NATURAL GAS RESEARCH AND DEVELOPMENT PROGRAM

INFORMATION

1. What is the Natural Gas R&D Program and why was it created?

The California Energy Commission’s Natural Gas R&D program was created by the California Public Utilities Commission (CPUC) in August of 2004 to support investments in improving natural gas energy efficiency and environmental equality, develop renewable technologies, and otherwise provide benefits to the public. The Natural Gas R&D Program focuses on identifying and addressing emerging natural gas related trends that are important to California’s energy future. These trends include opportunities to reduce statewide natural gas consumption through energy efficiency and the increased use of natural gas alternatives, such as biogas and renewable natural gas. The plan also addresses California’s transportation system using more natural gas to reduce carbon emissions. Furthermore, the program coordinates with the CPUC to respond to critical research issues, such as methane emissions, air quality, natural gas pipeline integrity and safety, and the natural gas system. The Natural Gas RD&D program funds research that:

- Stimulates California’s economic growth by attracting and developing businesses and creating and supporting jobs.

- Achieves long-term benefits to natural gas ratepayers by developing technologies and products that provide clean, diverse, and environmentally sound energy systems.

- Provides safe, reliable natural gas services by conducting research that focuses on the integrity and safety of the natural gas infrastructure.

2. How much funding is available for the Natural Gas R&D Program?

Each year, the Energy Commission submits a proposed program plan and funding request to the CPUC for review and approval. For fiscal year 2016-17, the proposed research funding is $24 million, and the budget plan covers the period from July 1, 2016, through June 30, 2017.

3. Who is responsible for administering the Natural Gas R&D Program?

In 2004, the CPUC issued Decision 04-08-010, which designated the Energy Commission as the administrator for the research funds. All funds will be administered under CPUC oversight.

4. What kind of ratepayer benefits will the Natural Gas R&D Program provide?
There are three primary California ratepayer benefit categories identified for the Natural Gas RD&D program: economic, environmental, and security. Economic benefits include lower energy bills and lower natural gas system and infrastructure costs. Environmental benefits include reduced impact from global climate change, reduced health risks related to poor indoor and outdoor air quality, improved infrastructure safety and integrity, and a smaller environmental impact from energy generation. Security benefits include the development and maintenance of a reliable and safe natural gas production and delivery system.

Additional benefits are expected from Natural Gas RD&D projects, but vary significantly based on the specific subject of the project.

5. How is the Natural Gas R&D Program funded?

The Natural Gas R&D Program is funded by a ratepayer surcharge on all natural gas consumed in California (see California Public Utilities Code section 890).

KEEPING UP TO DATE WITH NATURAL GAS

1. Where can I find more information on the Energy Commission’s planned investments for the Natural Gas R&D Program?

In March of each year, the Energy Commission submits a proposed program plan and funding request to the CPUC for review and approval. Projects funded by the Energy Commission are consistent with the annual budget plans and policy objectives approved by the CPUC. Annual reports detailing the research, development, and demonstration activities approved in the budget plans are submitted by October 31 for each fiscal year. For instance, the Natural Gas Research and Development 2015 Annual Report describes natural gas research, development, and demonstration program and highlights projects from July 1, 2014, to June 30, 2015, as required by the CPUC Decision 04-08-010. Find annual reports and proposed program plan and funding requests at: http://www.energy.ca.gov/research/annual_reports.html.

2. Where can I find information about current Energy Commission Natural Gas R&D Program funding opportunities?

A list of open solicitations is available at: http://www.energy.ca.gov/contracts/pier.html.

3. What is the anticipated schedule for Energy Commission Natural Gas R&D funding opportunities?
A tentative schedule of upcoming funding opportunities is available at: 
http://www.energy.ca.gov/contracts/pier.html.

