

California Energy Commission

# GFO-15-312

## Pre Application Questions and Answers

The EPIC Challenge: Accelerating the Deployment of  
Advanced Energy Communities, Phase II

**Amended on 8/29/2018**

**Contents**

Administrative Questions ..... 3

Terms and Conditions Questions ..... 6

Project Group Questions..... 7

Project Team Questions ..... 8

Project Requirements Questions ..... 10

CEC and Match Funding Questions..... 17

Scoring Criteria Questions ..... 30

Additional Questions..... 31

**NOTE: All responses are solely in regard to GFO-15-312. Any requirements stated in answers are in addition to requirements listed in the GFO-15-312 application manual and attachments.**

## **Administrative Questions**

1. Is the anticipated agreement start date listed in the AEC Phase II solicitation an error? It shows Jan 7, 2018. Should that be Jan 7, 2019?

**The anticipated agreement start date was changed to February 4, 2019 in Addendum #5 (see page 19 of the Solicitation Manual).**

2. Page 19 - The anticipated start date for Phase II is noted as 1/7/18, we believe this is in error can we confirm the start date?

**See question #1.**

3. Please clarify which dates are correct as there is a discrepancy between the GFO Solicitation Manual May 2018 and the Addendum 03 Cover Letter. Anticipated Start Date: GFO Solicitation Manual shows January 7, 2018 (year must be a typo) while Addendum 03 Cover Letter shows week of July 19, 2018 (again, year must be a typo). Anticipated End Date: GFO Solicitation Manual shows January 24, 2024 while Addendum 03 Cover Letter shows December 31, 2023.

**See question #1. Please note the application manual and solicitation attachments supersede the information in the cover letter for Addendum #3.**

4. Can the Energy Commission clarify the expected end date of the project? The end date is important since there is one year of EM&V required.

**The anticipated agreement end date is January 15, 2024 (see page 19 of the Solicitation Manual).**

5. Page 3 of the Solicitation Manual lists all of the required Attachments for GFO-15-312. For this funding opportunity, the Attachments listed under the Energy Commission reflect website the last modified date for the required Attachments is 11/24/2015. Will the Energy Commission be modifying any of these Attachments and if yes when can we anticipate the modification release date?

**Updated attachments were released as part of Addendum #4. The solicitation attachments are available at <http://www.energy.ca.gov/contracts/GFO-15-312/>.**

6. Attachment 07, Budget Forms: This form includes a 'Funds Spent in CA' tab and a 'Rates Summary' tab. In reviewing other EPIC funding opportunities, it does not appear that these two tabs are included in Attachment 07. Thus, this three-part question is: a) Should we use the 11/24/2015 version of Attachment 07? or; b) Will this Attachment be updated to exclude these two tabs? If

Attachment 07 is in the process of being modified when can we anticipate the modification release date?

**Attachment 07 was updated as part of Addendum #4. See <http://www.energy.ca.gov/contracts/GFO-15-312/>. The “Funds Spent in CA” and “Rates Summary” tabs remained part of Attachment 07 for scoring purposes.**

7. Regarding Attachment 04 - Project Narrative - the 11/24/2015 version posted on the website reflect the following information which differs than the GFO solicitation addendum 03: Form states the applicant is to limit the responses to 30 pages. But, GFO-15-312 addendum 03 reflect page limit is now 50 pages. Technical Merit and Need, item f: "Provide a clear and complete response to each of the questions posed on pp. 19-20 of the GFO Solicitation Manual. Addendum 03 shows the following: pp. 19, Key Activities Schedule only; thus, there are no questions. pp. 20, Pre-Application Workshop details; there are no questions. 2 - Technical Approach, item f: "Provide a clear and complete response to all subject areas identified on pp. 20-21 of the GFO Solicitation Manual. GFO Solicitation dated May 18, 2018 shows the following: pp. 20, Pre-Application Workshop details; there are no subject areas. pp. 21: Questions: content pertains to the instructions and guidelines on how to submit/or address questions to the Energy Commission. 6 - Funds Spent in CA: Under section 6 of Attachment 04, it states that this information is to be included in TAB B-2 of Attachment 7, Budget Forms. See question #2 above. 7 - Ratio of Unloaded Labor Rates to Loaded Labor Rates: Under section 7 of Attachment 04, it states that this information is to be included in Tab B-7 of Attachment 7, Budget Forms. See question #2 above.

**Attachment 04 was updated in Addendum #4 to remove these discrepancies. See <http://www.energy.ca.gov/contracts/GFO-15-312/>. Please note that Addendum #5 changed the recommended page limit for the Project Narrative from 50 pages to 20-50 pages.**

8. Section III.A of the Solicitation Manual (p. 30) says the narrative (Attachment 4) is up to 50 pages, but the actual template says "Limit the response to 30 pages". Which is the correct limit?

**The correct limit is 50 pages. Attachment 04 was updated in Addendum #4 to remove this discrepancy. See <http://www.energy.ca.gov/contracts/GFO-15-312/>. Please note that Addendum #5 changed the recommended page limit for the Project Narrative to 20-50 pages.**

9. There are numerous discrepancies between the Addendum 3 cover letter and the amended GFO itself. For instance, the cover letter says the text "April 3, 2018" was added, but I don't see April 3, 2018. I do see June 15, 2018 added for the Deadline for Written Questions for Phase II. In addition, I see neither "April 30, 2018" or "May 30, 2018" added, as it says in the Addendum cover letter, but I do see July 13, 2018 added for the "Anticipated Distribution of Questions and Answers for Phase II." Also, there is no mention of the changes that were made to the Deadline to Submit Applications for Phase II. Therefore, is August 10, 2018 the correct date (this is what is listed in the amended manual)? I don't see "October 2018 added" but I do see "December 2018" added for the Anticipated Energy Commission Business Meeting Date (Phase II Projects).

**The application manual and solicitation attachments supersede the information in the cover letter for Addendum #3.**

10. Attachment 12 is listed as being required on p. 28 of the manual but isn't listed on pp. 3 or 32. However, Attachment 12 is listed among the items here: <http://www.energy.ca.gov/contracts/GFO-15-312/>. Therefore, the Energy Commission is requiring that Attachment 12 be used when estimating the potential impact and benefits of projects responding to GFO-15-312, correct?

**Correct. Attachment 12 is to be used as a reference when estimating the potential impact and benefits of projects responding to this solicitation. It is not required as an attachment to the application (see Section III.D for Application Organization and Content).**

11. It is greatly appreciated that the CEC has increased the page recommendation for the Project Narrative for this GFO. Upon review of the other page recommendations, as follows, it appears that the Scope of Work and Schedule are negatively impacted by that change. The following attachments are recommended not to exceed seventy [70] pages combined: Executive Summary Form [2 pages recommended], Fact Sheet Template [2 pages recommended], Project Narrative Form (Attachment 4) [50 pages recommended], Scope of Work Template (Attachments 6 and 6a) [only 16 pages left for both of these attachments; please note that the SOW template alone is currently 19 pages before applicants add in technical tasks and subtasks and required responses to numerous prompts]. Given that the SOW and Schedule are highly critical to applications (and two key pieces of the grant agreement) could the CEC please consider changing 70 to 90 so that applicants have enough space to add in all the required information in the SOW and schedule?

**The recommended pages for the Executive Summary Form, Fact Sheet Template, Project Narrative Form, and Scope of Work Template was changed from seventy pages to ninety pages in Addendum #4.**

12. Given the myriad of changes to the GFO-15-312 manual, would it be possible to release an entirely new manual, attachments, and GFO # for EPIC Phase II?

**New attachments were provided in Addendum #4. The Energy Commission will not be releasing a new Grant Funding Opportunity.**

13. Section II.B.2 - Phase II of the Solicitation Manual on p. 26 requires that applicants:
- Submit the case study developed during Phase I.
  - Submit the Master Community Design developed during Phase I and highlight any changes the applicant intends to make for their build-out under Phase II.

Regarding the use of the word "Submit" above: does this mean that the submission of the Case Study and Master Community Design during Phase I, and the CEC's approval of them before the end of the Phase I grant period, are sufficient to meet this requirement? If so, will the review team have access to these documents, in full, as they review applications for Phase II? Or do applicants need to include their Phase I Case Study and Master Community Design in their application for Phase II? If so, should they be marked as attachments? Will the CEC have a pre-named document for upload of the Case Study and Master Community Design to the CEC's Grant Solicitation System?

