

**Questions for the Alternative and Renewable Fuel and Vehicle
Technology Program Solicitations:
PON-09-003 Biomethane Production for Transportation,
PON-09-004 Medium and Heavy-Duty Advanced Vehicle Technology
and
PON-09-006 Alternative and Renewable Fuels Infrastructure**

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General

1. What are the preferred technologies? Facility sizes?

Answer 1) The individual solicitations may provide information on preferred technologies. Funding limits in the Infrastructure Solicitation are coupled with facility sizes.

2. Is it acceptable to work in CA? "Business Presence" was discussed at the start of the meeting today and it was mentioned having to file with the Secretary of State. Please provide more information on this required filing and a link to the SOS website for the form.

Answer 2) These solicitations are targeted at private entities (for-profit or non-profit) and public agencies. The first question on whether it is acceptable to work in California as establishing a sufficient business presence implies an individual or a single consumer applying for funding. We expect most applicants to be a type of entity (unless a public agency) that would be registered with the Secretary of State if they were working in California. The Business Programs Division of the California Secretary of State is the first stop for anyone wanting to do business in California. The Business Entities Section processes, files and maintains records related to corporations, limited liability companies, partnerships and other business entities that wish to do business in California. Before transacting intrastate business in California the business must first qualify/register with the California Secretary of State. (California Corporations Code section 2105,

15909.02, 16959 or 17451.) California Corporations Code sections 191, 15901.02(ai) and 17001(ap) define "transacting intrastate business" as entering into repeated and successive transactions of its business in this state, other than interstate or foreign commerce. A foreign business entity can qualify/register to transact business in California by filing the applicable form with the California Secretary of State. Their website is <http://www.sos.ca.gov/business/>.

3. Can letters of support be submitted with an agency's proposal?

Answer 3) Yes.

4. Can we submit draft documents as placeholders with the final CEQA documents to be submitted by the end of February, 2010?

Answer 4) CEQA requirements would need to be completed prior to the completion of a fully executed agreement.

5. How stringent is the requirement for a Partner – to be eligible to apply for, or to win an award?

Answer 5) There is no requirement for a partner if the applicant has the capability to complete all aspects of their proposed project.

6. Are public or non-profits entities eligible?

Answer 6) Yes, as long as they fit under the description in Section 7. Eligible Applicants.

7. How do we address a project that we are already working on, but need additional financing to complete?

Answer 7) Your proposal would be for work required on your project for the period of June, 2010 to December 31, 2013.

8. Please explain the "no profit allowed under grant agreements" paragraph on p. 10. Does this mean a project cannot turn a profit at all, or just during the grant period?

Answer 8) The company may make a profit, but it must not be a part of the budget. The State will NOT allow you to bill, charge or seek any reimbursement for profits. However, if it is a profitable project you will need a strong argument as to why the project required state funds under scoring criterion 5.

9. Might you approve some parts of a multi-site project and reject other parts?

Answer 9) The Energy Commission reserves the right to negotiate the scope of work, budget, and schedule for all projects.

10. Would we have to fill out multiple applications for one School District in one county for fueling stations in four areas of the County?

Answer 10) Such a project could be submitted under one proposal.

11. Could a school district build its own CNG fueling station to decrease reliance on a nearby electric utility facility, and receive funding for this under PON-09-006?

Answer 11) Yes.

12. Is there a project completion timeline or deadline? What is the project completion deadline?

Answer 12) All work must be completed by December 31, 2013. This includes six months of data collection and reporting.

13. We are considering a consolidated grant application from several agencies. This would require resolutions from several councils and boards. With the holidays, it may be difficult to obtain these resolutions before January 11, 2010. Can we submit draft documents with our application and replace them with final documents by the end of February 2010? How was the January deadline arrived at? It won't allow for quality infrastructure proposals because of the holidays and work in DC to get the tax credit. Can the deadline be extended 30 days?

Answer 13) Draft documents would be accepted with the application. The January deadline was chosen based on the time required to complete an agreement with the award recipient by the end of June, 2010. However, we are considering an extension of the deadline for proposal submission. Please keep checking the Energy Commission website for any addendum regarding an extension.

14. How should applicants calculate actual costs?

Answer 14) Actual costs are the amount the applicant pays for something. For instance, contractual is the amount invoiced, materials, travel expenses and equipment should include a receipt, labor is the amount paid to your workers, fringe and overhead should be the calculated from your overhead and fringe costs as indicated in the budget you provide.

15. How should subcontractor costs be estimated? What documentation is needed?

Answer 15) If a subcontractor isn't already lined up you could estimate by looking at similar contractors. Documentation is not required for subcontractor unless they are providing match in which case a letter of committal is necessary.

16. "Cost reimbursable" – can rates be fixed? What if rates increase during the project?

Answer 16) The rates in the budget are maximum rates. If you anticipate rates may increase during the course of the award, budget for the highest you expect, however you can only charge for the actual costs you have incurred.

17. Are there limits to a public agency total cost per charger?

Answer 17) Under the Alternative and Renewable Fuels Infrastructure Solicitation (PON-09-006) there is a separate section for public agencies which has a maximum of \$200,000.00, and under Electric Drive Charging Stations there is no listed limit. Public Agencies can also apply under any of the other sections, but there aren't special designations for public agencies.

