

Questions and Answers for March 8, 2012
PON-11-609: Hydrogen Fuel Infrastructure

Renewable Hydrogen

1. What if a proposal meets (or exceeds) the renewable hydrogen content requirement through a purchase agreement instead of onsite production?
 - A) The application should describe or provide proof of the origin of the renewable fuel or feedstock, the production process and how the fuel or feedstock will be transported. Onsite production is not required.
2. In regards to meeting the SB 1505 requirements for renewable hydrogen, does there have to be a physical pathway, or can there be credits that can be traded?
 - A) A physical pathway for renewable hydrogen counts toward the SB 1505 requirement. To the extent that a proposal can document the origin and exclusivity of renewable hydrogen credits for the proposed project, these will also be counted toward the SB 1505 requirement.
3. Renewable hydrogen requires more capital costs in most cases than the 10% bonus given. Can this amount be increased? Additionally, can the Energy Commission consider a sliding scale to reward more bonuses to those providing substantially more than the 33.3% requirement?
 - A) The incentive is not for meeting but rather for exceeding the 33.3% mandate. The intent is to spur market production and sale of renewable hydrogen beyond the current legal minimum. Regarding a sliding scale bonus for higher renewable hydrogen, we will take this issue under consideration during the development of future solicitations.
4. The PON and the presenter at the workshop indicated that an additional 10 percent cost share may be awarded for exceeding the 33.3% minimum requirement. Does this mean that the Energy Commission might choose not to provide the additional award? What are the conditions for not awarding those that qualify?
 - A) Eligibility for this incentive award depends on whether the applicant succeeds in completely addressing the requested details and documentation (specify how much renewable hydrogen, proof of origin of fuel or feedstock, production process, how it will be transported, itemizations of equipment needed, attributable project costs). The Energy Commission maintains discretion as to whether to apply this incentive funding based on the number of high scoring projects and the amount of funding available. If applied the Commission will apply the incentive equally among all eligible stations.
5. The 10% additional funding incentive for renewable states it “may” be awarded, what is that based on?
 - A) The funding incentive is available at the Energy Commission’s discretion. Please refer to the guidance in Section 8 of the Application Manual and the response to Question #4, above.

Destination/Corridor Stations

6. Stations outside the primary markets (e.g. connectors or destination stations) may be essential to promoting commercial viability within primary markets. Will the PON consider funding hydrogen stations in destination or connector locations? Will there be any preference in the proposal scoring for having the proposed stations being grouped in clusters? How will the Energy Commission evaluate these types of stations?

A) We are particularly interested in regions with high concentrations of *to-be-deployed* FCVs or HICEVs, as well as station locations that can anticipate significant vehicle throughput. Locations outside of the six clusters are eligible as stated in the location requirements on page 6 of the application manual and in Addendum 3. The six cluster concept has been shaped and refined by several university research groups and stakeholder organizations over the years. The exact size and extent of clusters is flexible; the following is a list of regions that generally cover the designated clusters.

Irvine/Newport Beach Clusters (overlapping): Yorba Linda, Fullerton, Tustin, Santa Ana, Fountain Valley, Garden Grove, Anaheim, Anaheim Hills, Newport Beach, Costa Mesa, Huntington Beach, Seal Beach, Irvine, Mission Viejo, Lake Forest, Laguna Hills, Coto de Caza, Rancho Santa Margarita, Laguna Beach, Laguna Niguel, Aliso Viejo

Santa Monica Cluster: Santa Monica, Beverly Hills, West LA, West Hollywood, Malibu, Culver City

Torrance Cluster: Torrance, Redondo Beach, Hermosa Beach, Palos Verdes, Manhattan Beach

Sacramento Area Cluster: Sacramento County, Yolo County, Yuba County

San Francisco Bay Area Cluster: Alameda County, San Francisco County, San Mateo County, Santa Clara County

The Energy Commission (CEC) will be scoring stations based on their ability to support clusters regardless of whether they are located within a cluster, along a corridor, or at a specific destination. For stations inside clusters the CEC will look at the OEM's stated vehicle rollout numbers for its location and the surrounding area. For stations located outside of clusters the CEC will determine the level of support the station provides to the clusters based on OEM letters of support. The OEM's letter of support should specifically state which clusters the station supports and the level of support the station provides to the clusters relative to what a station within the cluster would offer.

