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February 6, 2014

Dear Hazard Mitigation Grant Program Energy Allocation Initiative Participant:

As part of the New Jersey Office of Emergency Management's ongoing outreach to jurisdictions in connection with the Hazard Mitigation Grant Program (HMGP), I write to update you on the HMGP Energy Allocation Initiative and provide information on a proposed new program, the New Jersey Energy Resilience Bank.

As you will recall, the Energy Allocation Initiative is the result of a cross-agency collaboration – including New Jersey's Board of Public Utilities (BPU), the Department of Environmental Protection (DEP), the Office of Emergency Management (OEM), and Office of Homeland Security and Preparedness (OHSP) – to address the demand for resilient energy at critical facilities throughout the State. As part of this process, the State partnered with the U.S. Department of Energy's National Renewable Energy Laboratory (NREL) to survey critical facility operators on their energy needs and to educate communities through seminars on opportunities to explore technologies that offer enhanced resilience beyond that provided through traditional diesel generators.

Update on status of projects / submission of projects to FEMA. OEM continues to work with individual applicants to review projects and refine grant applications to FEMA. In some cases, this process may require jurisdictions to provide additional information on proposed projects, including data and documentation supporting the underlying technology selected. Your continued cooperation and assistance is appreciated in the process. The cross-agency collaboration remains available to provide technical assistance to jurisdictions/entities who wish to consider innovative or forward-looking technologies (please email HMGPtechnologies@njcleanenergy.com).



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As discussed in the outreach seminars, in order to assess projects and fairly allocate limited disaster recovery funds, subject matter experts from the participating agencies employed nine objective criteria to evaluate potential projects. Criteria include the jurisdiction/entity's Public Assistance history for the last fifteen years, population size and density data, and other data points. Data to support each metric were derived from various sources, including FEMA, the U.S. Census Bureau, and Divisions within the participating agencies. Only objective data criteria were used to determine allocation amounts, and those criteria were applied against projects submitted by all applicants. Over 19,000 data fields were inputted in order to review and assess potential projects.

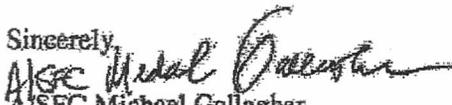
As part of the State's ongoing quality control and assurance process, the cross-agency working group continues to review each data point, confirm accuracy, make any needed adjustments, and ensure that the data is correct before finalizing and submitting project applications to FEMA (no projects have yet been submitted). As part of this process, the cross-agency working group have already worked with several municipalities to make adjustments as warranted. All proposed energy projects included in Letters of Intent (including in communities that did not receive initial notice of an Energy Allocation) are also being proactively reviewed, and we will contact you promptly in the event that any adjustments are required.

State Proposes Creation of "New Jersey Energy Resilience Bank." Yesterday, the State released its New Jersey Disaster Recovery Action Plan detailing how the State proposes to spend \$1.46 billion in federal disaster recovery funds allocated by the U.S. Department of Housing and Urban Development (HUD). With regard to energy resilience, the State proposes in the Action Plan the creation of a \$210 million "New Jersey Energy Resilience Bank" - a first-of-its-kind bank that would offer significant opportunity for continued and increased investment in a wide range of distributed generation technologies, including fuel cells, combined heat and power, and solar. The program would offer significant grants and low- or no-interest loans that would focus on the energy resilience needs of critical facilities, including water and wastewater treatment facilities, hospitals, and regional schools and other facilities capable of serving as shelters. If approved by HUD, funding would be determined through a separate, open application process. The New Jersey Energy Resilience Bank could provide communities across the State with additional resources to support energy resilience.

The proposed Action Plan, along with information on the public comment process, may be obtained in English and Spanish at <http://www.nj.gov/dca/divisions/sandyrecovery/action/> on the New Jersey Department of Community Affairs' website.

On behalf of the cross-agency working group leading New Jersey's energy resilience efforts following Superstorm Sandy, we look forward to the continued opportunity to work with you.

Sincerely,


A/SFC Michael Gallagher

State Hazard Mitigation Officer

cc: New Jersey Board of Public Utilities
New Jersey Department of Environmental Protection
New Jersey Office of Homeland Security and Preparedness