**GRANT FUNDING OPPORTUNITY**

**Demonstrating Replicable, Innovative, Large-Scale Heat Recovery Systems in the Industrial Sector**



**GFO-19-503**

http://www.energy.ca.gov/contracts/index.html

**State of California**

**California Energy Commission**

December 11, 2019

##### Table of Contents

I. Introduction 1

A. Purpose of Solicitation 1

B. Key Words/Terms 2

C. Applicants’ Admonishment 4

D. additional requirements 4

E. Background 6

F. Funding 9

G. Key Activities Schedule 12

H. Notice of Pre-Application Workshop 12

I. Questions 14

II. Eligibility Requirements 15

A. Applicant Requirements 15

B. Project Requirements 17

III. Application Organization and Submission Instructions 21

A. Application Format, Page Limits, and Number of Copies 21

B. Preferred Method For Delivery 23

C. Hard Copy Delivery 23

D. Application Organization and Content 24

IV. Evaluation and Award Process 30

A. Application Evaluation 30

B. Ranking, Notice of Proposed Award, and Agreement Development 30

C. Grounds to Reject an Application or Cancel an Award 32

D. Miscellaneous 32

E. Stage One: Application Screening 34

F. Stage Two: Application Scoring 35

Attachments

|  |  |
| --- | --- |
| Attachment Number | Title |
| 1 | Application Form *(requires signature)* |
| 2 | Executive Summary Form |
| 3 | Fact Sheet Template |
| 4 | Project Narrative Form |
| 5 | Project Team Form |
| 6 | Scope of Work Template |
| 6a | Scope of Work Template: Project Schedule *(Excel spreadsheet)* |
| 7 | Budget Forms *(Excel spreadsheet)* |
| 8 | CEQA Compliance Form |
| 9 | Reference and Work Product Form |
| 10 | Contact List Template |
| 11 | Commitment and Support Letter Form *(letters require signature)* |
| 12 | California Based Entity (CBE) Form |
| 13 | Applicant Declaration *(requires signature)* |
| 14 | References for Calculating Energy End-Use and GHG Emissions |

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# I. Introduction

## Purpose of Solicitation

The purpose of this solicitation is to fund innovative heat recovery systems that can be replicable at large scale at various industries to reduce California’s industrial natural gas usage and greenhouse gas (GHG) emissions. Funded projects must meet the following objectives:

* Must advance existing technologies in at least one of the areas listed in Table 1a (See Section II.B of this solicitation); and
* Must be capable of enhanced marketability and deployment at multiple industries after successful demonstration; and
* Must be scalable and replicable to multiple types of applications; and
* Must validate the advantage of the advanced heat recovery system over conventional heat recovery when applied at scale; and
* Must demonstrate the potential to achieve a simple payback period of less than or equal to 5 years; and
* Must be at Technology Readiness Level 5-8.

Industrial energy use accounts for approximately 20 percent[[1]](#footnote-1) of California’s total energy usage with the predominate fuel being natural gas.[[2]](#footnote-2) Energy used in a typical industrial plant is distributed over a large number of subsystems. This solicitation focuses on reducing natural gas use for process energy loads that are distributed over several systems within a plant, such as heating, cooling, refrigeration, and others. The objective is to reduce natural gas usage.

This solicitation aims to demonstrate innovations in waste heat recovery systems. The goal is to demonstrate and deploy advanced heat recovery technologies that can reuse waste heat at any temperature in order to reduce GHG emissions, meet local air pollution control district requirements, and be cost-effective for the industry.

Projects must focus on recovery of waste heat from industrial processes within the same process or alternate processes within a facility. The heat recovery systems should aim to be flexible enough to be implemented at various types of industrial facilities to increase market potential.

See Part II of this solicitation for project eligibility requirements. Applications will be evaluated as follows: Stage One proposal screening and Stage Two proposal scoring. Applicants may submit multiple applications, but each application must be for distinct technologies and not the same technology installed at different industries. Demonstrations of the same technology in different industries must be combined into a single application.