7. Would destinations outside of California such as Reno and Las Vegas be eligible?

A) No, all stations must be constructed and operated in California. (See section 6. Eligible Projects)

Station/System Technical

8. On page 4 of the application manual, under "Eligible Projects": does the phrase "installations to connect a station to a nearby hydrogen pipeline" mean a literal physical connection to the pipeline, or can it be an over-the-road connection using trailers?
 - A) Specialized trailers to connect a station to a nearby hydrogen supply are eligible. A hydrogen supply in this context may be a nearby hydrogen pipeline.
9. When it comes to distribution (pumps, nozzles) would you be able to use different nozzles configurations/standards?
 - A) Please refer to the SAE standards for dispenser equipment required by the PON.
10. On page 5, where the application manual references "retail-like design and appearance," is this at the pump/dispenser or the entire station? This is particularly relevant for upgrades to stations which may not currently have a retail-like design and appearance.
 - A) Retail-like design and appearance refers to the entire hydrogen fueling station project. Please refer to the comprehensive list included in Section 6 c. An upgraded station may be located in a more industrial setting than a classic retail gasoline station. Nonetheless, it should meet the other minimum requirements.
11. On page 5, does the language disallowing prohibitive user agreements apply to stations that would serve only experimental vehicles and prototypes?
 - A) Funding under this PON is intended for station deployment projects, not for experimental vehicle projects. All stations must allow open access to all fuel cell vehicles seeking to refuel.
12. One of the requirements under Station Design on page 5 of the application manual is to have "ample directional signage." Will the Energy Commission allow flexibility for this requirement, given that in some cases providing directional signage may be difficult because of city construction and siting codes?
 - A) We will allow for flexibility on this requirement. If a proposal does not include plans to deploy such signage, it must explain why such signage cannot or should not be provided, and whether any alternative approaches for promoting the station's location will be utilized.
13. Will the PON appropriately reward 24/7 operation? 6-10 hours per day of operation is insufficient to promote network success.
 - A) 6-10 hours is a minimum qualification requirement. A station should preferably have longer opening hours and this will be considered this in the scoring sub-criteria (Market

Transformation/Market Viability). Projects that demonstrate greater market viability with longer operational hours will likely be scored higher.

14. What are the minimum hydrogen purity standards for FCEVs?

- A) There are currently no California standards in place for hydrogen fuel quality. Under an Energy Commission contract, the California Department of Food & Agriculture, Division of Measurement Standards (CDFA/DMS) is currently working on developing these. We strongly encourage applicants to communicate with CDFA/DMS in case fuel quality questions should arise.

SCORING

15. How will the "expected price/cost of hydrogen fuel per kg at the station" (page 26 of the application manual) be considered in "market viability" scoring criteria? This is particularly relevant for the production of renewable hydrogen, which has a higher cost per kilogram.

The CEC recognizes that hydrogen that contains a high percent of renewable hydrogen will cost more than hydrogen that contains a low percent of renewable hydrogen. This is why the CEC scores on a cost effectiveness basis rather than on a lowest cost basis. The price/cost of hydrogen is only one sub-criterion under the Market Viability scoring criteria header. The prices/cost of hydrogen will be examined on a cost effectiveness basis relative to the amount of renewable hydrogen included in the fuel. It is the applicant's duty to describe and document all this in detail. Some of the cost effectiveness metrics applied may be:

- Cost per number of stations
- Cost per fueling capacity (e.g. daily, hourly, or back-to-back)
- Cost per fueling throughput (e.g. daily, hourly, or back-to-back)
- Cost of fuel in relation to the amount of renewable hydrogen content present in the fuel
- Other approaches, as described in the proposal and as applicable to the proposed station(s)/system(s)
- Total project cost (total costs = capital + variable costs; applies to several parts of the PON and scoring criteria, not just criterion 6)

Under Scoring Criteria #6 Project Budget, one bullet states, "Describe and quantify the cost effectiveness of the proposed station for reducing greenhouse gas emissions and petroleum use, and document any assumptions used." This criteria allows stations to compete equally on how cost effectively they supply their hydrogen relative to the level of renewable hydrogen content.