18. Could lower costs (for an upgrading vs. new installation) make a proposal more competitive?

Answer 18) Lower costs would score well under Scoring Criteria 5 and 6, but this wouldn't necessarily mean that a lower cost project would beat a similar project, as many other things are considered.

19. Are costs for hardware, installation labor, administrative, and permitting allowable?

Answer 19) Hardware, installation labor, and administrative costs are completely allowable. Permitting is allowable, but only as match share.

20. Are there costs, especially for a public agency, that should be excluded?

Answer 20) There are no differences in our rules for public agencies in relation to this. Profit is excluded. For more details on allowable costs please read the sample terms and conditions.

21. Does the Principal Investigator or Project Manager have to be employed by one of the California-based entities?

Answer 21) No

22. Is it possible for educational efforts related to natural gas fleet use to be included in a proposal?

Answer 22) This may be possible under PON-09-004, Medium- and Heavy-Duty Advanced Vehicle Technology.

23. When does the funding "end" under PON-09-003 and "shift" to PON-09-004 and PON-09-006?

Answer 23) PON-09-003 funds biomethane production facilities, while PON-09-004 and PON-09-006 fund vehicle (medium- and heavy-duty) demonstration and fueling infrastructure (fleet and retail), respectively. If you have a project that incorporates biomethane production, medium- and heavy-duty vehicle demonstration, and fueling infrastructure, three separate proposals must be submitted. The project would be separated so that only the portions that are clearly related to the installation of a biomethane production facility is applied for under PON-09-003. A similar judgment would have to be made by you, the applicant, on what parts of the project are related to vehicle demonstration (PON-09-004) and what are related to the installation of a natural gas fueling

facility (PON-09-006). Funding is provided for each solicitation without recourse to the others.

24. Can funds from Air Districts and other public entities be counted as match? Can AB 2766 be considered for match?

Answer 24) Yes to both questions.

25. In the previous Investment Plan, it stated that the Energy Commission anticipated funding 5 biomethane projects for the \$10 million available for biomethane. Since the amount increased from \$10 million to \$21.5 million, is the Energy Commission planning on increasing the funding for each project, or increasing the number of projects funded?

Answer 25) No project minimum or maximum funding amount has been identified in the solicitation. Theoretically the Energy Commission could fund 21 projects at \$1 million each, or 1 project at \$21 million. Number of projects funded and funding amounts will be determined by the proposals received.

26. Can CEQA be part of match funding?

Answer 26) Yes, so long as costs associated with CEQA are incurred during the term of the agreement.

27. How are you addressing existing Intellectual Property and the protection of technology already developed? For projects where CEQA approval is not given by June 30th, how can the proposer provide adequate assurance that approval is pending?

Answer 27) Pre-existing intellectual property is the property of its owners. Please see the sample terms and conditions, Clause 15. Rights for a complete description of the rights to be granted the State. The proposal should show where the project is currently in the CEQA process, what has already been completed, and what is remaining to be done.

28. We do not see any guidelines about the amount of the awards. How do we know how much to ask for?

Answer 28) There is no guidance on the amounts of awards in order to allow maximum flexibility. However, you should not request more than the total amount available in the solicitation. The amount you request is limited by what will score well (scoring criteria are in Attachment B) and what you can supply or acquire in terms of required match (section 9, Match Funding Requirements).

29. How would a project apply for multiple solicitations? Would we have to complete only one application or an application for each solicitation?

Answer 29) You have to do a separate application for each solicitation you want to apply for.

30. The manual says that applications with matching funds of greater than the minimum fifty percent will be score higher, but I do not see anywhere in Attachment B that explains where the matching funds will be factored into the score and with what weight. Could you give me any specifics on how matching funds are calculated into an applicant's score?

Answer 30) Scoring Criterion 5 involves evaluating the budget. That is where a higher match will be considered. There is not a specific calculation for how match funding relates to the application's score.

31. For a multi-party team, do all the business entities need to be registered in the state? Is there a distinction for "Key Subcontractors" or "Key Partners"?

Answer 31) The requirement is only for the applicant. The applicant must be registered with the Secretary of State and have a business presence in California (unless the applicant is a public agency).

32. Is an agency disqualified for applying for the same project under two different solicitations?

Answer 32) Your applications would need to clearly delineate how each grant would be funding different parts of the project. You need to clearly inform the evaluation team of the other applications for the same project.

33. We have an electric vehicle already in production. Would this qualify for funding to purchase these vehicles to replace existing high emission equipment?

Answer 33) No, but the vehicle may qualify for the California Air Resources Board's Air Quality Improvement Program funds.

34. Regarding intellectual property in Attachment K—can the Energy Commission follow the United States Department of Energy agreements?

Answer 34) No

Match funding

1. Can a proposal that does not provide a 50% match, but receives a passing technical score, be funded? Based on the scoring criteria it appears a project could pass even if the match is less than the amounts in the proposal. Please clarify.

Answer 1) Not unless 50% match was not required. Under section 8. Match Funding Requirements it states that "Energy Commission funds will be released only if the required match percentages are expended." So even if an award could be made it could not be funded if there is a requirement for match that is not met.

