies will be limited to:

1. Businesses meeting the Small Business Administration definition of small business contained in 13 C.F.R. Part 121.2;
2. Qualified Urban Enterprise Zone businesses as defined in N.J.S.A. 52:27H-62;
3. Multi-family buildings of five or more units, condominiums, and cooperatives;
4. Private non-profit institutions, but not including facilities that are used for worship or in which the sanctuary area directly benefits from the improvement;
5. Family-owned farms; and
6. Municipal facilities.

(b) For the purpose of calculating subsidies, the Division shall review projects where the maximum principal amount, interest term and simple payback are as follows:

1. For energy conservation renovations and alternative energy production facilities: the principal shall not exceed

the lesser of the actual project cost or \$500,000; the term shall not exceed the lesser of the lender loan term or the estimated time for payback of the project; and a simple payback of 10 years or less;

2. For resource recovery facilities: the principal shall not exceed the lesser of the actual project cost or \$2,000,000; the term shall not exceed the lesser of the lender loan term or the estimated time for payback of the project; and a simple payback of 20 years or less.

(c) Applicants shall supply a copy of their loan application or loan commitment from the lending institution with supporting documentation specifying the principal, interest and penalties with respect to all projects.

(d) Applicants shall execute an agreement with the Division to establish the conditions of the interest subsidy loan, which shall include, but not be limited to:

1. The term of the loan;
2. The rate of interest, which can be fixed or floating;
3. The amortization of the loan according to a predetermined monthly schedule;
4. The requirement that the loan does not obligate or render the Division liable to pay, at any time, any amount of principal, interest, interest accruals or penalties, for any reason, including, but not limited to:
  - i. The default or late payment of the eligible loan by the applicant; and
  - ii. Failure to pay, withholding of payment or seeking the return of the interest subsidy by the Division;
5. The condition that the loan was or will be reviewed and approved by the lender in accordance with standard procedures; and
6. The condition that the Division does not guarantee the approval of the loan by the lender and the Division will not participate in any aspect of the lender's loan review process.

#### 14:31-1.7 Revolving loan funds

(a) Eligibility will be limited to private non-profit institutions, family-owned farms, individually-owned or closely-held companies, and municipal facilities.

(b) Eligible applicants with an annual energy bill in excess of \$150,000 who have been denied energy conservation project funding by an ESCO, and/or have been denied energy conservation project funding by a lending institution, shall supply proof of that denial.

(c) Revolving loan funds shall be at zero interest or low interest to eligible applicants where the maximum principal amount term, and simple payback are as follows:

1. For energy conservation renovations or alternative energy production facilities:

- i. \$200,000 in principal;
- ii. The loan term shall not exceed the lesser of 10 years or twice the estimated payback in years; and
- iii. A simple payback of 10 years or less.

2. For resource recovery facilities:

- i. \$300,000 in principal;
- ii. The loan term shall not exceed the lesser of 20 years, or twice the estimated payback in years; and
- iii. A simple payback of 20 years or less.

(d) Repayment of revolving loans shall be based on a percentage of the annual energy cost savings or avoided energy costs with a balloon payment, if any, due at the end of the term.

(e) Applicants shall execute an agreement with the Division to establish the terms and conditions associated with the loan.

#### 14:31-1.8 Incremental grants

Eligibility for new construction projects and/or major renovations will be limited to resource recovery facilities, district heating and cooling systems or qualified Urban Enterprise Zone business applicants.

#### 14:31-1.9 Matching grants

(a) Eligibility for matching grants shall be limited to family-owned farms, private non-profit institutions, individually-owned or closely-held companies and municipal facilities.

(b) The Division's percentage of match shall be based on the farm operation income in relation to the median farm operation income of the farm location and shall not exceed 80 percent of the cost of the project. For private non-profit institutions, individually-owned or closely-held companies, the percentage shall be based on operation income and shall not exceed 80 percent of the cost of the project.

(c) Energy conservation projects or alternative energy projects with maximum simple paybacks of seven years shall be eligible.

(d) The maximum grant amount shall be \$100,000.

#### 14:31-1.10 Demonstration program fund

(a) Eligibility for demonstration program funds is limited to non-profit organizations, educational institutions, colleges and universities.