16. What portion of the 60 points for scoring criteria #6 ("Project Budget") will be affected by the ratio of matching funds to CEC supplied funding? Will requesting a higher cost share for a station that utilizes a greater portion of renewable hydrogen result in a lower score?

- A) Projects requesting a higher cost share for a station will result in lower scores for the criterion on match share; however, having a greater portion of renewable hydrogen will result in higher scores for supplementing air quality improvement efforts and cost effectively reducing greenhouse emissions.
17. If an applicant has only one project (or none to date), but their team has done many, will there be any deduction to the applicant, even though his team is qualified?
- A) The applicant would be eligible, based on the project team's qualifications. If no members of the team have done any projects to date, you will need to show in detail that the team members have had other hydrogen or gaseous fueling station experience (design, building, operating, maintenance etc.). Please refer to Scoring Criterion No. 1.
18. What if the proposed team has conducted many projects across the United States, but the particular organization has not completed many stations under its name?
- A) You are still eligible, provided you meet all stated requirements under "Eligible Applicants" on page 6 of the application manual. You will still need to demonstrate your team's qualifications.
19. Will the PON recognize cost-effectiveness based on capacity? This will be important to properly value higher capacity stations which can meet market needs without upgrade as vehicle volumes grow, even if throughput is low in early years.
- A) Yes, this will be considered in the "Project Budget" criterion. (Please see the response to question 15 for details).

ADMINISTRATIVE/PROCESS

20. Will the CEC have any problems with the applicant being a newly formed LLC with the following explanation/expansion? The LLC would sign a management contract with our existing company, and this contract would continue for at least three years. The entities providing the cash portion of the matching funds would have a significant ownership of this new LLC.
- A) An LLC is a legal entity eligible to apply for funds under this PON. Details on contractual or organizational structures of the applicant as well as applicable experience of the project team need to be described in detail in the application.
21. If we want to have several options in a single application, are there any issues? The different options would vary the number of stations and, of course, there would be a different set of locations by option. In general, the design of each station would be based on an identical template.
- A) Station projects must be for specific locations. Optional scenarios are not acceptable.

22. With respect to the vehicle numbers, is any process underway to determine vehicle numbers for the individual years from 2015 to 2017?
- A) The numbers we use are from a joint Energy Commission and Air Resources Board automaker (OEM) survey which is updated annually. The survey does not break down the individual years between 2015 and 2017.
23. OEM projections, particularly in the 2015-2017 timeframe, represent vehicle deployment estimates. Is there a process within the Energy Commission whereby commitment from automakers is acquired to assure utilization of the hydrogen stations?
- A) The numbers we use are from the CEC/ARB automaker (OEM) survey which is updated annually. Applicants are required to include OEM letter(s) of commitment which will reinforce the commitment and tie the specific station project location to vehicle populations.
24. Is there a mechanism to discontinue station builds and operation because of a lack of vehicle support (either by throughput or support of station operations)?
- A) Applicants are required to include OEM (automaker) letter(s) of commitment in their applications. This is designed to underline the vehicle roll-out commitment by automakers and tie each specific station project location to vehicle populations minimizing stranded assets. Please review the grants terms and conditions for provisions on termination of the grant agreement.
25. Would the applicant be able to recover their losses through equipment encumbrance?
- A) Title to equipment purchased by the recipient vests with the recipient immediately. However, applicants may not encumber that equipment without the permission of the Energy Commission. Recipients should discuss the specific details of the proposed encumbrance with the commission project manager.
26. If there is a pathway where OEMs will cover operation costs, will this be accepted in lieu of the station loading method which is provided within the PON?
- A) Energy Commission staff is currently researching operation costs and may release an amendment to the PON. This is stated on page 7 of the PON (bottom).
27. Will any part of a proposal which contains proprietary/confidential information be held confidential?
- A) No, The Energy Commission will not accept confidential information in any proposal. Submitting confidential information is grounds for automatic rejection. (See section 19 Grounds for Rejection).
28. What does NOPA stand for?
- A) Notice of Proposed Awards.