2. What are the restrictions on the source of match? Can it come from previous development? Can federal funds be used as match? Can match be spent before the agreement starts? Can previously purchased land be used for match? Can buildings that control odors from digestion be considered equipment? Can previously purchased vehicles be used for match? Can expenditures outside of CA be used for match? Can the value of land be included as part of applicant's match? Can our company discount our normal labor costs and materials to be for our project as a source of matching? For match on the infrastructure projects--can the cost of plans, permits, etc. that are incurred before the agreement is signed be counted toward match?

Answer 2) There are no restrictions on the source of match funds and federal funds that may be used as match. Match funds must be expended during the term of the agreement. What may be counted as match depends on the project, e.g. for infrastructure, match is required for the installation of the facility while vehicle demonstration projects may be broader than just equipment development. Expenditures for land, buildings, vehicles, and equipment may be used based on their amortized value during the term of the agreement.

3. Can Energy Commission funds be spent at the beginning of a project and the match funds be spent later?

Answer 3) No, match funding must be reconciled on a quarterly basis, and prorated according to the ratio of matching fund to the Energy Commission's share.

4. What is the recommended project start date? When does the project/agreement need to start?

Answer 4) The Energy Commission intends to have fully executed agreements by June, 2010. The project may start when the agreement is fully executed.

5. Is a match required for a new installation by a public agency?

Answer 5) Match is not required of a public agency for a new installation.

6. When do matching funds need to be in place? On January 11, 2010, when selected, or when funded? When does the proof-of-funds documentation need to be provided for the 50% cost share? Please elaborate on requirement when funding needs to be in place especially for governmental agencies? Will CEC require a binding bank commitment letter prior to application?

Answer 6) Match funding must be secured before Energy Commission funds can be expended in an agreement.

7. "Non-state funds" perhaps refers to Energy Commission budget. Funds from other sources, such as SCAQMD can be leveraged. Please confirm or reject.

Answer 7) Non-state fund refers to the funds that are not from the Energy Commission. Funds from sources such as SCAQMD may be used as match and leveraged.

8. What specific documentation will be permissible for the matching funds? Letter of credit, Bank Statement, etc.? Will a letter from the business's bank be sufficient stating the business has loanable equity and then outlining the terms of the proposed loan be sufficient? Is an official MOU required to verify partnerships? Is a resolution required?

Answer 8) The documentation for the proposal has to be sufficient to convince the proposal reviewers that the match will be available to the project. If a public agency requires approval by governing board or commission to pursue project funding, this should be addressed in the proposal.

9. For the infrastructure grant, can local air district funding be considered a match? Can in-kind staff time to publicize the program be considered a match?

Answer 9) Local air district funding can be considered for match. Under infrastructure, match funding must be related to the installation of the station.

Applicants

1. An applicant is packaging proposals from several local governments. How will the Energy Commission score each local government with different match funding?

Answer 1) The solicitation requires minimum amounts of match funding based on the total amount of the project. There is no requirement on how the match must be divided between the team members.

2. How should a team of multiple agencies represent themselves and show commitment? How would a multi-agency application work involving cities working along with a county?

Answer 2) One agency should act as the lead agency for the purpose of entering into an agreement with the Energy Commission. The documentation to show commitment will depend on the requirements to enter into a collaborative project with each agency. If a public agency requires approval by governing a board or commission to pursue project funding, this should be addressed in the proposal and before the agreement can be entered into, the resolution of the applicant's governing board must be submitted and accepted by the Energy Commission.

3. Can one applicant apply to one solicitation multiple times? Can they get multiple awards?

Answer 3) Yes.

4. Several agencies beyond a municipal agency's service area are considering a joint application that would complement the municipal agency's application. Would such a joint application be considered? If so, are there any particular or special elements that would need to be included for such an application to be considered?

Answer 4) A joint application would be considered. The specific roles and responsibilities of each agency as a team member should be determined and stated in the application.

Equipment

1. Is funding allowed to buy equipment?

Answer 1) Funding may be used to buy equipment. However please review Section 15 F (Proposal Requirements: Budget) for details on the results of using Energy Commission funds for equipment.

2. Does the purchase of equipment include land?

Answer 2) Land may not be purchased with funds under PON-09-003, PON-09-004, or PON-09-006.

3. Please explain what this means (from p. 10 of biomethane production solicitation): The purchase of equipment for items >\$5,000 will require disposition of purchased equipment at the end of the project.

Answer 3) Title to equipment acquired by the grant recipient with grant funds shall vest in the grant recipient. Typically, grant recipients may continue to use equipment purchased with Energy Commission funds as long as the use is consistent with the intent of the original grant agreement. At the end of the grant agreement, an arrangement will be made between the Energy Commission and the grant recipient for the equipment to be used as directed for a period of time that will be negotiated. Please refer to page 9 of the draft Terms and Conditions posted with PON-09-003 solicitation documents.

4. How do we protect proprietary equipment? Do we exclude these pieces from the list of equipment to be funded?

Answer 4) In the sample terms and conditions (Attachment K Section 15) it says:

The Commission shall be granted a no-cost, nonexclusive, nontransferable, irrevocable worldwide license to use or have practiced for or on behalf of the State inventions developed hereunder and patents or patent applications derived from such inventions. Recipient must obtain agreements to effectuate this clause with all persons or entities obtaining ownership interest in the patented subject inventions.