## Key Words/Terms

| Word/Term | Definition |
| --- | --- |
| Applicant | The respondent to this solicitation |
| Application | An applicant’s formal written response to this solicitation |
| CAM | Commission Agreement Manager*,* the person designated by the Energy Commission to oversee the performance of an agreement resulting from this solicitation and to serve as the main point of contact for the Recipient |
| CAO | Commission Agreement Officer |
| CBE | California Based Entity |
| CEQA | California Environmental Quality Act |
| Days | Days refers to calendar days |
| Disadvantaged Community | These are communities defined as areas representing census tracts scoring in the top 25 % in *CalEnviroScreen 3.0*. (https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-30) |
| Energy Commission | California Energy Commission |
| GHG | Greenhouse Gas |
| Industrial Waste Heat | [Industrial waste heat](https://www.sciencedirect.com/topics/engineering/industrial-waste-heat) is the energy that is generated in industrial processes which is not used and is dumped into the environment. Sources of waste heat include heat loss transferred through conduction, convection and radiation from industrial products, equipment and processes and heat discharged from combustion processes [[1]](https://www.sciencedirect.com/science/article/pii/S2451904918300015" \l "b0005) |
| Low-income Community | Low-income communities are defined as communities within census tracts with median household incomes at or below 80 percent of the statewide median income, or at or below the threshold designated as low-income by the California Department of Housing and Community Development. (http://www.hcd.ca.gov/grants-funding/income-limits/index.shtml) |
| NG IOU | *Natural Gas Investor-owned utility,* including Pacific Gas and Electric Co., San Diego Gas and Electric Co., and Southern California Gas Co. |
| NOPA | *Notice of Proposed Award,* a public notice that identifies award recipients |
| Principal Investigator | The lead [scientist](http://en.wikipedia.org/wiki/Scientist) or engineer for the applicant’s project, who is responsible for overseeing the project; in some instances, the PrincipaI Investigator and Project Manager may be the same person |
| Project Manager | The person designated by the applicant to oversee the project and to serve as the main point of contact for the Energy Commission |
| Project Partner | An entity or individual that contributes financially or otherwise to the project (e.g., match funding, provision of a test site), and does not receive Energy Commission funds |
| Recipient | The recipient of an award under this solicitation |
| Solicitation | This entire document, including all attachments and exhibits (“solicitation” may be used interchangeably with “Grant Funding Opportunity”) |
| State | State of California |
| TRL | Technology Readiness Levels, are a method for estimating the maturity of technologies during the acquisition phase of a program.  *Source:* U.S. Department of Energy, “Technology Readiness Assessment Guide”. https://www2.lbl.gov/dir/assets/docs/TRL%20guide.pdf |

## Applicants’ Admonishment

This solicitation contains application requirements and instructions. Applicants are responsible for **carefully reading** the solicitation, asking appropriate questions in a timely manner, ensuring that all solicitation requirements are met, submitting all required responses in a complete manner by the required date and time, and **carefully rereading** the solicitation before submitting an application. In particular, please carefully read the **Screening/Scoring Criteria and** **Grounds for Rejection** in Part IV, and the relevant PIER grant terms and conditions located at: https://www.energy.ca.gov/funding-opportunities/funding-resources.

Applicants are responsible for the cost of developing applications. This cost cannot be charged to the State. All submitted documents will become public records upon the posting of the Notice of Proposed Award.

## additional requirements

1. Time is of the essence. Funds available under this solicitation have encumbrance deadlines as early as June 30, 2020.  This means that the Energy Commission must approve proposed awards at a business meeting (usually held monthly) prior to June 30, 2020 in order to avoid expiration of the funds. Prior to approval and encumbrance, the Energy Commission must comply with the California Environmental Quality Act (CEQA). To comply with CEQA, the Commission must have CEQA-related information from applicants and sometimes other entities, such as local governments, in a timely manner. Unfortunately, even with this information, the Commission may not be able to complete its CEQA review prior to the encumbrance deadline for every project. For example, if a project requires an Environmental Impact Report, the process to complete it can take many months. For these reasons, it is critical that applicants organize project proposals in a manner that minimizes the time required for the Commission to comply with CEQA and provide all CEQA-related information to the Commission in a timely manner such that the Commission is able to complete its review in time for it to meet its encumbrance deadline.
2. Reservation of right to cancel proposed award. In addition to any other right reserved to it under this solicitation or that it otherwise has, if the Energy Commission determines, in its sole and absolute discretion, that the CEQA review associated with a proposed project would not likely be completed prior to the encumbrance deadline referenced above, and that the Commission’s ability to meet its encumbrance deadline may thereby be jeopardized, the Energy Commission may cancel a proposed award and award funds to the next highest scoring applicant, regardless of the originally proposed applicant’s diligence in submitting information and materials for CEQA review. Examples of situations that may arise related to CEQA review include but are not limited to:

* Example 1: If another state agency or local jurisdiction, such as a city or county, has taken the role of lead agency under CEQA, the Energy Commission’s review may be delayed while waiting for a determination from the lead agency.
* Example 2: If the proposed work is part of a larger project for which a detailed environmental analysis has been or will be prepared by another state agency or local jurisdiction, the Energy Commission’s review may be delayed as a result of waiting for a supplemental or initial analysis, respectively, from the other agency.
* Example 3: If the nature of the proposed work is such that a project is not categorically or otherwise exempt from the requirements of CEQA, and an initial study or other detailed environmental analysis appears to be necessary, the Energy Commission’s review, or the lead agency’s review, may take longer than the time available to encumber the funds. If an initial study or environmental impact report has already been completed by another state agency or a local jurisdiction, serving as the lead agency, the applicant must ensure that such an analysis covers the work in the proposed project, or must obtain a revised analysis and determination from the lead agency reviewing the proposed project.
* Example 4: If the proposed project clearly falls under a statutory or categorical exemption, or is project for which another state agency or local jurisdiction has already adopted a CEQA finding that the project will cause no significant effect on the environment, the project will likely have greater success in attaining rapid completion of CEQA requirements.

The above examples are not exhaustive of instances in which the Energy Commission may or may not be able to comply with CEQA within the encumbrance deadline, and are only provided as further clarification for potential applicants. Please plan project proposals accordingly.

## Background

1. **Natural Gas R&D Program[[3]](#footnote-3)**

This solicitation will award projects under the Natural Gas program, which is funded by a ratepayer surcharge on natural gas consumed by ratepayers of NG IOUs in California (see California Public Utilities Code section 890 and 895). The California Public Utilities Commission (CPUC) designated the California Energy Commission as administrator of the program in August 2004[[4]](#footnote-4). The purpose of the program is to benefit California natural gas ratepayers by funding public interest research and development activities, which the CPUC has defined as “developing science or technology, the benefits of which accrues to California citizens and are not adequately addressed by competitive or regulated entities.”[[5]](#footnote-5)

1. **Program Areas, Strategic Objectives, and Funding Initiatives**

Natural Gas R&D projects must fall within one or more specific focus areas (**“research initiatives”**) identified in the Natural Gas R&D Budget Plan. This solicitation targets the following research initiative(s) from the Natural Gas R&D Budget Plan for Fiscal Year 2018/2019[[6]](#footnote-6):

**2018-19 Natural Gas Investment Plan**

* **Research Area**: Energy Efficiency
  + **Research Initiative** Reduce Natural Gas Use for GHG Emission Intensive Industries/Facilities

1. **Applicable Laws, Policies, and Background Documents**

This solicitation addresses the energy goals described in the following laws, policies, and background documents.

Laws/Regulations

* **Assembly Bill (AB) 32[[7]](#footnote-7) Global Warming Solutions Act of 2006**

AB 32created a comprehensive program to reduce greenhouse gas (GHG) emissions in California. GHG reduction strategies include a reduction mandate of 1990 levels by 2020 and a cap-and-trade program. AB 32 also required the California Air Resources Board (ARB) to develop a Scoping Plan that describes the approach California will take to reduce GHGs. ARB must update the plan every five years.

Additional information: http://www.arb.ca.gov/cc/ab32/ab32.htm

Applicable Law: California Health and Safety Code §§ 38500 et. seq.

Policies/Plans

* **Integrated Energy Policy Report (Biennial)**

California Public Resources Code Section 25302 requires the Energy Commission to release a biennial report that provides an overview of major energy trends and issues facing the state. The IEPR assesses and forecasts all aspects of energy industry supply, production, transportation, delivery, distribution, demand, and pricing. The Energy Commission uses these assessments and forecasts to develop energy policies. The 2015 IEPR included a multi-agency hearing on drought response and provided recommendations for future research and analysis areas.

Additional information: http://www.energy.ca.gov/energypolicy

Applicable Law: California Public Resources Code §§ 25300 et seq.

* **CPUC’s Energy Efficiency Strategic Plan (2008)**

The Energy Efficiency Strategic Plan creates a roadmap for achieving energy efficiency within the residential, commercial, industrial, and agricultural sectors. The plan was updated in January 2011 to include a lighting chapter.