**In order to ensure consistency across proposals, applicants should submit the Case Study and Master Community Design developed under Phase I as part of their Phase II application under Attachment 9 – Reference and Work Products. Applicants should clearly label, in the file name,**

**whether the document is the Case Study, or the Master Community Design. Please be aware that the Energy Commission's electronic submission system has a file size limit of 50 MB. Applicants should allot themselves sufficient time to upload larger files and ensure there is enough time to respond to unexpected technical errors.**

14. Has the Energy Commission considered posting Q&A to the Energy Commission website on a rolling basis with the final Q&A being distributed on July 13, 2018? If this isn't possible, would the Energy Commission consider extending the deadline for applications for Phase II of the EPIC Challenge by two-weeks from August 10, 2018 (the current date listed in the Key Activities Schedule of the amended solicitation manual for GFO-15-312) to August 24, 2018?

**Posting Q&A on a rolling basis was considered for this solicitation but was deemed infeasible based on the volume and complexity of questions received. The application deadline was changed to September 7, 2018 in Addendum #5.**

15. On the CEC website this is the only open solicitation, will there be additional EPIC solicitations issued for the 2018-2020 Investment Plan?

**Yes. Additional EPIC solicitations will be issued over the next few years from the 2018-2020 Investment Plan.**

## **Terms and Conditions Questions**

16. Will there be a requirement that subcontractors are paid before the prime is reimbursed for invoices by the Energy Commission? This was not a condition in Phase 1, but it was a condition in other EPIC programs, we had heard this is the Energy Commission policy, but in the standard terms of conditions, we note the following "The Recipient's obligation to pay its subcontractors is an independent obligation from the Commission's obligation to make payments to the Recipient. As a result, the Commission has no obligation to pay or enforce the payment of any funds to any subcontractor." It is unclear from this language exactly what the expectation will be.

**Recipients are allowed to request payment from the Energy Commission for "incurred costs" for which the recipient has become legally obligated to pay, including subcontract costs. The recipient shall then pay all incurred costs for which it has invoiced the Energy Commission within 14 calendar days of receiving payment. See Section 8 of the Standard Terms and Conditions. [http://www.energy.ca.gov/contracts/epic\\_terms\\_segmented/EPIC Standard Grant Terms and Conditions.pdf](http://www.energy.ca.gov/contracts/epic_terms_segmented/EPIC_Standard_Grant_Terms_and_Conditions.pdf).**

17. The UC grant terms say retention is not required, but the standard terms appear to say it is. Does the Energy Commission have guidance on which will be applicable?

**For EPIC grants, there are three sets of Terms and Conditions. The University of California and Department of Energy have their own sets of Terms and Conditions – all other entities are subject to the Standard Terms and Conditions. The Standard Terms and Conditions require retention, while the University of California and Department of Energy Terms and Conditions do not. See <http://www.energy.ca.gov/contracts/pier.html#epicterms>.**

## Project Group Questions

18. Can the California Energy Commission confirm that there will only be one winner per group for Phase II, even if the winning proposal does not request all funds?

**No. The Energy Commission reserves the right to allocate any additional or unawarded funds from this solicitation to passing applications in rank order. The Energy Commission also reserves the right to increase the available funding and the group maximum award amounts, which may affect the number of awardees per group.**

19. Section I.F.1 of the Solicitation Manual (p. 15) states that, “Applicants must indicate in their proposal which Phase II group they are applying for. The total and maximum funding amounts for each group are listed below. Only successful awarded projects from group 1 will be eligible to apply for group 5; successful awarded projects from group 2 will be eligible to apply for group 6; and successful awarded projects from groups 3 and 4 will be eligible to apply for group 7, and awarded projects from group 4 will be eligible for group 8.”

If a Phase I Group 1 geographic area was broad to start but the final project area submitted in the Phase 1 Master Community Design, which was encouraged and approved by the Energy Commission, is entirely in a disadvantaged community, would the Phase 1 recipient be eligible to apply for group 7 for Phase II?

**No. Projects that were funded in Group 1 of Phase I are only eligible for Group 5 of Phase II.**

20. If planning and programmatic elements of Phase I are proposed to scale to other cities in the DAC group, is there a minimum DAC threshold for each new city, e.g., percentage of the population within the city boundaries living in DACs census tracts?

**There is no minimum disadvantaged community threshold for cities because disadvantaged communities are defined at the census tract level. Applications for funding under Groups 7 and 8 must expend EPIC funds on demonstrations that are located wholly in, and directly benefit, a disadvantaged community.**

21. Can we use CEC funding to scale to non-DAC communities for a DAC category project (Groups 7 and 8), assuming we serve the DAC community on a priority basis? Please note that it is very challenging to develop programs with utility/CCA partners that only serve DAC census tracts, although it IS possible to prioritize CARE customers?

**Applications for funding under Groups 7 and 8 must expend EPIC funds on demonstrations that are located wholly in, and directly benefit, a disadvantaged community.**

22. Can serving CARE customers within a mixed DAC/non-DAC community be considered as responsive to the DAC criteria as a program that serves exclusively DAC census tracts?

**See question #21. Serving CARE customers within a mixed disadvantaged/non-disadvantaged community is not acceptable to meet this criterion. Disadvantaged communities are determined**

**using additional criteria beyond economic factors, including exposure, environmental effect, and socioeconomic indicators.**

23. For DAC category (Groups 7 and 8), what proportion of funding must be allocated within DACs vs projects that serve primarily DAC members vs projects that serve a broader population, including DACs?

**See question #21.**

24. What percentile ranking of DAC is required to meet the standard of the DAC category (Groups 7 and 8)?

**Disadvantaged community is defined as a community located within a census tract with the poorest environmental quality as defined by a CalEnviroScreen 2.0 or CalEnviroScreen 3.0 in the 75 or greater percentile range.**

25. Section II.A.4 of the Solicitation Manual (p. 23) states that, "Note: For this solicitation, communities considered disadvantaged using the CalEnviroScreen 2.0 tool are also eligible for Groups 3 and 4."

First off, please note that "Groups 3 and 4" should likely be corrected to "Groups 7 and 8." Does this sentence mean that projects eligible for Groups 7 and 8, because they were awarded a grant in Phase I Group 3 or Phase I Group 4, can use CES 3.0 or CES 2.0? Or does it mean that in addition to projects based in a DAC using CES 3.0, projects based in a DAC using CES 2.0 are also eligible for Groups 7 & 8, regardless of what group they were attached to in Phase I?

**The typo described above was fixed as part of Addendum #4. Because Groups 3 and 4 were awarded when CalEnviroScreen 2.0 was the current version, this solicitation allows applicants to use CalEnviroScreen 2.0 or CalEnviroScreen 3.0 to determine their eligibility for Groups 7 and 8.**

## **Project Team Questions**

26. Can you confirm that only Phase I participants can apply for Phase II?

**Yes, that is correct. Phase II is only open to Phase I recipients. However, Phase I recipients who do not wish to apply as a prime under Phase II may instead elect to have one of the subcontractors or match funding contributors from their Phase I project apply as the prime applicant.**

27. "Project partners that are making contributions other than match funding or a test, demonstration, or deployment site must submit a commitment letter signed by an authorized representative that: (1) identifies how the partner will contribute to the project; and (2) unconditionally commits to making the contribution."

Has the Energy Commission removed the requirement that Project Partners NOT receive Energy Commission funds as it was not included in the following language from Att. 11 of GFO-17-305 and many Project Partners do receive Energy Commission funds?



**This solicitation defines “project partners” as an entity or individual that contributes financially or otherwise to the project (e.g., match funding, provision of a demonstration site) and does not receive Energy Commission funds. If an entity other than the recipient is receiving Energy Commission funds, that entity would be considered a subcontractor, and not a project partner.**

28. Does the grant recipient from Phase I need to be the sole recipient for Phase II? For example, can the recipient in Phase I form a joint venture with another group and the joint venture become the applicant/recipient for Phase II? Alternatively, can the recipient in Phase I (Company A) name another party (Company B) as the recipient in Phase II and then Company A act as the main subcontractor to the Phase II recipient?

**The grant recipient from Phase I does not need to be the sole recipient for Phase II. Phase I recipients who do not wish to apply as a prime under Phase II may instead elect to have one of the subcontractors or match funding contributors from their Phase I project apply as the prime applicant. The recipient cannot be a “joint venture” in the sense that the recipient must be a single organization. In the scenario presented above, Company A can name Company B as the prime recipient, as long as Company B was a subcontractor or match funding contributor to Company A’s Phase I project. However, Company A must remain on the project team and must submit a letter of support for Company B and the project.**

29. For purposes of being a lead applicant for the Phase II proposal, how is the determination made on who is a major subcontractor? Is it the same as on the budget?