Keeping proprietary equipment out of the budget, and thus not funded by the Energy Commission, would be the way to be certain that the Energy Commission has no rights towards proprietary equipment.

AB 118 Funds

1. Do these solicitations use budget from last year? Did ARRA solicitation use up all of the AB 118 funds from that year?

Answer 1) These solicitations are using 2008 and 2009 fiscal year funding. The solicitation tied to ARRA funding (PON-08-010) did not use up all of the 2008 and 2009 AB 118 funds.

2. Will there be a solicitation for the next round of ARPA-E funding using AB 118 dollars as match?

Answer 2) No. The previous solicitation (PON-08-010) is closed. Please refer to the funding webpage at <http://www.energy.ca.gov/contracts/index.html> it is possible that PIER will be providing funding related to the next round of ARPA-E.

3. Are AB 118 funds available now?

Answer 3) Yes, this solicitation is funded with AB 118 funds.

4. Will awards be for all or nothing, or is a reduced amount possible?

Answer 4) Reduced amounts are possible.

5. Regarding the 6 month or more of data collection at the end of a project—what kind of data?

Answer 5) The data required will vary according to the project and will be negotiated with the award recipient.

6. From my understanding, AB 118 has \$120 Million in funding from California and \$7 Million was designated for outreach. Here are my questions: Has the \$7 Million in funding already been awarded? If not, what process should we follow to apply for this funding to conduct outreach and educational services for AB 118?

Answer 6) The current solicitations do not address outreach and education, and there is no solicitation specific to outreach and education services planned at this time.

7. What are the details of future solicitations?

Answer 7) Currently, solicitations in the area of hydrogen infrastructure, fuel production plants, manufacturing incentives, propane school buses, and a “center of excellence” for medium- and heavy-duty vehicles are being considered.

Petroleum and GHG Reduction

1. Clarify criterion 5—calculation of petroleum and GHG reduction. Shouldn't there be a standard protocol? What is the base year? Two separate equations? Should applicants estimate emissions per cost? How many years should be used in the calculations? Is there a model we're all supposed to use? Otherwise - how could you compare one to another?

Answer 1) For GHG reduction the base year is 2010. A calculation of emissions per cost is not necessary for modeling GHG reductions. One year of calculation is sufficient. There are four options to provide GHG reduction models. Option 1 is the Air Resources Board's Low Carbon Fuel Standard pathway (CA-GREET based). Option 2 is the Energy Commission's AB 1007 pathway (CA-GREET based). Option 3 is an independent CA-GREET run or documented information from another source or study such as GHGenius. There are a number of such studies and providing complete documentation with the proposal is very important. Option 4 is providing information on fuel production, such as energy inputs, feedstocks, co-products, and equipment used. This will be used by the evaluation team to estimate the GHG reduction. Petroleum reduction could be measured in gasoline or diesel gallon equivalents.

2. Is there a model you suggest for determining job creation?

Answer 2) The solicitations do not suggest any specific models. There are several employment multipliers. An example is of an employment multiplier would be three additional (support) jobs for every manufacturing job created. IMPlan is an example of a model that may be used. Document the method used in your proposal.

3. What data sources are you using for projected CA petroleum use and greenhouse gas emissions from 2013-2020?

Answer 3) The solicitations do not specify the petroleum use projections or greenhouse gas emissions from 2013 to 2020. There are several sources that may be used such as the Energy Commission Integrated Energy Policy reports and the Air Resources Board's AB 32 implementation reports.

4. We have feed stock at 33 tons per acre for biomethane production annually. Would this qualify?

Answer 4) There are no minimum tonnage per acre requirements.

5. Can we use the Carbon Intensity Chart and the Energy Commission's Full Fuel Cycle Assessment Well-to-Wheels from our April 22, 2009 Grant Solicitation to quantify potential GHG reduction? As with the April 22, 2009 Grant Solicitation, can we use our own fuel pathway to determine GHG reduction?

Answer 5) The Full Fuel Cycle Assessment or other fuel pathways may be used, but the documentation of the methodology in the proposal must be sufficiently clear to allow the proposal evaluation team to understand the methodology and make adjustments, as necessary.

6. It has been indicated that at the time of signing the agreement, agreements for match funding should be in place. It has also been indicated that in order for funds to be considered as match, they have to be encored after the agreement. Please clarify.

Answer 6) Proposal should contain letters of commitment from partners stating that after the agreement is in place, they will commit a certain amount of funding toward the project. Match funding has to be spent during the time of the agreement and within the same quarter as State funding.

Biomethane (PON-09-003)

1. Can money from the biomethane solicitation be used to purchase land or buildings?

Answer 1) Funds may not be used to purchase land. Buildings may be funded if integral to the biomethane production system.

2. For Municipal Solid Waste (MSW) to biogas projects—should applicants apply under infrastructure and biomethane?

Answer 2) MSW to biogas production would apply under PON-09-003, Biomethane Production. Fueling infrastructure for the gas would apply under PON-09-006, Alternative and Renewable Fuel Infrastructure.

3. We have identified an owner of Electric Vehicle charging stations that wants to fuel them with renewable electricity. We would like to propose construction of a new biomethane facility that generates electricity and sells this as the transportation fuel to the EV charging company. Would this be an acceptable linkage to transportation? Would a project that builds a biomethane digester, uses this fuel to generate electricity, then uses the electricity to power electric vehicles, be eligible for the Biomethane Production solicitation?