4. How do I stay informed about the Natural Gas R&D Program?

The Natural Gas R&D Program ListServer will provide notification of upcoming workshops, posted documents, and other activities related to Natural Gas. Interested parties can sign up for the Natural Gas R&D ListServer by visiting the Energy Commission’s Natural Gas R&D homepage at: http://energy.ca.gov/naturalgas_research/

The Energy Commission’s Opportunity ListServer will provide notification of all Energy Commission funding opportunities, including the Natural Gas R&D Program. Interested parties can sign up for the Energy Commission’s Opportunity ListServer at: http://energy.ca.gov/contracts/.

5. Where can I find more information related to Natural Gas R&D proceedings?

Information on the Energy Commission’s Natural Gas R&D Program can be found at: http://energy.ca.gov/naturalgas_research/

HOW TO APPLY FOR NATURAL GAS R&D FUNDING OPPORTUNITIES

1. What is the general solicitation process timeline?

Natural Gas R&D funding opportunities are developed in accordance with the CPUC-approved Natural Gas R&D budget plans, and are released throughout the year. Energy Commission staff provide a Pre-Application Workshop and an opportunity to submit written questions prior to the application deadline for each solicitation. Information on solicitation requirements, workshop dates, and the application due date can be found in the Solicitation Manual and are specific to each solicitation.

Solicitation Release, Pre-Application Workshop, and Written Questions and Answers

Generally, a pre-application workshop will be held approximately 2 weeks after the solicitation is released, marked by the posting of the solicitation materials on the Energy Commission’s Funding website. This workshop provides an opportunity for applicants to ask questions and network with other participants interested in teaming up for a project. Interested applicants should carefully review the solicitation materials and all
deadlines that are posted and submit any questions in writing to the Commission Agreement Officer (CAO) listed. Note: the deadline for submitting written questions is often the same day as the pre-application workshop. [See question 3 for additional information about the pre-application workshop].

Staff will prepare written responses to the questions asked at the workshop and those submitted in writing by the deadline specified in the solicitation materials. These will be posted on the website and emailed to those on the listservers. Once the deadline for submitting questions has passed staff are not allowed to respond to individual comments outside the public process that could potentially give an applicant an unfair advantage over others. However, if an applicant discovers any ambiguity, conflict, discrepancy, omission, or other error in the solicitation, the applicant should immediately notify the CAO of the error in writing and request modification or clarifications by written notice to all parties who requested the solicitation without divulging the source of the request for clarification. Applicants can also submit administrative-related questions (such as questions on completing forms) to the CAO, up until the point that applications are due. If there are any addenda to the solicitation, they will be posted and emailed out to the listservers, as necessary.

Application Development

Applications are due approximately 6-8 weeks after the release of the solicitation. Applicants should review all solicitation materials, including any addenda that are posted to the solicitation page, and organize their applications and provide all necessary forms, according to the requirements listed. Applications MUST be submitted to the Energy Commission no later than the specified date and time provided in the solicitation materials. There are NO EXCEPTIONS to this.

Evaluation and Awards

After the deadline for application submissions has passed, Energy Commission staff will screen applications for administrative requirements. Applications that pass this initial screening are submitted to an Evaluation Committee who will review and score them according to a set of criteria.

After being scored, applications will be ranked, and those with the highest ranked scores will be recommended for a proposed award based on available solicitation funding.

The Notice of Proposed Award (NOPA) is posted approximately 4 months after the solicitation is released. The NOPA will list all proposals in rank order, starting with the highest-scoring applications. It will also identify which projects will be recommended for funding at an Energy Commission business meeting.

Agreement Development and Execution
As many factors impact agreement development, the timeline for development will vary for each agreement. However, in general Energy Commission staff will coordinate with the recipient to finalize the agreement documents within the month following the release of the NOPA. Time is of the essence and the Energy Commission reserves the right to cancel the pending award if they are unsuccessful in executing an agreement. Funding may be offered to the next highest-ranked eligible applicant and the NOPA amended, if necessary.

Projects recommended for funding in the NOPA/Amended NOPA, will be considered for approval by Commissioners at an Energy Commission Business Meeting. Once the agreement has been executed by all parties, the work can begin. The process typically takes approximately 9-10 months, from the release of the solicitation until the agreement is completely executed.