**A major subcontractor is a subcontractor receiving at least 25% of Energy Commission funds or \$100,000, whichever is less. Please note the eligibility criteria for the prime recipient is expanded in Addendum #5.**

30. What is a "major" subcontractor for purposes of determining potential lead applicant?

**See question #29.**

31. “Applicants that are a local government agency must provide a resolution (or other comparable authorization) before entering into an agreement with the Energy Commission.” (page 26 of the Solicitation Manual).

Does "applicant" only refer to the prime applicant for purposes of determining if a local government partner needs to pass a resolution?

**Yes.**

32. Is it acceptable for the Phase II project team to include new project partners that did not participate in Phase I?

**Yes.**

33. Can we include partners not listed in Phase I?

See question #32.

34. Can the Energy Commission provide further clarifications, and ideally, consideration of more flexible criteria for eligible prime applicants? On page 22 under Eligibility Requirements, the GFO states that "Phase II is open to all Phase I recipients. However, Phase I recipients who do not wish to apply as a prime under Phase II may instead elect to have one of the major subcontractors from Phase I apply as the prime applicant. If a Phase I recipient chooses this option, they must remain on the project team under Phase II and must submit a letter of support for the Phase II prime applicant and project. Applicants may only submit one application per associated Phase I project."

We want to raise this as a critical issue because there are payment requirements/risks/roles inherent in being the prime applicant of a demonstration project that we and our major subcontractor(s) may not be able to assume.

**The eligibility criteria for the prime recipient is expanded in Addendum #5. Phase I recipients who do not wish to apply as a prime under Phase II may now instead elect one of their subcontractors or match funding contributors from their Phase I project apply as the prime applicant.**

35. "In accordance with CPUC Decision 12-05-037, funds administered by the Energy Commission may not be used for any purposes associated with publicly-owned utility activities." (page 22 of the Solicitation Manual)

Decision 12-05-037 does say no POU activity in section 8.4.2 discussion; however, in section 8.5.2 discussion it reverses the 8.4.2 opinion for funding entities in POU service area like Stanford University and other California entities located in the service area of a POU. In addition, the "Conclusions of Law" section states that entities within POU service territory are eligible to receive EPIC funds. The only thing expressly forbidden are generation-only projects and market support. Please direct me to where it expressly forbids a California entity in POU service territory or a POU from applying for EPIC funds with an eligible application?

**Entities located in POU service territories are not excluded from receiving EPIC funds, so long as their activity can be demonstrated to provide the potential for IOU electricity ratepayer benefits. However, POU's themselves may not receive EPIC funding. Page 70 of the Phase 2 decision (D.12-05-037) states: "Finally, considering the source of EPIC funds and consistent with the key guiding principle of producing IOU electricity ratepayer benefits, funds administered by the California Energy Commission may not be used for any purposes associated with POU activities...". This is the language relied upon to not allow POU's to serve as recipients or subcontractors in EPIC agreements.**

## Project Requirements Questions

36. What is acceptable proof (to be included in the application) for demonstrating that sufficient financing to complete the development of the project has been secured?

**It is up to the applicant to determine how to best demonstrate that they have secured sufficient financing to complete the project. Examples could include a detailed comparison of project cost**

**estimates to the total project funding (grant and match funding), commitments of financial support provided through Commitment Letters (Attachment 11), etc.**

37. Section II.B.2 of the Solicitation Manual (p. 27) states that the project narrative should describe financing strategies, business models, and include a business and financial plan. To what level of detail is the Energy Commission expecting to see for the business and financial plan? Is narrative on the ownership model, financing agencies and financing terms sufficient, or would the Energy Commission also like to see project financing models?

**Discussion of financing strategies, business models, and business and financial plans in the project narrative should be comprehensive enough to demonstrate that the applicant has secured sufficient financing to complete development of the project as well as show that the project can be financially sustainable after the end of the agreement term.**

38. Do permits need to be secured prior to submission of the application? What is acceptable proof (to be included in the application) or demonstrating that the relevant permits have been secured?

**Permits do not need to be secured prior to submission of the application. The applicant is asked to provide a summary of the required permitting and whether or not the permitting has been completed in the Technical Approach section of their Project Narrative (Attachment 04). It is up to the applicant to determine how best to demonstrate that the relevant permits are secured (or will be secured).**

39. The GFO states “If permitting is complete, provide evidence of completed permits,” which appears to contradict the earlier requirement that to be eligible for Phase II funding, applicants must secure permits. If permitting is not complete, will an applicant be disqualified? What actions should an applicant take if it is not possible to secure permits prior to submitting the application (e.g. should the applicant provide an explanation in the project narrative?)

**See question #38.**

40. If permits do not need to be secured prior to the submission of the application, by when must they be secured?

**There is no requirement for when permits must be secured. However, applicants that do not have permits secured at the time of application submission should include in the Technical Approach section of their Project Narrative (Attachment 04) a plan to secure necessary permits and an expected timeline for securing permits. Proposals that have secured (or are close to securing) permits for the project will be viewed favorably.**

41. We strongly encourage Energy Commission to waive the requirement of “securing the necessary permits” from the pre-application process. The cost to develop a permit-ready engineering package for a solar + storage microgrid project comprising multiple commercial sites is prohibitive as a phase II eligibility requirement. The CEC can choose to make awards conditional upon securing permits within an acceptable timeframe; however, the requirement to secure permits before grant award will prohibit not just ours, but other applications from proceeding.

**To clarify, “...secure the necessary permits” (page 26 of the Solicitation Manual) means the applicant just needs to demonstrate that they will have sufficient financing to secure the necessary permits. Permits do not need to be secured prior to submission of the application.**

42. Does a Letter of Intent from the site host meet the Energy Commission grant requirements?

**The applicant must include a commitment letter signed by an authorized representative of any proposed test, demonstration, or deployment sites that unconditionally commits to providing the site for the proposed activities. See the instructions in Attachment 11.**

43. What level of commitment is needed from partners who will participate in the implementation portion of Phase II at the time of the proposal submission, for example as a host of solar and storage? Will a letter of support or letter of commitment suffice, or are executed contracts necessary?

**An executed contract is not necessary but may be viewed favorably as a demonstration of shovel-readiness. A letter of commitment that unconditionally commits the entity or individual to support the implementation activities suffices. A letter of support only details an entity or individual’s support for the project and will not be viewed as favorably.**

44. Can the Energy Commission please provide a more specific definition of “shovel-ready” projects, namely, can a more precise interpretation be provided for the statement: “The extent to which the project is “shovel-ready,” establishing that construction can begin shortly after the project start date.”?

**A shovel-ready project is one where the planning, engineering, and securing of financing is advanced enough that construction can begin shortly after the project state date. The time and scope of tasks required before project construction begins will be considered when evaluating shovel-readiness.**

45. Section II.B.2 Phase II - Project Requirements/Project Focus of the Solicitation Manual (p. 27) states: “The extent to which a project is shovel ready, establishing that construction can begin shortly after award.” What time frame does “shortly” represent, and how critical is it to the proposal scoring that we stay within the “shortly” time frame?

**There is no pre-determined timeframe to characterize “shortly.” The extent to which a project is shovel-ready will be an important consideration for evaluators when determining a score for Technical Merit and Need.**

46. The GFO says "The extent to which the project is “shovel-ready,” establishing that construction can begin *shortly* after the project start date." How does the Energy Commission define "shortly"?

**See question #45.**

47. If construction funding is requested, are construction drawings required at the time of submission?

**Construction drawings are not required in the application. However, construction drawings may be used to substantiate the extent to which the project is shovel-ready. The applicant may wish to include construction drawings as part of their Master Community Design.**

48. What level of engineering designs are needed to submit for Phase II funding?

**Engineering drawings are not required in the application. However, engineering drawings may be used to substantiate the extent to which the project is shovel-ready. The applicant may wish to include engineering drawings as part of their Master Community Design.**

49. Section II.B.2 Phase II - Project Requirements/Project Focus of the Solicitation Manual (p. 27) states that the applicant must:

“Describe... the extent to which the project is “shovel-ready,” establishing that construction can begin shortly after the project start date. This should include, but is not limited to, the milestones and timeline until construction begins, a description of progress on planning and engineering tasks, and demonstrated support from relevant implementation partners, local governments, and the community.”

