

New Jersey Clean Energy Loans (NJ CELs)

Frequently Asked Questions

Last Updated: 12/21/2023

Clean Energy Project

1. How do I know if my project qualifies for NJ CELs?

In order to receive financing from NJ CELs, applicants must:

- Meet all of the eligibility requirements; and
- Score a minimum of 50 points using the scoring criteria.

Both the eligibility requirements and [scoring criteria](#) can be found on the [NJ CELs website](#). In order to estimate basic eligibility for NJ CELs, we recommend taking the [Eligibility Self-Assessment](#).

2. What is considered an eligible “Clean Energy Project” for NJ CELs?

Eligible clean energy projects include:

- A clean energy **infrastructure** project (e.g., solar-plus-energy storage project);
- Installing and/or purchasing clean energy **improvements at a small business’s existing facility**, (e.g., upgrading to high efficiency boilers or purchasing a zero-emission medium or heavy-duty electric vehicle [ZEMHDV]);
- The **creation or expansion of a small business that manufactures clean energy products** or their integral components for sale (e.g., manufacturer of electric vehicle batteries or their components); or
- The **creation or expansion of a small business that offers clean energy services** (or product sales and service) in the marketplace (e.g., a small business that improves building envelopes through the installation of more energy efficient insulation, windows, and other envelope components).

“Clean energy” technologies include solar power, onshore and offshore wind, electric battery storage, fuel-cell-based storage, carbon capture technologies, non-combustion waste-to-energy technologies, wave energy, water use minimization technologies, carbon-reducing materials, nuclear energy, heat pumps and geothermal, run of river hydroelectric, and other innovative recycling technologies and processes. Clean energy also includes firms that manufacture either finished or interim advanced technologies or components.

Excluded from this industry are: distribution or transmission utilities, conventional landfill operations, combustion-based waste-to-energy projects, and natural gas projects.

If you think your project may be eligible but it is not included in this list, contact us at njcel@njeda.gov before applying to NJ CELs.

3. Is my new construction project eligible for NJ CELs?

In new construction projects or new developments, the equipment and/or hardware costs associated with the following clean energy components are eligible for NJ CELs:

- Solar energy systems
- Wind turbines/power-generating equipment
- Battery energy storage systems that store energy from a renewable power source
- Heat pumps and geothermal systems
- Electric vehicle charging infrastructure

Only the equipment and hardware costs associated with these clean energy products are considered eligible to receive financing through NJ CELs, provided all other eligibility requirements and the minimum scoring criteria are met.

4. What does “demonstrated” mean for a clean energy technology?

“Demonstrated” means that, at a minimum, a prototype has been verified in an operational environment either in the U.S. or abroad.

5. Are research and development (R&D) projects eligible?

The technology in the proposed clean energy project or business must at least have been demonstrated in the U.S. or abroad in order to be eligible for NJ CELs (see previous question).

6. How do I know if my project will reduce or avoid criteria pollutants?

Criteria pollutants include the following six air pollutants: ground-level ozone, particulate matter, carbon monoxide, lead, sulfur dioxide, and nitrogen dioxide. More information on criteria pollutants can be found on the [US EPA website](#).

If your project will lower the emissions of one or more criteria pollutants, or prevent them from being emitted, it may be considered as reducing or avoiding criteria pollutants.

Project Location

7. How do I know if my project qualifies as being “located in New Jersey”?

For infrastructure or installation projects at an existing facility, those infrastructure or installation activities must be physically located in New Jersey.

For all other projects, the applicant must have a physical location in New Jersey (office or co-location facility) and have a minimum of 50% of full-time employees working in New Jersey.

8. What constitutes a “physical office location”?

A formal office, facility, or co-location facility are all considered physical office locations.

9. What is an Overburdened Community (OBC)?

An Overburdened Community (OBC), as defined by the law N.J.S.A. 13:1D-157, is any census block group, as determined in accordance with the most recent United States Census, in which:

- at least 35% of the households qualify as low-income households (at or below twice the poverty threshold as determined by the United States Census Bureau);
- at least 40% of the residents identify as minority or as members of a State recognized tribal community; or
- at least 40% of the households have limited English proficiency (without an adult that speaks English “very well” according to the United States Census Bureau).