Answer 3) No, generation of electricity for electric vehicle charging would not be an acceptable linkage to transportation under the requirements for this solicitation.

4. How would you suggest we structure a response if only 1/3 to 1/2 of the biomethane is used for transportation fuel (as the balance is used for electricity to secure the credit utility off-taker for debt financing)?

Answer 4) The biomethane produced from Energy Commission funding must be a) used directly as a transportation fuel, b) transported via natural gas pipelines for

dedicated transportation use, or c) used as transportation energy in the production of liquid transportation fuels. In the case of c), if the biomethane is used for process heat with a cogeneration system designed to meet the heat requirements of the facility, excess electricity may be sold. However, if only 1/3 to 1/2 of the biomethane produced by the project will be used for transportation fuel, the funding requested should be adjusted to reflect this.

5. Is there a typical funding size per project?

Answer 5) PON-09-003 does not state any typical funding size per project.

6. What is the minimum size for the biomethane facility?

Answer 6) PON-09-003 does not state a minimum size for a biomethane facility.

7. Is there any restriction on the technology that can be used, for example- thermochemical conversion of biomass vs. anaerobic digestion? Can pyrolysis of waste be considered a biomethane production project?

Answer 7) There are no restrictions on the technology that can be used.

8. Could the installation of a dairy digester be funded as part of a biomethane production facility?

Answer 8) Yes

9. Is PON-09-003 specific to a biomethane facility?

Answer 9) Yes

10. If a fuel cell is included to provide electrical power in the biomethane solicitation, can the cost of the fuel cell be included as cost share?

Answer 10) No, the fuel cell would not be part of the biomethane production system.

11. For a biomethane production project that needs to also convert a vehicle fleet and a vehicle refueling system, where the dominant project costs are for production, would this apply under the production solicitation (PON-09-003) or would it imply 3 separate applications (under the three different solicitations)? For a biomethane production project that also needs to install a fueling station to get the fuel to vehicles, would that mean doing two separate proposals?

Answer 11) PON-09-003 may only fund the biomethane production, not the fleet conversion or vehicle refueling system. Vehicles and refueling systems would require a proposal under PON-09-004 and PON-09-006 if they qualify under the requirements of those solicitations.

12. Can the cost of vehicles, if not allowed for funding under PON-09-003, be counted toward the 50% match funding requirement?

Answer 12) The cost of vehicles is not part of the production of biomethane and would not be counted toward match funding requirement.

13. For a biomethane production project, a new digester can be funded under PON-09-003. Can the gas clean-up system be funded? After the gas is clean, can the costs of injection to pipeline be funded? Does the gas need to be actually injected into the pipeline or can the applicant do proper measurement and quantification without physically injecting into the pipeline? If not injected, can a new station to dispense the fuel be funded under PON-09-003?

Answer 13) Under PON-09-003, gas clean-up and costs of injection to pipeline may be funded. The project needs to result in biomethane that is shown to be used as a transportation fuel. A new station to dispense the fuel would require an application to PON-09-006.

14. For Biomethane facility you said that if the biomethane is injected into the PG&E pipeline then the proposal must show that somebody downstream is taking out the biomethane for transportation use (not the same molecules but the same volume of gas). Does "showing somebody downstream is taking out gas for transportation" mean a specific gas purchase and sale agreement must be in place with the transportation user? Or generically one can point to the fact that there are users out there using gas for transportation?

Answer 14) The biomethane produced must be used directly for a transportation fuel or a dedicated transportation use. The information in the proposal must convince the reviewers the direct linkage will exist.

15. Regarding pipeline fuel—does it need to be CNG or LNG to demonstrate its use for transportation?

Answer 15) PON-09-003 does not require the fuel to be CNG or LNG to demonstrate its use for transportation.

16. Transportation of gas via pipeline often incurs "wheeling" costs to the pipeline owner for transporting the fuel to another location. Can those costs be funded or can they be counted toward the 50% match requirement?

Answer 16) "Wheeling" costs can be counted toward the 50% match requirement.

17. Can the costs for liquefaction of gaseous biomethane produced be funded (if part of the biomethane production project)?

Answer 17) Yes

18. Do the scoring criteria include a preference for diversity in feedstocks and/or location and will an effort be made to choose projects that are spread across the state or use different processes and/or feedstocks?

Answer 18) No, proposals are scored individually, not collectively. Funding is awarded beginning with the highest ranked proposal, based on the scoring criteria.

19. If a project has already been initiated, can it still qualify for funding under PON-09-003?

Answer 19) Yes, but Energy Commission funds can only be used for tasks performed during the term of the executed agreement, and match funds can only be counted if they are expended during the term of the executed agreement.

20. What forms of proof of "transportation use" are required and/or sufficient for PON-09-003?

Answer 20) The solicitation does not specify the form of proof required and/or sufficient. The proposal should provide sufficient documentation to convince the evaluation team that the amount of related transportation fuel use is equivalent to the amount of biomethane produced.