What level of engineering design should be completed prior to submitting the application? According to industry-standard terms, "shovel-ready" indicates that a project has developed permit-ready engineering drawings, secured permits, secured financing, and the off-taker has signed a PPA or other purchase agreement. Does the Energy Commission want all of these activities to be complete prior to application? If these activities are only partially complete, will the applicant receive a lower score based on the scoring criteria?

**There is no requirement for the level of engineering design that should be completed prior to submitting the application. In addition, the applicant is not required to have completed the milestones listed above prior to submitting the application. However, completion of the milestones listed above may be used to substantiate the extent to which the project is shovel-ready, and the Energy Commission will view projects close to being shovel-ready favorably.**

50. What degree of depth is needed in assessing the direct quantity and type of technology applied on an "address by address" basis (referencing requirements from pg. 26 of the Solicitation Manual)?

**There is no requirement for the degree of depth in assessing the direct quantity and type of technology but an advanced and committed project design may be used to substantiate the extent to which the project is shovel-ready.**

51. If construction funds are awarded, how long does the constructed facility have to be owned/maintained?

**It is the intent of the Energy Commission that the constructed facilities and energy systems are permanent installations and should be owned, operated, and maintained for the life of the equipment.**

52. Is it acceptable for the Phase II proposal to include additional design work before implementation begins?

**Additional design work should be minimal since this was the focus of Phase I. The focus of the Phase II proposal should be to construct and demonstrate an Advanced Energy Community. Projects that require a significant amount of design work in Phase II will not be viewed favorably as they do not demonstrate shovel-readiness.**

53. Is it acceptable for the Phase II proposal to include scope to address regulatory barriers that can advance future design and construction work?

**No. The focus of the Phase II proposal should be to construct and demonstrate an Advanced Energy Community.**

54. Is technology R&D allowable for Phase II? For example, if the recipient or one of its team members has developed a tool that they plan to deploy for further development and refinement, is that permissible and fundable with grant dollars?

**No. The focus of the Phase II proposal should be to construct and demonstrate an Advanced Energy Community.**

55. Can the Energy Commission define "defined Community?"

**"Defined Community" is how the applicant defines the location, size, and scope of their community.**

56. What does the Energy Commission mean by "defined community"? How much does this solicitation value scalability as the primary goal?

**See question #55. Scalability is part of the definition of Advanced Energy Community (see page 4 of the Solicitation Manual) and will be an important consideration when evaluating Technical Merit and Need.**

57. Is collaboration with other projects still encouraged?

**Yes. Collaboration with other projects is still encouraged to facilitate sharing of best practices and lessons learned.**

58. Section I.F.1 of the Solicitation Manual (p. 16) states that, "Projects can expand geographically from what was planned for in the Phase I Master Community Design so long as the new project area contains the core project area planned for in Phase I." What if the geography did not change, can new projects still be added that may not have been on the Master Community Design?

**Projects can expand geographically and in scope from what was planned for in Phase I. However, it is the intention of the Energy Commission to fund projects that demonstrate the build out of the Advanced Energy Communities that were funded and originally planned for under Phase I.**

59. Can we include project components not listed in Phase I?

**Yes. Projects can expand in scope from what was planned for in Phase I. However, it is the intention of the Energy Commission to fund projects that demonstrate the build out of the Advanced Energy Communities that were funded and originally planned for under Phase I.**

60. Section II.B.2 of the Solicitation Manual (p. 26) states that applicants must identify the chosen site location of the project. Can the Energy Commission provide clarification that a new project not covered in the Master Community Design can be added, is this correct? This section appears to indicate that the viable/selectable projects are those initially covered in the Master Community Design.

**See question #58.**

61. Does the proposed AEC community boundary need to be geographically contiguous? In other words, can the defined AEC community consist of two or more project “sub-areas” that do not physically touch but are located in the same general geographic area, which may be necessary to encompass the most feasible deployment sites for community solar and storage installations to serve the AEC community.

**The proposed AEC community boundary does not need to be geographically contiguous but should be located in the same general geographic area.**

62. Section II.B.3 of the Solicitation Manual (p. 29) states that: “The CPUC has also adopted the following guiding principles as complements to the key principle of electricity ratepayer benefits: societal benefits; GHG emissions mitigation and adaptation in the electricity sector at the lowest possible cost; the loading order; low-emission vehicles/transportation; economic development; and efficient use of ratepayer monies.”

Should applicants include how their project is addressing the CPUC guiding principles? If so, should this be included in the Project Narrative? If so, is there a particular criterion in the Project Narrative that reviewers would like to see this response associated with?

**Applicants should use the guiding principles above as examples to what the Energy Commission considers benefits and may be used to guide responses to the Impacts and Benefits to California Ratepayers section of the Project Narrative (Attachment 04). There is no particular criterion in the Project Narrative that reviewers would like to see this response associated with.**

63. When can the measurement and verification period begin? Once the AEC component is commissioned/placed into operation or once the entire project is signed off? Some projects may take months or years to complete, yet the AEC component may be commissioned earlier. When can we begin the post-project measurement and verification?

**It is up to the applicant to develop a measurement and verification (M&V) plan that makes sense for their project, which may involve M&V of individual AEC components. The M&V plan should allow the project team to measure, quantify, and report the benefits of the buildout to AEC participants.**

64. Section II.B.2 of the Solicitation Manual (p. 28) states that a 12-month measurement and verification be conducted post installation period for each building.

Does the measurement and verification need to be conducted by an independent 3rd party? Or can it be conducted by the same entity that constructs the system?

**Measurement and verification must be done by an independent entity (see page 28 of the Solicitation Manual).**

65. Some of the scope may not be implemented for several years, i.e. implementation of M&V and case study development. Such services would not be selected and procured until much later in the project. Can the applicant propose a scope of work/task and estimated budget, without submitting any entity or individual responsible (i.e. list TBD)?

**Yes. Applicants may propose tasks and associated budget line items without identifying the specific entity to fill that role. Applicants should list these as “TBD” on the budget.**

66. Can the Energy Commission provide a more specific definition for “near zero net energy community status”?

**For purposes of Phase II, the Energy Commission is less interested in whether the projects meet a particular definition of Zero Net Energy and more interested in the greenhouse gas reduction the communities are able to achieve using resources such as energy efficiency, renewables, storage, and electric vehicles within the geographic boundaries of the defined community.**

67. Does “zero net energy” only apply to electricity demand?

**See question #66.**

68. Section III.D.6 of the Solicitation Manual (p. 33) states that, “All work must be scheduled for completion between 36 to 48 months of the project start date.” We assume by “project start date we are referencing the EPIC Phase II start date but would like to confirm. We also read this as target completion time frame is 36 to 48 months after Phase II starts, some projects may be completed sooner than 36 months, so we would want confirmation that projects that are scheduled for completion sooner than 36 months still qualify and do not affect our proposal scoring.

**Yes, “project start date” refers to the first day of the agreement term. The agreement term must be a minimum of 36 months. However, the technical tasks of the project can be scheduled to be completed sooner.**

69. Can all grant-funded work on an approved project be completed in less than 36 months?

**See question #68.**

70. Does the interconnection for the project components have to be approved by submission deadline?

**No. However, applicants should include in their proposal a plan for interconnection, and any necessary steps that need to be taken to prepare for interconnection.**



71. For Phase II, are innovative technologies going to be viewed favorably? For example, will the deployment of next-generation EV charging equipment be considered to have added value?

**Yes, deployment of innovative technologies will be viewed favorably. Technology Demonstration and Deployment projects should involve the installation and operation of pre-commercial and emerging technologies or strategies (see page 23 of the Solicitation Manual).**

72. Section III.D.7&8 - Application Organization and Content of the Solicitation Manual (p. 34) California Environmental Quality Act (CEQA) Compliance Form (Attachment 8)

The Energy Commission requires the information on this form to facilitate its evaluation of the funded activities under CEQA (Public Resources Code section 21000 et. seq.), a law that requires state and local agencies in California to identify and mitigate the significant environmental impacts of their actions.

If a city or county is the lead agency for CEQA, the CEC would use the lead agency's analysis, findings of exemption, or negative declarations as the basis for the CEC's review, correct?

**The Energy Commission will rely upon the lead agency's analysis but the Energy Commission must make its own findings.**

## **CEC and Match Funding Questions**

73. Is there a conflict in using a current Gas Company incentive for high efficiency washing machines (electric device)? The high efficiency washing machine has a spin cycle that leaves clothes dryer, thus, leading to faster drying times in the gas fired dryer.