[Click here](#) for a list of NJ Overburdened Communities. Scroll down and click on the “List of Overburdened Communities” hyperlink.

[Click here](#) for a map of NJ Overburdened Communities. Click on the “Overburdened Communities” tab at the top and enter an address into the search bar in the top left corner of the map to see whether the location falls in an Overburdened Community (Overburdened Communities are shaded in blue/green on the map).

10. How do I know if my project is “located in an Overburdened Community”?

In order for a project to be considered located in an Overburdened Community, the following criteria must be met at all times:

- For Projects that are Clean Energy infrastructure projects or the installation or purchase of Clean Energy improvements at a Borrower’s existing facility, the infrastructure project or installation activities must be physically located in an Overburdened Community; OR
- For all other Projects, Borrowers must have a physical location in an overburdened community and have a minimum of 50% of full-time employees working in the overburdened community.

Employment and Projected Job Creation

11. How do I determine my business’s number of employees, for eligibility purposes?

In accordance with SBA’s definition of the number of employees, in determining the number of employees for NJ CELs eligibility, all individuals employed on a full-time, part-time, or other basis are counted. **Part-time and temporary employees are counted the same as full-time employees.** This includes employees obtained from a temporary employee agency, professional employee organization or leasing concern. Employees of a business’s affiliates are also included in the total number of employees. Volunteers (i.e., individuals who receive no compensation, including no in-kind compensation, for work performed) are not considered employees.

For example, if a business has one part-time (10-hrs/week), one temporary (520 hours/year), and one full-time employee, this business has 3 employees. In order to be eligible for NJ CELs, a business or organization must have **fewer than 750 employees**. SBA’s definition of an “affiliate”, which is used for NJ CELs, can be found [here](#).

12. What is a full-time equivalent (FTE) employee, which is used for NJ CELs scoring purposes?

A full-time equivalent employee is:

1. One full-time employee who works a minimum of 40 hours per week (or 2080 hours per year); or
2. Multiple part-time employees whose hours, when combined, equal 40 hours per week.

For example, if a business has 100 employees working full-time at 40 hours per week, and 50 employees working 20 hours per week, the total number of FTEs would be 125.

A seasonal employee who works 40 hours a week for 13 weeks, or 520 hours per year, counts as 0.25 FTEs.

13. How do I determine my business's total number of full-time equivalent (FTE) employees?

A business's total number of employees is determined by adding the number of the business's full-time equivalent employees (FTEs) to the number of FTEs of the business's affiliates, rounded to the nearest whole number. See the answer to the previous question to determine how to calculate an FTE.

14. Would a business founder, owner or managing member be considered a full-time equivalent employee (FTE) if the business does not have any employees at the time of application?

Yes, provided the founder, owner or managing member works full-time for the business and has an equity stake in the company or receives compensation (which could be in-kind compensation) for the work performed.

15. For the direct full-time equivalent (FTE) jobs forecast to be created (in the NJ CELs [Scoring Criteria](#)), what is the timeframe for these projected jobs?

The "direct jobs forecast to be created" criterion will be based on the estimated number of jobs that will be created at the **end of the project**. If the applicant is seeking financing for a clean energy business (rather than a project), this criterion will be based on the number of jobs that will be created at the **end of the loan term**. Applicants will be asked to justify this estimate by completing a "Projected Jobs Log" at the time of application.

Financing through NJ CELs

16. What is the minimum and maximum loan amount I can request from the NJEDA?

In order to be eligible for NJ CELs, applicants must be seeking a loan between \$250,000 and \$10 million from the NJEDA.

17. What is the minimum and maximum total loan amount (including private financing) for the project I can request?

The total loan amount requested for the project (from the NJEDA in addition to financial institutions) must be between \$500,000 and \$20 million.