29. What are the prevailing wage requirements for projects under this solicitation?
- A) Information on prevailing wages requirements can be found on page 9-10 of the application manual, and in Attachments H, I and J.
30. Will the minutes and recording of the Q&A workshop be available?
- A) All questions and answers from the workshop are included in these Q & A that are posted on our website.
31. On page 15 of the Application Manual it requests "highlights of previous work and innovative features related to the proposed project". Can the CEC provide examples of such work and features that should be included in the proposal?
- A) Previous work could include, for example, a hydrogen station that was built by the same team or its members. Innovative features could include, for example, a renewable hydrogen installation or a component of an installation that produces renewable power to run the installation. It is important that these items are related to the proposed project.
32. On page 17 of the Applications Manual it states "all work must be scheduled for completion by October 30, 2014, including one year of data collection and reporting." Does this mean the station must be operational no later than October 30, 2014 with one year of data collection to take place in the first year of operation (October 2014 - October 2015) or that the station must have one year of operation completed by October 30, 2014? Or is there a different interpretation of this statement?
- A) The station must be completed and operational by October 30, 2014 (page 13 top) not including the period for data collection.
33. On page 16 of the Application Manual, Additional Supporting Documentation, item #4: What does proof of certification mean?
- A) The Energy Commission recognizes that for certain components of hydrogen dispensing equipment there are no codes and standards in place yet that allow for a California certification process or documentation to be obtained. The Energy Commission is in an interagency contract with the California Department of Food & Agriculture, Division of Measurement Standards (CDFA/DMS) and funds their work to develop these standards. Until this work is completed, we are expecting the applicant to show us any available certifications that exist today for the components of the proposed fueling station project. We strongly encourage applicants to contact CDFA/DMS in case equipment certification questions should arise.
34. Are any federal funds used in this solicitation? Are there obligations to the federal government, and how does this affect the terms and conditions?

A) There is no federal funding offered through this PON. However, applicants may use federal funds as match. We have been in communication with the United States Department of Energy (U.S. DOE), and we expect U.S. DOE to release a solicitation in spring 2012 that covers research and development for improvements of on-site hydrogen fueling station equipment. More information on DOE's efforts is available here: www.hydrogen.energy.gov. The Commission may incorporate federal provisions by reference as indicated in the grant terms and conditions as needed (see section 2).

35. Page 17 of the application manual states that "Applicants must complete and include the Budget forms contained in Attachment G for each proposed station. Electronic files for the Budget must be in Excel format." If each of our proposed stations will have the same project scope and budget requirements, is it still necessary to submit a separate budget if the cost and project scope are the same?

A) Yes we need a separate budget for each station.

36. The application manual states that Operation and Maintenance (O&M) costs are currently not eligible for funding under this solicitation. However, these costs can be significant and may limit the use of hydrogen stations on an on-going basis. Will the Energy Commission reconsider allowing the use of funding from this PON towards covering O&M costs?

Please see Addendum 1 to the solicitation.

37. Is there a timetable on when the Energy Commission will come to a decision on operation and maintenance costs? Will it be communicated if it is decided not to be included?

Please see Addendum 1 to the solicitation.

CEQA

38. On page 13 of the application manual: for the first round of funding, do California Environmental Quality Act (CEQA) documents need to be submitted prior to the notice of award?

A) Yes, for approval under the first round of funding, all CEQA documents would have to be submitted prior to the notice of award.

39. If the project were exempt from CEQA, what documents would need to be submitted?

A) You would need a statement from the local lead agency stating the project is exempt, either through a letter, an e-mail, a Notice of Exemption, or other documentation.

40. Is information on the CEQA process included in the Program Opportunity Notice (PON)?

A) Information on CEQA and references to helpful resources are included on pages 10-11 of the Application Manual and in Attachment L. Additionally, it is incumbent on all applicants to familiarize themselves with CEQA. Retaining a CEQA attorney may be useful in this regard.

41. Who should the applicant submit CEQA documents to? What is the process for submitting them after the proposal has already been submitted?
- A) They need to be submitted to the Energy Commission's Grants and Loans office, in the same manner as the proposal is submitted.
42. CEQA: If obviously "Exempt", what is needed to be filed, of what procedure needs to be completed, it is vague in the RFP and links to a website that is not easy to find.
- A) You would need a statement from the local lead agency stating the project is exempt, either through a letter, an e-mail, a Notice of Exemption, or other documentation.