**EPIC funds may not be used to purchase appliances that are not designed or intended to provide electricity savings. There is no such restriction for appliances purchased with match funding.**

74. Are electric appliances that replace natural gas appliances eligible for EPIC funds? Are they eligible to use as match?

**Electric appliances that replace natural gas appliances are eligible for EPIC funds and they are eligible to use as match funding. Please note that EPIC funds should be used to install and operate pre-commercial and emerging technologies or strategies.**

75. Does HVAC qualify as new rather than retrofit? (e.g. in a School district and or in a residential scenario)

**If a new HVAC unit is being installed in an existing building, that is considered a retrofit project.**

76. Section I.F.1 of the Solicitation Manual (p. 16), states that match funds do not include "the cost or value of the project work site."

We worked with a number of developers who are investing in their sites for renovations and we proposed in Phase 1 to add AEC feature as a development accelerator, so it would seem that at least

some of the renovations would be accelerated by Phase 2 and therefore might be regarded as a match at some level.

**Match funding must be spent during the Phase II agreement term to be considered. Any funds spent prior to the agreement start date cannot be considered as match funding.**

77. Section I.F.1 of the Solicitation Manual (p. 17) states that match funds may be spent “only” during agreement terms.

Some of the developers may have already expensed monies in their respective projects that were due to our interaction with them and in preparation of the potential award from Phase II. Is there any flexibility in this requirement, if so, what do we need to do to capture/quantify monies already spent?

**See question #76. There is no flexibility in this requirement.**

78. Section I.F.2 of the Solicitation Manual (p. 16) states that, “Match funds” do not include: Energy Commission awards, EPIC funds received from other sources, future/contingent awards from other entities (public or private), the cost or value of the project work site, or the cost or value of structures or other improvements affixed to the project work site permanently or for an indefinite period of time (e.g., photovoltaic systems).

Additionally, the same section states that, “Equipment” means an item with a unit cost of at least \$5,000 and a useful life of at least one year. Purchasing equipment with match funding is encouraged because there are no disposition requirements at the end of the agreement for such equipment. Typically, grant recipients may continue to use equipment purchased with Energy Commission funds if the use is consistent with the intent of the original agreement.

These two sections appear to contradict each other; can the Energy Commission clarify what types of equipment may count as match funding?

**“Cost or value of structures or other improvements affixed to the project work site permanently or for an indefinite period of time (e.g., photovoltaic systems)” refers to pre-existing structures or improvements at the site location, not structures or improvements made as part of the project. Pre-existing structures or improvements may not count as match funding, while purchases of new equipment that is part of the project may count as match funding.**

79. Does the match exclusion for “...the cost or value of structures or other improvements affixed to the project work site permanently or for an indefinite period of time (e.g. photovoltaic systems)” refer to pre-existing improvements? In other words, can the actual cost for the purchase and installation of solar photovoltaic, energy storage, energy efficiency and EV charging equipment by the project using non Energy Commission funds count towards the required match?

**Yes. See question #78.**

80. Can you provide clarification of "cost or value of structures or other improvements"?

**See question #78.**

81. Section I.F.2 of the Solicitation Manual (p. 16) states that match funds do not include "the cost or value of structures or other improvements affixed to the project work site permanently or for an indefinite period of time (e.g., photovoltaic systems)." However, a photovoltaic system is very likely a component of many advanced energy deployments.

**See question #78.**

82. Are engineering costs associated with developing a permit-ready engineering package an eligible use of grant funds? If it is not an eligible expense, can it be counted towards match funds?

**Permit costs and the expenses associated with obtaining permits, including engineering costs, are not reimbursable. Permit costs and the expenses associated with obtaining permits can be accounted for in match funding.**

83. Are fees paid to permitting entities to secure permits an allowable use of grant funds? If it is not an allowable expense, can it be counted towards match funds?

**See question #82.**

84. Section III.D.7 of the Solicitation Manual (p. 34) states that, "Applicants must budget for permits and insurance. Permitting costs may be accounted for in match share (please see the discussion of permits in the Scope of Work, Attachment 6)." Does this mean that costs for insurance and permitting must show up in the project budget (Attachment 7) or they may show up in the project budget? If neither of these costs is included in Attachment 7, will the applicant be scored lower? Is it correct that insurance costs can be included in Attachment 7 under EPIC funds or Match funds but that permitting costs may only be included under Match funds?

**Permit costs and insurance costs may show up in the project budgets. The applicant may be scored lower if it is unclear how permit and insurance costs will be paid for.**

**Permit costs and the expenses associated with obtaining permits are not reimbursable. Permit costs and the expenses associated with obtaining permits can be accounted for in match funding. Insurance costs are reimbursable and can also be paid for with match funds. Typically, insurance is part of the indirect costs for private companies.**

85. Can the Energy Commission provide clarification on the insurance requirement as referenced under section III.D.7.f. of the GFO solicitation? The GFO reads as is: Applicant must budget for permitting and insurance.

Since insurance is considered an indirect cost (i.e. costs that are not directly accountable to a cost object (such as a particular project, facility, function or product), this expense would be covered in the project budget, but only as part of the indirect cost. Thus, it is our understanding while we must budget for this type expense it should be included the project budget's total indirect costs. However, if the Energy Commission requires the applicant and/or it's sub-award recipients to reflect insurance as a separate line item and/or as a direct expense, please advise which tab the insurance

should be listed on in Attachment 07, Project Budget. Additionally, it is unclear which type of insurance coverage the Energy Commission requires the award recipient and/or any sub-award recipients to the grant to have, besides Workers' Compensation insurance (which can be included in Fringe expenses). Thus, we are seeking clarification from the Energy Commission on this point as well.

**See question #84. The Energy Commission does not require the applicant or major subcontractors to reflect insurance as a separate line item or as a direct expense. The Standard Terms and Conditions only requires applicants to carry Worker's Compensation Insurance for all employees who will be engaged in the performance of the agreement (see page 18).**

[http://www.energy.ca.gov/contracts/epic\\_terms\\_segmented/EPIC\\_Standard\\_Grant\\_Terms\\_and\\_Conditions.pdf](http://www.energy.ca.gov/contracts/epic_terms_segmented/EPIC_Standard_Grant_Terms_and_Conditions.pdf)

86. Can contingency costs be incorporated into construction estimates to account for site factors that could not reasonably anticipated? For example, if an unanticipated defect is found in underground electrical supply equipment that requires replacement but was not specified in the application, may contingency funds be included in the grant for such possibilities?

**No. Contingency costs are unallowable per Section 8.b.2 of the EPIC Standard Grant Terms and Conditions and Section 16.c.ii.a of the EPIC UC Grant Terms and Conditions.**

87. If a major sub-contractor (general contractor) purchases capital equipment from another vendor for the purposes of the project, is the major sub-contractor permitted to add margin/profit to that cost? For example, if the general contractor purchases electric vehicle charging equipment for installation for \$50,000, is the general contractor permitted to add 10% profit to the hardware for the purposes of grant reimbursement.

**Yes. Major subcontractors are allowed to include up to a maximum of 10% profit, fees, or mark-ups on their own actual allowable expenses (including equipment) less any expenses further subcontracted to other entities.**

88. If the capital equipment cost exceeds \$100,000 but is still purchased by a major sub-contractor (general contractor), can the general contractor add profit for the purposes of grant reimbursement?

**See question #87.**

89. If a capital equipment purchase exceeds \$100,000 and includes its installation by the same vendor, may the general contractor that purchases the equipment/installation add profit as consideration for the time, effort, and liability associated with supervision?

**See question #87.**

90. Can grant dollars be allocated for project operating expenses during the grant period? If operating expenses are paid by one of the involved parties and not grant-funded, can this be counted as

match? This refers to equipment maintenance and repair, saved or escrowed dollars for future equipment replacement, taxes, and fees.

**Grant and match dollars can be allocated for project operating expenses during the grant period. However, the proposal should address how the project operating expenses will be funded after the agreement term ends.**

**In response to “...saved or escrowed dollars for future equipment replacement, taxes, and fees”, the Energy Commission will only reimburse the recipient for actual expenses incurred within the agreement term and contingency costs are unallowable per Section 8.b.2 of the EPIC Standard Grant Terms and Conditions and Section 16.c.ii.a of the EPIC UC Grant Terms and Conditions.**

91. Are rebates or incentives or secured grants each considered future or contingent?

**Rebates and incentives may not be counted as match funding. However, funding awards earned or received from other agencies for the proposed technologies or study (but not for the identical work) can be considered “cash in hand” match funding provided the funds are in the recipient’s possession and are reserved exclusively for the proposed project.**

92. Can you count rebates like the Self-Generation Incentive Program (SGIP) and the Investment Tax Credit (ITC) as part of the match?