18. Is there a minimum ratio of private dollars to NJEDA dollars in the total loan for the project?

Yes, there must be at least a 1:1 ratio of private dollars to NJEDA dollars. In other words, the NJEDA will only finance up to 50% of a project through this program.

19. Can I apply for a loan from NJ CELs without a financial institution identified?

No. Applicants must have a term sheet, letter of intent, draft agreement, commitment letter, or similar document from an eligible financial institution in order to formally apply to NJ CELs.

20. What institutions qualify as eligible financial institutions for NJ CELs?

Financial institutions are eligible if they are:

- On the [NJEDA Premier Lender list](#) or NJEDA's CDFI Premier Lender list; or
- A private equity fund, bank, pension fund, insurance company, hedge fund, mezzanine fund, original equipment manufacturer (OEM), developer, family office, specialty finance company, or such other entity that has originated, maintained, and serviced more than \$5 million in clean energy loans over a three-year period.

Financial institutions will be required to certify that they meet these criteria, and that they meet the requirements for lenders under the U.S. Treasury's [SSBCI Capital Program Policy Guidelines](#).

21. Can the matching loan from a financial institution be a federal or state-funded loan?

No. The source of the matching loan for NJ CELs cannot be a federally or state-funded loan. This includes any loans directly issued by a federal or state agency, as well as loans guaranteed by a federal or state agency that may be issued by a financial institution, such as Small Business Administration (SBA) 7(a) loans.

22. Is collateral required for an NJ CELs loan?

Yes, all NJ CELs loans are secured, so collateral is required. Collateral of all types may be required, including but not limited to a general lien on business assets, security interest in financed equipment, security interest in intellectual property, and security interest in supply contracts.

23. Can my NJ CELs loan be forgiven?

Borrowers are eligible to have 10% of the NJEDA's portion of the loan forgiven if:

- They are a NJ Certified Minority, Woman, or Veteran-Owned business (NJ certification required); or
- The business or project is located in an overburdened community, as defined in Question 10 above.

If borrowers meet one of these criteria, they are eligible for 10% loan forgiveness on the NJEDA's portion of the loan if they have created at least one new full-time equivalent (FTE) job for every \$100,000 of their total loan for the project/business. This job creation metric must be met at the 5-

year anniversary of the date of the initial loan disbursement, or at the end of the loan term, whichever is sooner.

For example, if a borrower is a NJ certified woman-owned business that receives a total loan of \$1 million through NJ CELs -- \$500,000 from a financial institution, and \$500,000 from the NJEDA – with a loan term of 12 years, they are eligible to have \$50,000 of their loan forgiven if they create a minimum of 10 new FTEs in the first 5 years of the loan term (see Question 12 for a definition of FTE).

If they do not create at least 10 FTEs in 5 years, they will not receive any loan forgiveness.

24. Are there any fees associated with the NJ CELs program?

Yes. There is a non-refundable application fee of \$1,000 to apply for this program. In addition, if the applicant is approved, there is a non-refundable commitment fee of 0.875% of the NJEDA loan amount paid prior to the NJEDA issuing a commitment letter, as well as a closing fee of 0.875% of the NJEDA loan amount paid at the time of closing.

In addition, in accordance with the NJEDA's standard practice, there is a \$250 fee for minor modifications to an application, and a \$1,000 fee for major modifications.

25. Are there any exclusions when it comes to fees under NJ CELs?

Under the State Small Business Credit Initiative (SSBCI), the following features are not permitted on any NJ CELs transaction. These exclusions apply to both the NJEDA loan, as well as the financial institution's loan.