For a quick summary of the solicitation process, please see the California Energy Commission’s R&D Solicitation Process Flowchart

2. How is the solicitation information released?

When a solicitation is released, all informational materials are posted to the Energy Commission's website. An email notification is also sent to the individuals who are subscribed to the Natural Gas Listserver (naturalgas) or the Energy Commission’s “Opportunity” listserver. These listservers can be found at: http://www.energy.ca.gov/listservers/. However, updates regarding solicitations are only provided to the Opportunity listserver, after the initial notification.

All questions and comments regarding the solicitation must be directed to the Energy Commission Agreement Officer (CAO) listed in the solicitation.

3. What is the pre-application workshop?

The pre-application workshop will review the purpose and requirements of the solicitation, and give attendees an opportunity to ask clarifying questions in person or via the web. Interested parties are encouraged to attend in-person or via web conference using WebEx. Information including: date, time, location, and web participation instructions are contained in the solicitation materials.

Pre-application workshops can also be a good place for interested parties to meet and network with one another in order to team up for particular projects.

Attendees who leave their email address will receive a list of all workshop attendees, a Q&A document, and notifications about addenda to the solicitation. These documents will also be posted on the Energy Commission's website at: http://www.energy.ca.gov/contracts.
4. Who is eligible to apply for Natural Gas R&D funding?

Generally, individuals, as well as public and private entities are eligible to apply for Natural Gas R&D funding. Specific eligibility requirements will be listed in individual solicitation materials.

Any agreement resulting from a solicitation will include terms and conditions that recipients are required to abide by. Failure to agree to these terms and conditions will result in disqualification of the application. These terms and conditions are available on the Energy Commission’s website at http://www.energy.ca.gov/research/contractors.html.

Any entities that conduct intrastate business in California and are required to register with the California Secretary of State must be registered and in good standing prior to entering into an agreement with the Energy Commission. Information on registration can be found on the Secretary of State’s website at: http://www.sos.ca.gov/.

5. What types of projects are eligible for funding?

Each solicitation will specify which types of projects are eligible for funding. Research project must demonstrate the potential to benefit California natural gas ratepayers, such as reduced use of natural gas without increasing greenhouse gas emissions. Projects that have both natural gas and electric savings may be eligible, but the predominant savings must be for natural gas. All projects must reduce natural gas use but cannot result in increased air emissions.

6. What should be included in my application package?

Applications must be submitted in the format and order specified in the solicitation. Typically, applications may be rejected if they are missing any of the following common application elements:

- Application Form
- Executive Summary
- Fact Sheet
- Project Narrative
- Project Team Form/Resumes
- Scope of Work/Schedule of Products and Due Dates
- Budget for the prime and subcontractor(s) per the workbook requirements
- CEQA Compliance Form
- Reference and Work Product Form
7. What is the typical application format?

Applicants should refer to the "Application Organization and Submission Instructions" section of the solicitation materials, so that they know what will be required for that specific solicitation. Because the requirements may vary from solicitation to solicitation, applicants should take care in addressing each of these requirements or risk being disqualified. Applications that are difficult to read, incomplete, or do not meet the solicitation format requirements may be rejected.

8. How do I submit my application?

Applicants should read the requirements and specifications in the solicitation materials for how to submit applications, including how many copies to provide. The cover of the original and all copies of the application must be labeled "Grant Funded Opportunity GFO" with the specific GFO number of the specific solicitation (located in the solicitation materials). For example: “Grant Funding Opportunity GFO-XX-XXX”. Include the title of the application and the applicant's name.

Only authorized representatives are allowed to sign an application.

The hard copy of the application and any required copies must be sealed and delivered to the Energy Commission's Contracts, Grants, and Loans Office by the due date and time listed in the solicitation. Postmark dates of mailing DO NOT count as delivery.