**See question #91.**

93. Do SGIP reservations count as match? Would they have to be confirmed prior to the submission date of the GFO to count as firm match?

**See question #91.**

94. Can energy efficiency rebates and incentives received from a CPUC authorized and IOU administered energy efficiency program that are used to offset the purchase and installation of energy efficiency equipment and measures by the project count towards the required match?

**See question #91.**

95. Can energy efficiency incentive programs offered through California electrical and gas utility count towards cost share funding?

**See question #91.**

96. Will incentive funds offered through other state agencies count towards cost share funding? Example: the SOMAH or SGIP program offered through the CPUC.

**See question #91.**

97. Will incentive funds offered through federal agencies count towards cost share funding? Examples: LIHEAP through US Dept. of Health & Human Services, or WAP through US Dept. of Energy.

**See question #91.**

98. Can tax credits, such as the Investment Tax Credit or accelerated depreciation value be counted towards cost share funding?

**See question #91.**

99. Which categories or programs funded by Prop 39 funds can be used as match?

**See question #91.**

100. Can CARB Transformational Climate Community funds be used as match?

**See question #91.**

101. Can the Energy Commission clarify if grant funding that has already been awarded from federal, local, regional, State (other than CEC or EPIC funds), or other public or private entities can be counted as match funding? If so, can these grant funds that were awarded during both Phase I and Phase II agreement periods be counted, or just during Phase II?

**See question #91. Only match funds spent during the Phase II agreement term will be considered.**

102. Upon receipt of the grant funds, can the awardee distribute the funds to a commercial or governmental entity to construct and own the systems?

**The recipient can distribute grant funds to commercial or governmental entities to construct and own systems built under this solicitation so long as the costs are incurred during the agreement term and are actual and allowable expenses.**

103. Is it acceptable to count building energy efficiency improvements as match, including technologies such as heat pump space and water heaters, lighting retrofits, and demand management systems? If so, is it acceptable to include expenditures made during Phase I?

**It is acceptable to count building energy efficiency improvements as match. It is not acceptable to include expenditures made during Phase I as match. Only match funds spent during the Phase II agreement term will be considered.**

104. Can energy efficiency improvements such as building envelope, HVAC, and building automation systems be included as allowable expenses?

**Energy efficiency improvements are allowable expenses so long as the improvement is designed and intended to provide electricity savings. Please note that EPIC funds should be used to install and operate pre-commercial and emerging technologies or strategies.**

105. Can the Energy Commission clarify advance practice costs - does this mean if we get the incremental value donated we can count it, but paying for the incremental cost itself is not a match, or the standard costs that might be covered are not a match if we pay for the incremental costs?

**Advanced Practice costs are intended to incentivize project teams to exceed Title 24 and Title 20 requirements in a building energy efficiency retrofitting scenario. The incremental cost of exceeding Title 24 or Title 20 energy efficiency requirements can be counted as match funding if the incremental cost is donated to the project or paid for by a project partner (not charged to the Energy Commission).**

106. Will any of the following technologies meet the “Advanced Practice Costs” Criteria?
- LED lighting? If so, what are the criteria (e.g., lighting power density for a given space type with LED vs. Title 24 code requirement)?
  - Refrigerators? If so, what are the criteria (e.g., annual estimated energy use of proposed equipment vs. Ca. Appliance Efficiency Standard specification)?
  - Advanced power strips? If so, what are the criteria?
  - Solar PV? If so, what are the criteria?
  - Batteries connected to solar PV? If so, what are the criteria?
  - Controls connected to the solar PV and battery system? If so, what are the criteria?
  - Energy sub-metering? If so, what are the criteria?

**See question #105. Advanced Practice costs represent the incremental cost of exceeding Title 24 or Title 20 efficiency standards in a building energy efficiency retrofitting scenario. Technologies (such as solar PV) for which Title 24 and Title 20 do not mandate an efficiency standard are not eligible for consideration of Advanced Practice match funding.**

107. Can Energy Commission funds cover the full technology costs or must it be limited to Incremental Measure Costs / “Advanced Practice Costs”?

**See question #105. Energy Commission funds can be used to cover the full cost of equipment. Advanced Practice costs are only relevant to match funding.**

108. Can the Energy Commission clarify the difference of definitions of match funds for “equipment,” “materials,” and “advanced practice costs”? E.g., Is it true that equipment or materials with a unit cost lower than \$5,000 but a design life of more than 1 year (e.g., a \$2,500 heat pump water heater) could only have its incremental cost between the standard practice be considered match funds (\$1,700 if the standard practice is \$800), as defined by the “Advanced Practice Costs”?

**See question #105. The full cost of equipment and materials can be counted as match funding if they are donated to the project or paid for by a project partner (not charged to the Energy Commission). Please note that EPIC funds should be used to install and operate pre-commercial and emerging technologies or strategies.**

109. If the solar plus storage system does not require the purchasing of any new fossil fuel generators, but integrates with an existing diesel generator, can this system be included as an allowable expense?

**The solar and storage system can be included as an allowable expense but any expenses needed to integrate with the diesel generator are not allowed, nor can EPIC or match funds be used to otherwise modify or improve the existing diesel generation system.**

110. Are electric vehicle charging stations and associated infrastructure costs (on the customer side of the meter) allowable purchases covered under EPIC funds or may they be used for match funds?

**To be covered under EPIC funds, the electric vehicle charging equipment should include advanced functionality that improves the business case for electric vehicles and provides vehicle-grid-integration (VGI) services. In addition, the applicant should demonstrate this advanced functionality as part of the project. Electric vehicle chargers and associated infrastructure already commercially available are an allowable purchase with match funds.**

111. Can electric vehicle chargers be included as allowable expenses?

**See question #110.**

112. Is it acceptable to count electric vehicle chargers as match?

**See question #110.**

113. Is the use of EPIC funds to pay all or a portion of the cost for purchase and installation of EV charging equipment an allowable use of EPIC funds?

**See question #110.**

114. Can electric vehicle supply equipment (EVSE) be procured with Energy Commission funds?

**See question #110.**

115. PG&E has a new program that subsidizes the cost of large installations of Level 2 EV Charging. One deployment scenario involves the site paying a participation fee to PG&E, and the remainder of the installation cost will be paid for by PG&E. Is this participation fee an allowable purchase covered under EPIC funds or may it be used for match funds?

**No. The participation fee cannot be paid with EPIC funds but can be paid with match funding.**

116. Would zero-emission vehicles be an eligible cost under the Phase II?

**No. The purchase or use of transportation vehicles cannot be paid for by EPIC funds or used as a match contribution.**

117. Is the use of EPIC funds for non-vehicle acquisition costs associated with the implementation of a community EV car sharing program an allowable use of EPIC funds?

**There is not enough information to determine whether all “non-vehicle acquisition costs” are an allowable use of EPIC funds. Electric vehicle chargers and associated infrastructure are an allowable use of EPIC funds if they demonstrate advanced functionality that improves the business case for electric vehicles and provides vehicle-grid-integration (VGI) services.**



118. Section I.F.4 of the Solicitation Manual (p. 18), states that, "[t]ransportation vehicles (nor can the purchase or use of the applicant's or other parties' transportation vehicles be claimed as a match contribution)." Does an electric vehicle ride-sharing program fall under this restriction?

**Transportation vehicles cannot be purchased with EPIC funds or claimed as a match contribution. This restriction applies to electric vehicle ride-sharing programs.**

119. Can Energy Commission funds be used to establish EV car sharing programs in MUDs located in DACs (for the DAC community category?) What about non-DAC's? What would be the limitations on use of the funds, e.g. for EVSE equipment, installation, or program operational support? (We know vehicles are not eligible).