21. If the biomethane produced is injected into the pipeline, must the pipeline exchange (off-take) agreement for transportation use be in place at the time of proposal submission? Some projects may have non-transportation buyers in place, and while a transportation user can be arranged, it would require re-negotiation of contracts. Would evidence of a transportation-use customer who is committed to take the fuel (a letter of commitment or memorandum of understanding) be sufficient?

Answer 21) Evidence of a transportation-use customer would be sufficient. The negotiation and completion of the agreement for the transportation user could be a task in the Energy Commission agreement with the award recipient. Providing an agreement would make the proposal stronger, however, if that is not how that system is used, the proposal will need to include something verifiable and legally binding to show that there is a transportation end use.

22. Injecting biomethane into the pipeline often incurs costs for testing and verification of the gas quality. Can those costs be funded or counted toward the 50% match?

Answer 22) Yes

23. Can the production of hydrogen or hydrogen/natural gas mixes be included as part of a biomethane production project?

Answer 23) Yes

24. Would a project that uses biomethane to generate electricity that would be used as a dedicated transportation fuel be eligible for funding?

Answer 24) No, the solicitation is very clear in that eligible projects will either, use biomethane directly as a transportation fuel, transport the biomethane through the natural gas pipeline for dedicated transportation use at another location, or use the biomethane as a process energy in the production of a liquid transportation fuel.

25. Do design and construction have to be paired together or will the Energy Commission fund one without the other?

Answer 25) They should be paired together. The Energy Commission would like to see hardware on the ground as a result of the AB118 money available in this solicitation.

26. Does the biomethane need to be used as a liquid fuel?

Answer 26) No, the fuel is only required to be liquid for projects using biomethane as a process energy in the production of the transportation fuel. For example, biomethane can be used to replace natural gas in the production of ethanol. For projects using biomethane directly as a transportation fuel, or injecting biomethane into the pipeline for transportation uses, it is not required to be liquid.

27. For the biomethane solicitation, if the project contains multiple facilities at different sites, can each site apply separately under the solicitation?

Answer 27) Yes, but they could also apply as one combined application.

28. What category of funding would facilities to clean up landfill gas to fuel fall under?

Answer 28) PON-09-003: Biomethane Production

29. Will there be additional biomethane funding project funding available in the future?

Answer 29) We are currently drafting the second Investment Plan. It is encouraged that stakeholders participate in the process.

Medium and Heavy Duty Vehicles (PON-09-004)

1. If one project includes both medium and heavy duty vehicles and infrastructure, can applicant turn in only one proposal?

Answer 1) No, two proposals will be required. The infrastructure portion will need to be submitted under PON-09-006.

2. Is hythane eligible for medium and heavy duty vehicles?

Answer 2) Yes

3. Is the 40% improvement in efficiency a target objective or an absolute requirement? Can we submit a grant application with the understanding that we are at 30% now and working towards 40% or better efficiency at the time of funding?

Answer 3) The "40 percent or better efficiency level improvement over the current market standard" is an objective that only applies to advanced internal combustion engines projects. If you are at 30% now and working towards 40% or better at the time of funding, that would be accepted. All other technology projects do not have this requirement. This requirement does not apply to hybrid technologies.

4. Is "the current model year" to be interpreted as 2009 or 2010?

Answer 4) The objective is the 2010 model year. This is not a hard rule and depends on the specific project proposed as the 2010 engine may not yet be available for development or demonstration.

5. The term of the project is limited to December 31, 2013, while the solicitation also says that to be eligible, projects must include "technologies that can be commercial no later than 2013." This implies a technology can be commercial while the demonstration is still ongoing. Would it be acceptable to begin a commercialization program during 2013? Under the Medium/Heavy Duty PON, we will propose to demonstrate a prototype vehicle following the research phase. The demonstration could lead to commercialization during 2013 but the timing is fairly tight. Please clarify the project deadline vs. the commercialization deadline.

Answer 5) The solicitation requires the inclusion of technologies that can be commercial no later than 2013. The technology is not required to be commercialized by 2013. This solicitation seeks to demonstrate technologies that are developmentally close to commercialization.

6. Is a technology to increase fuel efficiency in gas and diesel vehicles acceptable under this specific solicitation?

Answer 6) Yes.

7. For engine development, where the project only relates to a component, when we show efficiency gains at vehicle level, can we show as x amount of grams per hp or grams emission of fuel gained or something similar or do we have to de-rate it? When we do hybridization, the engine is utilized less. Can we assume gain at vehicle level is the same as gain at engine level

Answer 7) Our recommendation is to apply the gains to the vehicle on grams per mile basis or fuel use per mile basis. Linear interpolation may be used. There is enough information available to show hybridization will produce certain amounts of gain, so use literature to show gains anticipated.

8. Our total project cost is much larger than the amounts available. Should we break up our project into multiple components and ask funding for what we consider to be the highest and best use or request funding based on the whole project?

Answer 8) Your proposal(s) should be developed to provide your best response to the scoring criteria.

9. Will a proposal to develop a major enabling drivetrain component (e.g. a highly-efficient CVT) for a Medium-and-Heavy-Duty Hybrid Vehicle RD&D Project be appropriate and allowed, and, be equally considered vis-à-vis the vehicle proposals? Regarding retrofits: this seems to intimate deployment of such. However, under this category, would you consider proposals to develop a [unique and efficient] retrofit solution / system / application / prototype? Regarding retrofits: I'm still a little unclear on this - as to whether proposing developing a prototype system to be applied in future, as opposed to simply proposing an actual, mass fleet retrofit?