Applications received after the date and time specified in the solicitation will be considered late and will not be accepted under any circumstances- no exceptions. Allow enough time for the courier service to deliver your application to the Energy Commission.

Please note that FAX and email submissions are not acceptable under any circumstances.
Solicitations are reviewed and evaluated in two stages, Application Screening and Application Scoring.

**Stage One: Application Screening**

Energy Commission staff screens applications per criteria listed in the solicitation materials under “Application Screening”. Criteria are evaluated on a pass/fail basis. Applicants that do not pass all screening criteria will be disqualified.

**Reasons for Failing Stage One, include but may not be limited to:**

- The application is not submitted by the specified due date and time.
- The application is not signed.
- The applicant did not address at least one of the eligible funding areas.
- The requested funding is outside of the specified minimum/maximum range.
- If applicable, the applicant did not meet the minimum match funding requirement.
- The proposal contains confidential material.
- The applicant has indicated that it will not accept the terms and conditions.

**Stage Two: Application Scoring**

Applications that pass all Stage One Application Screening criteria will be scored by an Evaluation Committee.

**Sample Application Scoring Criteria**

1. *Technical Merit and Need* - justifies the need for natural gas R&D funding, explains how the project will lead to technological breakthroughs and overcome barriers to achieving state goals, and provides a plan for measuring benefits as stated in the project goals.

2. *Technical Approach* - describes how tasks will be coordinated among team members, and how the project will be coordinated among the team.

3. *Impacts and Benefits for California Natural Gas IOU Ratepayers* - explains how the proposed project will benefit California Investor-Owned Utility (IOU) natural gas ratepayers (e.g. lower costs, and/or increased safety; also identifies the benefits and timeframe for achievement.

4. *Team Qualifications, Capabilities, and Resources* - describes the team members' education and experience and demonstrates the applicant's financial ability to complete the project.

5. *Budget and Cost-Effectiveness* – assesses whether the budget for this project is reasonable, including non-labor costs.

6. *Natural Gas R&D Funds Spent in California* - While there is no minimum amount of funding that must be spent in California, applicants that demonstrate spending 60 percent or more in-state will receive points in this section during the scoring.

7. *Ratio of Direct Labor and Fringe Benefit Rates to Loaded Labor Rates* – compares the direct labor rates (including fringe benefits) to the total loaded rates which include direct labor, fringe benefits and indirect rates such as overhead, General and Administrative or profit. This criterion is meant to encourage prudent spending of public funds and applicants with higher indirect rates will receive lower scores.
8. **Match Funding (if applicable)** – Additional points may be provided to applicants that provide match funding that exceeds the minimum amount specified in the solicitation and that meet other requirements in the solicitation.

9. **California Based Entities (CBE) Form** - Identify any California-based entities as instructed in the form. California-based entities are entitled to a scoring preference as described in Part II of this solicitation.

In order to pass, proposals must typically achieve at least 70 percent of the total points for all criteria AND at least 70 percent of the total points available for the first several criteria, as specified in the solicitation manual.

An application scoring less than 70 percent of the total points for these criteria will be rejected.

**2. Can my application be rejected?**

In addition to not passing Stage One, the Energy Commission reserves the right to reject an application. Reasons for possible rejection include, but are not limited to:

- The application contains false or misleading statements.
- The application is intended to mislead the State in its evaluation.
- The application does not comply with the solicitation requirements.
- The application does not contain sufficient information to enable a useful evaluation to be conducted.
- The applicant is not in compliance with royalty provisions from previous Energy Commission awards.
- The applicant has received unsatisfactory evaluations from the Energy Commission or another California state agency.
- The applicant is a business entity that is not in good standing with the California Secretary of State.
- The applicant has not demonstrated financial capability to complete the project.
- The application is not submitted in the format specified in Part III, Sections A, B, and C, of the Solicitation.
- The project end-date extends past the anticipated agreement end-date which is specified in the Key Activities Schedule in Part I of the solicitation.