Exclusions:

- *Confessions of judgment:* A confession of judgment is usually a contractual clause in which the debtor agrees to allow a creditor, upon the nonoccurrence of a payment, to obtain a judgment against the debtor, often without advanced notice or a hearing.
- *"Double-dipping" fees:* "Double dipping" occurs when a lender issues new credit to refinance prior credit without forgiving a portion of the fee already paid and results in the borrower paying a fee on top of a fee.
- *Upfront fees or charges paid by the small business, excluding fees to the NJEDA, that exceed 3 percent:* Upfront fees or charges that count toward this cap include, but are not limited to, application fees, origination fees, and document preparation fees. Lenders may also charge small business borrowers for out-of-pocket expenses the lenders incur that are common to commercial loan transactions. Payment of these expenses is not subject to the cap, provided the out-of-pocket expenses are reasonable and customary. Out-of-pocket expenses may include, but are not limited to, out-of-pocket expenses for title insurance, title examination, property surveys, appraisals, environmental site assessments, notarizations, and credit reports. Note that out-of-pocket expenses do not include salaries and wages paid to employees of the lender.

Additional information about these exclusions can be found in the U.S. Treasury's [SSBCI Capital Program Policy Guidelines](#).

26. Where does NJ CELs funding come from?

NJ CELs is funded by the federal State Small Business Credit Initiative (SSBCI). SSBCI funds small business credit support and investment programs developed by state, territory, and Tribal governments in order to empower small businesses to access capital needed to invest in job-creating opportunities.

27. Can an NJ CELs loan be combined with funding from other programs?

The NJEDA's loan through NJ CELs must be matched with a loan from a private financial institution. Beyond that, an applicant that receives funding through NJ CELs cannot receive funding from any other program (in New Jersey or in another state) that is funded by the State Small Business Credit Initiative (SSBCI).

NJ CELs does not have additional restrictions for successful applicants with regards to applying for financing from other NJEDA programs, or funding opportunities outside the NJEDA. Applicants are encouraged to consult the requirements of other programs to determine whether they can be used alongside NJ CELs.

Business/Project

28. Does Prevailing Wage apply to my Project?

If your Project is expected to involve any construction, reconstruction, demolition, alteration, custom fabrication, repair work, or maintenance work, including painting and decorating, and the cost of such work is \$2,000 or more, the Project will be required to comply with the [New Jersey Prevailing Wage Act](#) and [Affirmative Action](#).

All construction projects that pay prevailing wage are also subject to the Public Works Contractor Registration Act (NJSA 34:11-56.48 et seq.), which requires all contractors, subcontractors, or lower tier subcontractors (including subcontractors listed in bid proposal) who bid on or engage in the performance of any public work in New Jersey to register with the NJ Department of Labor and Workforce Development.

For additional questions about Prevailing Wage, Affirmative Action, and the Public Works Contractor Registration Act, please email njcels@njeda.gov.

29. If my Clean Energy Project (i.e. rooftop solar) is part of a larger project that involves other non-clean energy renovations (i.e. installing an elevator), what activities are subject to Prevailing Wage requirements?

Any activities financed in whole or in part by the NJ CELs program that meet the criteria listed in the previous question are required to comply with the New Jersey Prevailing Wage Act. In this example, that means any activities directly and indirectly associated with the rooftop solar project. Activities that may be outside the scope of NJ CELs but that are related to the eligible project (such as putting in a new roof for the solar panels) would also be subject to the New Jersey Prevailing Wage Act.

If your Project's qualified site is a portion of an entire facility or complex, and no State financial assistance is involved in other activities on the premises (such as installing an elevator), then these distinct projects that are not connected to the eligible clean energy project are not subject to the New Jersey Prevailing Wage Act.

However, if the entire facility or complex is the qualified site, any activities on the premises where the Clean Energy Project takes place are subject to complying with Prevailing Wage requirements (including those pertaining to unrelated work on site, such as installing an elevator).

30. What is a "qualified site" under NJ CELs?

A "qualified site" for the purposes of the NJ CELs program is a building, structure, parcel of land, and/or complex of buildings where the "Clean Energy Project" will take place.

The location of any activities financed in whole or in part by the NJ CELs program is the qualified site (or sites) for NJ CELs. The address provided as the location of the "Clean Energy Project" in the NJ CELs application will be used to determine the qualified site(s).

31. If NJ CELs is only financing equipment and/or hardware costs associated with my clean energy project, does the New Jersey Prevailing Wage Act apply?