Answer 9) PON-09-004 seeks projects to demonstrate new original equipment manufacturer and/or retrofit technologies that will advance medium- and heavy-duty vehicle technologies that reduce petroleum fuel use and greenhouse gas emissions.

10. Is there a limit of the number of NGVs that a company can pursue and still be considered a demonstration?

Answer 10) There is no set number of vehicles that separates a demonstration project from a deployment project. Your proposal should convince the reviewers that the project is for demonstration.

11. Is there a fuel economy improvement requirement in terms of miles per gallon regarding the medium and heavy duty vehicle project?

Answer 11) There is no absolute value, in terms of miles per gallon, for fuel economy improvement.

12. For Medium and Heavy Duty our technology currently meets the 30% fuel efficiency in gas and diesel vehicles. Is it acceptable to be working towards 40% or better by the application deadline? For PON-09-004 is it acceptable to have reached a 40% or better fuel efficiency by the time of project funding (we are currently at 30% and working towards 50%)? Is the 40% improvement in efficiency a target objective or an absolute requirement?

Answer 12) The 40% or better efficiency improvement applies to internal combustion engines only. It is acceptable to be working towards 40% or better by the application deadline. Hybrid and other technologies do not have this requirement. The 40% improvement is an objective for the commercial technology, not an absolute requirement.

13. Will highly efficient Light-duty Vehicles under 1000lbs achieving 50mpg or better be considered for funding under Solicitation PON-09-004?

Answer 13) No

14. Would developing a prototype system for future development be acceptable as opposed to proposing an actual, mass fleet retrofit?

Answer 14) PON-09-004 is to fund demonstration of a medium-duty and/or heavy-duty vehicle advancement. Either a prototype system or a mass fleet retrofit is needed to meet the requirements of the solicitation.

15. Can you verify that a technology to increase fuel efficiency in gas and diesel vehicles is acceptable under the funding priorities for this specific grant?

Answer 15) Yes

16. Would a project aiming to prove the potential use of diesel-substitution fuels derived from biological sources be considered if it also addresses issues associated with novel exhaust after-treatment systems for non-road related technologies?

Answer 16) Non-road technologies are allowed under PON-09-006.

Infrastructure (PON-09-006)

1. Will infrastructure be funded in the future? Will there be annual solicitations for EV charging and E85 projects?

Answer 1) The Investment Plan for fiscal year 2010 funding is currently being developed. Please go to <http://www.energy.ca.gov/2009-ALT-1/index.html> for information on the current process.

2. Are retrofits to existing fueling stations eligible?

Answer 2) Yes

3. How should applicants demonstrate need for infrastructure if vehicles aren't ready?

Answer 3) Any information such as proposed vehicle rollouts, planned purchases by agencies, and targeted geographical areas for vehicle introductions may be discussed. Please refer to specific criteria on Market Transformation (Criterion 2) and Market Viability (Criterion 3) to determine the competitiveness of your proposal.

4. Could you please clarify the required "matching funds" for an E85 project?

Answer 4) The required match would be the amount required to build a complete station less the funding amount of up to \$50,000 for a station with an above ground storage tank and up to \$100,000 for a station with an underground storage tank.

5. Do these values \$50K funding for an above ground storage tank and \$100K funding for a underground storage tank indicate that these are the maximum funds available per tank type, and the applicant may add to that whatever the balance of costs are to install the

subject tank? This would then imply that the "matching funds" are no less than the balance of the total cost of the tank installation (less the funding from the Energy Commission), but that the proposer could serve to bring forward a greater match per unit, and that no set "minimum matching percentage" requirement is noted in the solicitation.

Answer 5) The applicant may add to whatever is the balance of costs and may require a match greater than the amount of the incentive provided by the Energy Commission. Please refer to the section 9. Match Funding Requirement, for details on minimum matching percentages.

6. Would conversions of existing suitable tanks be allowable?

Answer 6) Yes

7. Can you define, what is considered a public agency, does a community college qualify to receive 100% of the total cost of the project.

Answer 7) A community college would be considered a public agency. Public agency is a governmental agency from California or a state college or state university from California; California local government entity or agency, including those created as a Joint Powers Authority; an auxiliary organization of the California State University or a California community college; the Federal government; a foundation organized to support the Board of Governors of the California Community Colleges or an auxiliary organization of the Student Aid Commission established under Education Code 69522

8. Can a community college district submit one proposal for all of its colleges under PON-09-006?

Answer 8) Yes

9. Do the amounts on page 5 apply equally to new installations and upgrades?

Answer 9) Yes

10. Is the solicitation only going up to 50% for either new or upgrade projects and for the three levels?

Answer 10) The 50% restriction only applies to the categories where it is stated as such.

11. We would like to know whether PON-009-006 would fund conversion of a regular gasoline fuel station to an E-85 fuel station?

Answer 11) Yes

12. E85 or EV Charging: Does the funding cover site preparation (wiring, concrete, etc.) or just the charger?

Answer 12) Funding may be used for site preparation.