For a more complete list of reasons why an application may be rejected, applicants should refer to the solicitation documents.

**3. What is the technical scoring scale?**

All responses to the scoring criteria will be evaluated using a scoring scale such as the one below, and will be based on the quality and completeness of responses in the application.

- **0% (Not responsive)**: The response does not include or fails to address the criteria. The omission(s), flaw(s), or defect(s) are significant and unacceptable.
- **10-30% (Minimally responsive)**: The response minimally addresses the criteria. The omission(s), flaw(s), or defect(s) are significant and unacceptable.
4. What is a clarification interview?

If the Evaluation Committee believes that the application is unclear, it may request a clarification interview with the applicant. This interview will consist of clarifying questions related to the criterion in question only. New information or changes cannot be added to the application at this point. For example, if an applicant accidentally lists two different numbers for the same item in different places, the Evaluation Committee can request the applicant to clarify which number is correct.

5. How are applications ranked?

Applications are reviewed for the first several sections. Those applications that receive a total average score of 49 or higher for sections 1-4, will continue to be reviewed in their entirety and ranked according to their total scores. Typically, applications with a score of 70 percent or higher for their overall score are considered to have passed and are ranked by total score. The Evaluation Committee will recommend applicants for funding starting from the top of the list (for example: rank 1, 2, 3, etc.) until funds are exhausted.

Note: Not all solicitations released under Natural Gas RD&D will have the same points per section. For specific scoring criteria and points by section, refer to the Solicitation Manual.

6. How will I be notified of the solicitation results?

The Energy Commission Agreement Officer will send letters to applicants informing them of their status, as well as a Notice of Proposed Awards (NOPA) and scoring matrix. NOPAs are also posted on the Energy Commission's funding web page at: http://www.energy.ca.gov/contracts.
7. Who can I speak to if I did not receive an award?

If an application does not pass, or is not awarded funding, the applicant may request a debriefing by contacting the Energy Commission Agreement Officer within 30 days after the NOPA is posted, or as stated in the Solicitation Manual. The purpose of a debriefing is to provide the applicant with information on the strengths and weaknesses of its application. This information could be used to improve applications for future solicitations. However, no other solicitations or applications may be discussed during a debriefing.

**POST EVALUATION AND SELECTION**

1. What happens to my application after the selection process?

After the NOPA is posted, all applications become public and are subject to viewing under the California Public Records Act. Applicants should consider this before they include information in their proposals.

Confidential information may not be submitted with an application.

2. How do I develop my final agreement if my application is selected?

After the NOPA is posted, potential recipients will be contacted by the Energy Commission's Agreement Manager (CAM) to develop the grant agreement. The Scope of Work in the application is finalized and the project schedule will be updated, if necessary. At this time, usually only clarifying edits/minor adjustments are made to the scope of work and budget (but no increases to the budget). The only exception is a reduction in scope and budget due to a lesser amount of funding being made available for the project. This can occur when there are not enough funds for a lower-ranked passing project (e.g., funding exists to fully fund the top five ranked projects but only partially fund the sixth-ranked passing project). In these situations, the Commission works with the applicant to determine if a reduced project scope and budget can fit within the remaining funds.

In addition to the budget and scope of work, other forms and documents must be completed before entering into an agreement with the Energy Commission. The CAM will identify these documents during the agreement development process.

3. When can the selected project start?
Before the project can start, the finalized agreement must be signed and approved by both the Energy Commission and recipient, and must be approved at an Energy Commission Business Meeting. For solicitations resulting in contracts instead of grants, approval by the Department of General Services (DGS) is also usually necessary because DGS has broad authority over state contracting. No work can be performed or funding spent, including match funding, until the agreement has been signed and fully executed. Agreement execution occurs approximately five weeks after Energy Commission Business Meeting approval, but is dependent on several factors and may be subject to change.

4. How long do I have to complete my project?

Project timelines are specific to each solicitation. For information on the duration of a project, please reference the solicitation manual.

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