If NJ CELs is financing only the purchase of equipment and/or hardware, and that equipment/hardware costs less than \$2000 to assemble and install in order to be fully operational, then the New Jersey Prevailing Wage Act does not apply.

If NJ CELs is financing only the purchase of equipment and/or hardware, but assembly or installation costs more than \$2000 for the equipment/hardware to be fully operational, then the New Jersey Prevailing Wage Act applies to those assembly and installation activities.

32. Do I need a tax clearance certificate?

Yes. While you do not need to have a tax clearance certificate on hand at the time you apply, a tax clearance certificate is required at the time of approval for financing.

33. How do I obtain a tax clearance certificate?

Follow the directions in this document if you are not registered: [Getting Started in Premier Business Services](#)

Once you are registered, create an account on this webpage:
https://www16.state.nj.us/NJ_PREMIER_EBIZ/jsp/home.jsp

For additional questions, email businessassistancetc.taxation@treas.nj.gov.

34. Where can I learn more about being a NJ certified woman-, minority-, or veteran-owned business?

Please visit <https://business.nj.gov/pages/mwbe> to learn more about eligibility and how to register for New Jersey's minority and/or woman-owned business or enterprise and veteran-owned business

certificates. NJ Certified woman-, minority-, or veteran-owned businesses are eligible for special financing terms, which can be found on the [NJ CELs website](#).

35. Is there a minimum annual revenue requirement for my business?

No, there is no annual revenue requirement for NJ CELs applicants. However, all loans must meet a minimum Debt Service Coverage Ratio (DSCR) of 1.00x. If a 1.00x is not achieved based on the historical financial statements of the business and/or any recurring outside income of the owners, then the applicant may provide a projection and narrative assumptions that illustrate the ability to meet a minimum of 1.00x in the fiscal year after the payment moratorium ends.

36. Are there any resources for how to put together a business plan?

There are many free resources available on writing a business plan. Included below are just a small subset of resources available on this topic.

- [How to Design a Better Pitch Deck](#)
- [Business Plan PPTX Template](#)
- [Business Plan and Financial Statements Template Gallery](#)
- [Find a free SCORE mentor to review your business plan](#)
- [SBDC Business Plan Writing](#)
- [SBA Guide to Writing Business Plans](#)

Design Templates:

- [Microsoft](#)
- [Visme](#)

Application Process

37. I have taken the [Eligibility Self-Assessment](#) and reviewed the [Scoring Criteria](#), and I think I might qualify for financing, but I don't have a term sheet (or letter of intent, draft agreement, commitment letter, or similar document) from a financial institution. What should I do next?

As a next step, you can reach out to financial institutions who may be able to provide matching loan funds for your project. If you have additional questions, please contact us at njcels@njeda.gov.

38. When does the NJ CELs application close?

NJ CELs will be accepting applications on a rolling basis. There is no current closing date for the application. Prospective applicants are encouraged to email njcels@njeda.gov with additional questions.

39. I'm ready to apply. How should I proceed?

The application for NJ CELs can be found here: <https://forms.business.nj.gov/njcels/>

Please reach out to njcels@njeda.gov if you have any questions as you go through the application.

40. How long will it take after an application has been submitted before the NJEDA issues a decision of approval or declination?

The time for review and approval will differ based on the completeness of each application.

41. Is there an appeals process for NJEDA's declination of an application?

Yes, the applicant may appeal by submitting in writing to the NJEDA, within 10 business days from the date of the NJEDA's action. Any appeal must explain how the applicant met the program criteria at the time of application. The CEO of the NJEDA will designate an employee of the EDA who is independent from the program team reviewing the applications to serve as a hearing officer for the appeal. The hearing officer will make a final recommendation.

42. Are there any ongoing reporting requirements after closing an NJ CELs loan and receiving funds?

Yes, the NJEDA and SSBCI (the federal funding source for NJ CELs) require loan recipients to submit various reports and data on a quarterly and annual basis. These may include but are not limited to financial statements prepared by company management, employee information, capitalization table, proof of location in New Jersey, and state and federal tax filings.