**EPIC funds can be used to pilot EV car sharing programs and software platforms both in disadvantaged and non-disadvantaged communities. However, please note that all demonstration activities must be located within investor-owned utility service territory and all demonstrations for projects applying in Groups 7 and 8 must be wholly located in, and directly benefit, a disadvantaged community. EPIC funds cannot be used for the purchase of vehicles and any electric vehicle charging equipment needs to include advanced functionality that improves the business case for electric vehicles and provides vehicle-grid-integration (VGI) services.**

120. Can Phase II funding be used to hire temporary staff for a prime or subcontractor?

**Yes.**

121. Section I.F.4 of the Solicitation Manual (p. 18) states that, EPIC funds may not be used to cover distribution or transmission system upgrades on the utility side of the meter.

It is understandable that transmission upgrades should be disallowed expenses. However, some distribution upgrades are necessary to enable high penetrations of renewable energy, resilience and safe microgrid operations. While the Energy Commission defines Advanced Energy Communities as those that "Minimize the need for new energy infrastructure costs such as transmission and distribution upgrades," minimize isn't the same as do away with entirely. Upgrades that bring benefit by increasing the use of distributed energy resources (DER) are a wise use of EPIC funds, which are mandated to promote greater electricity reliability, lower costs, and increase overall safety. This is why our project team believes some distribution upgrades should be allowable purchases/ eligible expenses for EPIC funds to cover, as they have been in projects funded through GFO-16-309 (Solar +: Taking the Next Steps to Enable Solar as a Distribution Asset).

**The Energy Commission appreciates the feedback but maintains that Energy Commission funds from this solicitation cannot be used to pay for distribution system upgrades on the utility side of the meter. Any distribution system upgrades charged by the utility to the project developer can count as match funding.**

122. One way of inexpensively enabling Community Microgrids is to isolate and island segments of an existing distribution line that connects multiple sites along the same distribution feeder. To enable this, smart switches (e.g. reclosers) are required, and they must be on the distribution feeder which is inherently on the utility side of the meter. This differs from a traditional distribution upgrade

because it does not involve adding another feeder segment or transformer; rather it enables an islandable Community Microgrid at a lower cost than installing a dedicated line to connect the sites. Is a recloser or other type of smart switch an allowable purchase?

**Energy Commission funds from this solicitation cannot be used to pay for distribution system upgrades on the utility side of the meter. Any distribution system upgrades charged by the utility to the project developer can count as match funding.**

123. Resilience is one of the key motivations for microgrid projects. Overhead distribution lines do not provide as much resilience as underground distribution lines due to their exposure to storms or fires. Is the cost to underground a distribution line (even though it is on the utility side of the meter) an allowable purchase?

**See question #122.**

124. Enabling a Community Microgrid on the front-of-the-meter with multiple electric meters and customers requires coordination with and participation from the local IOU to enable safe and reliable operations. Additional monitoring, communications and controls (MC2) equipment may be required on the utility side of the meter to enable remote operation of a Community Microgrid. Are MC2 equipment installed on the utility side of the meter an allowable purchase?

**See question #122.**

125. Is a dedicated distribution line that connects multiple sites on the customer side of the meter an allowable purchase covered under EPIC funds or may it be used for match funds?

**See question #122.**

126. In some cases, a transformer and/or sub-panel upgrade may be required on the customer side of the meter. With this type of scenario, are costs associated with these types of upgrades allowable purchases covered under EPIC funds or may they be used for match funds?

**See question #122.**

127. Are transformer upgrades installed on the utility side of the meter an allowable purchase covered under EPIC funds or may they be used for match funds?

**See question #122.**

128. If distribution system equipment on the utility side of the meter are not allowable purchases, can these expenses be counted towards match funds?

**See question #122.**

129. Section I.F.4 of the Solicitation Manual (p. 18) states that Energy Commission monies cannot be used to fund distribution or transmission system upgrades on utility side of the meter. In projects where renewables or EV charging is planned for implementation, the need for upgrades or a study

by the utility might be required. Are we clearly identifying that utility side of meter upgrades or studies required by the implementation of AEC items will be at the expense of the developer/owner?

**Yes, that is correct.**

130. For small and disadvantaged businesses, which the Energy Commission expressly wishes to support, obtaining large amounts of private funding (lines of credit) is both challenging and costly. Moreover, since the Energy Commission provides grant reimbursement in arrears and does not allow for inclusion of the cost of money for grant funding, large companies with extensive credit are favored significantly. Will the Energy Commission consider one or more of the following: a. Providing zero or low interest lines of credit to micro-small business, small business, WOSB, and DVSB entities? b. Allowing a reasonable “cost of money” to be included in the grant funding? c. Allowing cost of money expense to be counted as match? d. Allowing up-front or pre-payment of grant dollars for small businesses for large cost items such as major capital equipment? Or, would the Energy Commission consider direct payment to major sub-contractors for capital equipment costing greater than \$100,000?

**The Energy Commission has no established mechanism for providing lines of credit to businesses through the EPIC program. Imputed costs such as cost of money are not reimbursable (see page 11 of the Standard Terms and Conditions) nor will they be considered an appropriate match funding expense, as it does not meet the match funding requirements of the solicitation (see pages 16-17 of the Solicitation Manual). Recipients can receive advance payment only for subcontracts with the U.S. Department of Energy laboratories. Otherwise, advance payments will not be allowed. All agreements funded out of this solicitation will solely be between the Energy Commission and the recipient. There will be no contractual relation between the Energy Commission and any subcontractors; therefore, it is not possible for the Energy Commission to make a direct payment to a subcontractor.**

131. As it is difficult for public agencies to access match funding, would the Energy Commission consider: a. Lowering the match requirement; b. Including structural investments on buildings that are funded and necessary for the Phase II investments as acceptable match; c. Making match be point-based criteria as opposed to a true minimum, similar to how it was structured for Phase I?

**The Energy Commission appreciates the feedback but maintains the match funding requirements and scoring criteria are appropriate for this solicitation. To clarify, the applicant is allowed to include structural investments on buildings that are necessary for the Phase II investments and funded during the agreement term as acceptable match.**

132. Can capital equipment that is funded with grant dollars be donated to a non-profit entity during the grant period so long as the non-profit agrees to operate the equipment as specified in the grant application?

**A recipient may not donate the property during the agreement term without the Commission Agreement Manager’s prior written approval. Page 18 of the Standard Terms and Conditions states, “...the Recipient may not sell, lease, or encumber the property (i.e., place a legal burden on the property such as a lien) during the Agreement term without the Commission Agreement**

**Manager’s prior written approval.” Donating the equipment does place a legal burden on a property, as the property becomes someone else’s property.**

133. Can the Energy Commission provide clarification on the prevailing wage for public works projects? Would only city projects fall under this requirement? Would Fresno City College be exempt?

**See California Labor Code Section 1720 et seq. and Title 8 California Code of Regulations, Section 16000 et seq.). Only the California Department of Industrial Relations (DIR) and courts of competent jurisdiction may issue legally binding determinations that a particular project is or is not a public work. If the recipient is unsure whether the project funded by the agreement is a “public work” as defined in the California Labor Code, it may wish to seek a timely determination from DIR or an appropriate court. As a material term of this grant, the recipient must either: 1) Timely obtain a legally binding determination from DIR or a court of competent jurisdiction before work begins on the project that the proposed project is not a public work; or 2) Assume that the project is a public work and ensure that: a) Prevailing wages are paid unless and until DIR or a court of competent jurisdiction determines that the project is not a public work; b) The project budget for labor reflects these prevailing wage requirements; and c) The project complies with all other requirements of prevailing wage law, including but not limited to keeping accurate payroll records and complying with all working hour requirements and apprenticeship obligations.**

134. Is it acceptable for match funding for Phase II to include capital investments that were spent prior to the Phase II contract execution that supported proposed Phase II activities, as long as they were spent during the Phase I EPIC contract period?

**No. Match funds may only be spent during the Phase II agreement term.**

135. Is it acceptable for match funding to include investments in solar photovoltaic (PV) installations that are to be used as part of the Phase II design? If so, is it acceptable to include solar PV installations that were installed during the Phase I agreement period?

**It is acceptable for match funding to include investments in solar photovoltaic (PV) but the funds must be spent during the Phase II agreement term.**

136. Is it acceptable to count roof improvements for solar PV to be used in the Phase II design as match? If so, is it acceptable to include expenditures made during the Phase I period?

**It is acceptable to count roof improvements for solar PV as match funding but the funds must be spent during the Phase II agreement term.**

137. Is it acceptable for match funding to include investments in solar readiness improvements that are to be used as part of the Phase II design? If so, is it acceptable to include expenditures made during the Phase I period?

