

United States

New Jersey Energy Resilience Bank (ERB)



TYPE OF TOOL:
Institutional reform



MAIN SECTOR:
Energy



THEME:
Resilience



INFRASTRUCTURE GOVERNANCE PILLARS:
Critical infrastructure resilience

In a nutshell:



OBJECTIVE: The New Jersey Energy Resilience Bank (ERB) was established to minimize the potential impacts of future major power outages and increase energy resilience.



Agency in charge
NJ Economic Development Authority



Levels of government
Sub-national



Year of implementation:
2014



Current status:
Fully operational

Overview:

Underinvestment is a key challenge to establishing resilient infrastructure. To avoid governments shouldering the entire burden of investments, it is important to leverage contributions from private infrastructure owners or operators. Ex ante government financing mechanisms can go a long way to encouraging infrastructure owners and operators to invest in resilience measures.

In the United States, following the critical infrastructure failures during Superstorm Sandy, the New Jersey government implemented financing mechanisms to encourage the strengthening of energy network resilience. In July 2014, the New Jersey Energy Resilience Bank (ERB) was created with a USD 200 million federal Community Development Block Grant-Disaster Recovery fund to support the development of distributed energy resources at critical facilities throughout the state. The goal was to ensure operational capacity during future outages. It is the first public infrastructure bank in the nation to focus on energy resilience.

Financing options available through the ERB consisted of grants and loans to address unmet funding needs. Grants and forgivable loans were offered for up to 40 percent of unmet funding needs, while low-interest, amortising loans were available for the remaining 60 percent of unmet funding needs. Grants and loans required equity contributions, and any principal forgiveness component necessitated evidence of meeting minimum performance requirements. Eligible technologies had to include islanding (ability to operate isolated from the electric utility grid) and blackstart (ability to start up without a direct connection to the electric grid) capabilities, with the capability to operate at critical load. The programme included a sliding scale of matching funds based on the characteristics (i.e., profit, not-for-profit) of the applicants and an assessment of the project needs, feasibility and return on investment.

REFERENCES:

- State of New Jersey, Board of Public Utilities, ERB - Energy Resilience Bank, <https://www.state.nj.us/bpu/about/divisions/opp/erb.html>