13. E85 and EV Charging: You mentioned 50% funding. On page 5 it also says public agencies can get up to 100%. Correct?

Answer 13) Yes

14. Do we need to specify the manufacturer(s) of the EV charging station or is it enough to say we will select through competitive bid process? Likewise for the installer(s)?

Answer 14) Only if the manufacturers are team members, should they be identified.

15. For Alternative and Renewable Fuels Infrastructure. If the proposal includes, as a part of a larger project including implementation, the development of solar-powered electric vehicle chargers, can grant funds be used to pay for the solar technologies, such as solar panels and conduit?

Answer 15) Yes

16. Can a project include both public-accessible sites and municipal fleet sites that may not be publicly accessible?

Answer 16) Yes

17. Are new, non-publicly accessible, CNG/LNG sites eligible? The sites would be installed by a public agency.

Answer 17) Yes, there is a preference for public access stations, but it is not a requirement.

18. The Alternative and Renewable Infrastructure states ethanol. Is this specifically E-85.

Answer 18) This is specifically for E-85.

19. Will the infrastructure grant include infrastructure for liquid propane

Answer 19) No

20. The solicitation for Infrastructure specifically identifies E-85 Stations. Our project is to give the fuel production capabilities to the end-user who will have, in essence, their own station. Would our project qualify under this solicitation and how must the equipment be used after the project ends??

Answer 20) Such a project would qualify under this solicitation. Please refer to page 9 of the draft Terms and Conditions posted on the website with the solicitation documents. "Title to equipment acquired by the Recipient with grant funds shall vest in the Recipient. The Recipient shall use the equipment in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by grant funds, and the Recipient shall not encumber the property without Commission Project Manager approval. When no longer needed for the original project or program, the

Recipient shall contact the Commission Project Manager for disposition instructions." Arrangements will be made for the equipment to be used as directed for a period of time that will be negotiated at the end of the agreement.

21. For one level 1 and level 2 project—how will they be evaluated if they're on one piece of equipment?

Answer 21) Both level 1 and level 2 chargers on one piece of equipment would be considered part of the same project. The costs would be adjusted to comply with the requirements for match funding contained in PON-09-006 with sufficient explanation in your proposal to allow the reviewers to understand your calculations.

22. Are solar chargers eligible for funding?

Answer 22) Yes

23. Chargers—category for up to 100 percent for public agencies: can the amount of money awarded be more than \$5000? Can funds be used for electricity, concrete, etc?

Answer 23) Public agencies may receive 100% of the installation of new or upgraded installations (including electricity, concrete, etc.) and may be awarded more than \$5000.

24. Will chargers for apartment buildings and condo complexes be eligible?

Answer 24) Yes

25. Regarding truck stop electrification—is planning, marketing, etc eligible?

Answer 25) No, the funding category for infrastructure from the 2008/2009 Investment Plan was exclusive of education, outreach, and workforce training. Please refer to the 2008/2009 Investment Plan contained at <http://www.energy.ca.gov/proceedings/2008-ALT-1/index.html> for the description of the funding plan for Electric Drive Infrastructure.

26. Is a project that injects electrons into the PGE grid similar to a project that injects biomethane into a pipeline, if it shows that EVs use the same amount of electricity?

Answer 26) No, such a project would not qualify.

27. If the grant was for transformational solar electric charging stations, could the grant allow for inclusion of the cost of an electric vehicle to be used in testing the charging station?

Answer 27) No

28. Can output to a fueling station from an existing digester be funded?

Answer 28) The fueling station portion would qualify as natural gas infrastructure.

29. Are methanol fueling stations eligible?

Answer 29) No

30. Where is documentation explaining how to retrofit an existing E-85 station?

Answer 30) Please contact industry sources. There are several industry websites.

31. Are there sources to show the existing infrastructure for alternative fuels in California?

Answer 31) The alternative fuels & Advanced Vehicles Data Center at <http://www.afdc.energy.gov/afdc/fuels/stations.html> is one source. Industry websites also maintain their own address data and mapping services online.

32. Can PON-09-006 be used to fund development work (engineering development to adapt existing technology) related to upgrading existing electric charge stations or installation of retail or fleet electric charge stations?

Answer 32) The intent of this solicitation is to upgrade public and private infrastructure investments, expand the network of public-access and fleet fueling stations and charging sites based on the population of existing and anticipated vehicles, and put in place infrastructure that will ultimately be needed to accommodate transportation fuels with very low greenhouse gas emissions. Projects must be "located" in California and include "upgrades", "installations", or "refurbishments" of stations. These words mean the result of the award must be a physical project. Projects can include development work as long as the result is a physical project.

33. Would a public project require a public agency partner in place at the time of the submission of the proposal?

Answer 33) A public project should have a public agency as the applicant.

34. An elementary school district with CNG school buses currently fueling at a utility's facility would like to build its own fueling station. Would this qualify?

Answer 34) Yes

35. Would a vehicle incorporating a solar charging system built into the vehicle that can be plugged in to supply power to the grid qualify for PON-09-006?

Answer 35) No

36. Does PON-09-006 include hydrogen or hydrogen blends?

Answer 36) Hydrogen infrastructure will be funded through a separate solicitation that has not yet been issued.

37. If a public entity is making an application, would the purchase of a limited number of plug-in hybrid electric vehicles, in addition to the electric vehicle charging stations, be an allowable use of funds?

Answer 37) No