**It is acceptable to count solar readiness improvements as match funding but the funds must be spent during the Phase II agreement term.**

138. Is it acceptable to count structural improvements to proposed buildings that would be required for proposed Phase II activities, such as for seismic safety, as match? If so, is it acceptable to include expenditures made during the Phase I period?

**No. It is acceptable to count structural improvements to proposed buildings as match so long as the improvements are necessary to implement Phase II activities and are directly related to the implementation itself. Seismic safety improvements do not meet these criteria.**

139. Is it acceptable to count structural improvements for solar, such as to parking lots for solar PV canopies, as match?

**It is acceptable to count structural improvements as match so long as the improvements are reasonably related to Phase II activities.**

140. Is it acceptable to include labor expenses spent on implementing allowable match infrastructure (e.g. energy efficiency improvements, potentially structural improvements, potentially seismic improvements, etc.) as match? If so, is it acceptable to include expenditures made during Phase I?

**It is acceptable to include labor expenses spent on implementing allowable infrastructure improvements as match funding but the funds must be spent during the Phase II agreement term.**

141. Is it possible for On-Bill Financing (OBF) or Power Purchase Agreement (PPA) to count towards match? If so, can it be for the entire payback period or only for the payback funds that are spent during the grant period?

**It is acceptable for a match funding contributor to commit "cash in hand" funds for the purpose of partially or fully offsetting on-bill financing or power purchase agreement costs related to the project but only for funds that are spent during the agreement term. However, on-bill financing or a power purchase agreement by itself would not qualify as match funding.**

142. Can utilities include match funding, and if so are there any limitations?

**Utilities can provide match funding without limitation so long as the match funding meets the requirements described in Section I.F.2 of the Solicitation Manual and the utility is not a publicly owned electric utility (POU) as defined in California Public Utilities Code section 224.3.**

143. Is there any limit to the amount of in-kind staff time that is acceptable?

**No.**

144. If the party receiving services from the project pays for those services during the grant period, can this be counted as match? For example, if the recipient and/or project systems owner(s) sell energy services to the host site, can the payments for these services during the grant period count as match?

**No.**

145. If a project partner pays the entire cost of efficiency systems, is the entire amount paid considered match or only some portion? If it is a portion, how is that determined? For example, if a project partner pays for replacement of aging mechanical systems and there are only high-efficiency devices on the market for replacement, what amount of the replacement cost may be counted as match?

**If a project partner pays the entire cost of an efficiency system, the entire cost can be considered match funding. It is up to the project partner to determine whether they intend to pay a portion or the full amount for equipment for the project with match funding.**

146. If a project partner provides written commitment to provide hardware to the project without cost to the grant as part of match funding and later withdraws or fails to supply the hardware, is the recipient liable to provide alternative match funding? For example, if a hardware supplier becomes insolvent or stops manufacturing the given equipment, is the recipient responsible to find substitute match dollars equal to the commitment not met by the project partner?

**The recipient is not liable for providing alternative match funding if a match funding contributor withdraws or fails to supply the match funding amount they committed to the project. However, the Energy Commission may terminate the agreement for partial or complete loss of match funds.**

147. What needs to be proposed to meet the requirement of "provid[ing] a strategy for replacing the funds if they are significantly reduced or lost" (pg. 17)?

**There is no requirement for what must be proposed as a strategy for replacing lost match funding. An example could be a stated commitment from a match funding contributor to replace any lost match funds using their reserve or operating funds.**

148. In relation to the match funding requirement, can the Energy Commission confirm that if our team applies for \$5 million in funding, the match funding requirement is \$2.5 million (not \$5 million)

**Yes, that is correct.**

## Scoring Criteria Questions

149. There is quite a bit of information about the scoring criteria for match funding but my question pertains primarily to the formula and the ratio, which are in the manual as follows:  $\% = (\text{Total Match} - \text{Required Match}) / \text{Total CEC Funds Requested}$ . This ratio will be multiplied by 5 to yield the points. Given that 50% of match funding is required and applicants cannot exceed 100% match, and the ratio will be multiplied by 5 to yield the points, it appears that the score will never go above 2.5 for this section. If my point is incorrect, can the Energy Commission please share an example of how an applicant can achieve a score of 5 in this category?"

**This scoring criteria was clarified in Addendum #4.**

150. In Section IV.G of the Solicitation Manual (pp. 43-44) states that the cost benefit analysis will be scored. What is the cost effectiveness goal or target applicants are shooting for? Is there more detail on the methodology that will be used to rate a project's cost effectiveness?

**There is no stated cost effectiveness goal or target for this solicitation. The proposal evaluation will consider the projected ratepayer benefits of the project compared to the requested project funds, as well as the assumptions and techniques used by the applicant to derive the projected ratepayer benefits.**

151. Are there any additional points if a non-DAC project serves DAC communities?

**No.**

152. Are there extra points given to proposals that serve higher percentile DACs (e.g. 90%+) vs. those that serve lower percentile DACs (e.g. ,75%+)?

**No.**

153. Are their additional points for direct versus indirect benefits to DACs or residents of DACs?

**There is no specific point allocation for direct vs. indirect benefits to disadvantaged communities. However, to the extent possible, applicants should emphasize the direct benefits communities can expect to gain from the project.**

154. The solicitation references scalability as well as a bounded community. What percentage of points are awarded based on scalability of the solutions designed? What percentage are awarded based on the solutions' deployment in the bounded community?

**There is no specific allocation of points divided between deployment of the community and scalability. The primary goal of this solicitation is to successfully construct and demonstrate Advanced Energy Communities. However, scalability is part of the definition of Advanced Energy Community (see page 4 of the Solicitation Manual) and will be an important consideration when evaluating Technical Merit and Need.**

155. How much does the Energy Commission value scalability in points allocation?

**There is no specific allocation of points for scalability, but scalability will be an important consideration when evaluating Technical Merit and Need.**

## **Additional Questions (Added 8/29/18)**

156. **“Applicants must propose projects that are located in the Advanced Energy Community that was planned for in the Phase I Master Community Design, and that is consistent with the funding group for which they are applying. Projects can expand geographically from what was planned for in the Phase I Master Community Design so long as the new project area contains the core project area planned for in Phase I.” (Solicitation Manual page 16)**

**If the scope of the Master Community Design is decreased for the proposed Phase II project, what are the consequences? Does this disqualify a project, or does it result in a lower score?**

Reducing the scope of the Master Community Design does not disqualify a project but a significant reduction in scope could result in a lower score for Technical Approach. It is the intention of the Energy Commission to fund projects that demonstrate the build out of the Advanced Energy Communities that were funded and originally planned for under Phase I.

157. “In order to be eligible for Phase II funding, applicants must:

- Submit the Master Community Design developed during Phase I and highlight any changes the applicant intends to make for their build-out under Phase II. This shall include: The chosen site location and a technology portfolio for each property location and a description of how the technology will be deployed at each property location.” (Solicitation Manual page 26)

If the applicant will be making changes to the Master Community Design, what is the best way to “highlight” these changes? (Would line edits and strikethroughs in the actual Master Community Design report be acceptable and should those edited sections be included in the Project Narrative or the SOW? Or should the applicant write a new project description in the Project Narrative and reference associated pages in the Master Community Design? Will reviewers have access to the applicants Master Community Design or should the applicant include the Master Community Design as a separate attachment in their proposal package?

It is up to the applicant to determine how best to show changes being made to the Master Community Design. Any significant change to the Master Community Design should be called out and explained in the Project Narrative. Applicants shall submit the Master Community Design under Attachment 9 – Reference and Work Products, which evaluators will use as a reference to supplement the Project Narrative. Line edits and strikethroughs in the Master Community Design are acceptable if the applicant believes it will make their proposal clearer.

158. “The Project Narrative (Attachment 4), as well as the Technical Tasks in Part III of the Scope of Work (Attachment 6) must also incorporate a plan to accomplish the following:

- Develop a Master Community Design showcasing a real world conceptual design of a proposed Advanced Energy Community. The community design should include descriptions of the proposed location(s) for the development, tentative maps, engineering designs of proposed buildings, streets, community spaces, energy technologies to be deployed, water conservation features, water saving technologies, potential interconnection sites, advanced energy infrastructure, and how these elements are combined in a systems approach.” (Solicitation Manual page 25)

If the Master Community Design Final Report developed in Phase I was accepted and approved by CEC, does that imply that the engineering designs presented in the report are sufficient for including in the Phase II application?

Not necessarily. It is up to the applicant to determine whether the engineering designs presented in the Master Community Design are sufficient to demonstrate shovel-readiness.