Additional information: http://www.cpuc.ca.gov/general.aspx?id=4125

* **2019 California Energy Efficiency Action Plan**

The Energy Efficiency Action Plan expands on the Existing Buildings Energy Action Plan and includes topics related to existing buildings energy efficiency, low-income barriers to energy efficiency, and doubling energy efficiency by 2030 process. The SB 350 Doubling of Energy Efficiency by 2030 report also expands beyond existing buildings to include agriculture, industry, newly constructed buildings, conservation voltage reduction, and electrification. This report combines these topics within the scope of the Action Plan to create a comprehensive statewide energy efficiency action plan.

Additional information: https://ww2.energy.ca.gov/efficiency/existing\_buildings/

* **Executive Order B-30-15**

Governor Brown’s Executive Order B-30-15 established a new interim statewide greenhouse gas emission reduction target to reduce greenhouse gas emissions to 40 % below 1990 levels by 2030, to ensure California meets its target of reducing greenhouse gas emissions to 80 % below 1990 levels by 2050.

* The Governor's State of Emergency Proclamation on Tree Mortality

The declaration released on October 30, 2015, declared a state of emergency and sought federal action to help mobilize additional resources for the safe removal of dead and dying trees. It also states, “The California Energy Commission shall prioritize grant funding from the Electric Program Investment Charge for woody biomass-to-energy technology development and deployment, consistent with direction from the California Public Utilities Commission.”

Additional Information:

https://www.gov.ca.gov/docs/10.30.15\_Tree\_Mortality\_State\_of\_Emergency.pdf

Reference Documents

Refer to the link below for information about past and current Energy Commission research projects and activities:

* Energy Commission R&D website: http://www.energy.ca.gov/research/
* Natural Gas Research Program: http://www.energy.ca.gov/naturalgas\_research/
* Conversion of Low Value Waste Heat into High Value Energy Savings[[8]](#footnote-8)
* Industrial Steam Boiler Heat Recovery for High-Efficiency Water Heating[[9]](#footnote-9)
* Demonstration of Waste Heat Recovery for Power Generation[[10]](#footnote-10)
* Integrated Industrial Wastewater Reuse by Heat Recovery[[11]](#footnote-11)
* Waste Heat Recovery from Corrosive Industrial Exhaust Gases[[12]](#footnote-12)

## Funding

1. **Amount Available and Minimum/ Maximum Funding Amounts**

There is **up to** **$6 million** available for grants awarded under this solicitation. The total, minimum, and maximum funding amounts are listed below. The Energy Commission anticipates making 2 to 6 awards.

| Project Group | Available funding | Minimum award amount | Maximum award amount | Minimum match funding (% of Natural Gas Funds Requested) |
| --- | --- | --- | --- | --- |
| Demonstrate Advanced Heat Recovery Technologies (TRL 5-8) | $6,000,000 | $1,000,000 | $3,000,000 | 20% |

1. **Match Funding Requirement**

Match funding is required in the amount of at least **20% minimum** of the requested natural gas project funds. Applicants that provide more than this amount will receive additional points during the scoring phase (See Part IV).

* **“Match funds”** include the following if used for project expenses: (1) “cash in hand” funds; (2) equipment; (3) materials; (4) information technology services; (5) travel; (6) subcontractor costs; (7) contractor/project partner in-kind labor costs; and (8) “advanced practice” costs. Match funding sources include the prime contractor, subcontractors, and pilot testing/demonstration/deployment sites (e.g., test site staff services).

“Match funds” do not include: Energy Commission awards, , 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.

Definitions of “match funding” categories are listed below.

* + **“Cash in hand”** **Funds** means funds that are in the recipient’s possession and are reserved for the proposed project, meaning that they have not been committed for use or pledged as match for any other project. “Cash in hand” funds include funding awards earned or received from other agencies for the proposed technologies or study (but not for the identical work). Proof that the funds exist as cash is required. Cash in hand funds will be considered more favorably than other types of match funding during the scoring phase.
* **“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.
* **“Materials”** meanstangible project items that cost less than $5,000 and have a useful life of less than one year.
* **“Information Technology Services”** means the design, development, application, implementation, support, and management of computer-based information systems directly related to the tasks in the Scope of Work. All information technology services in this area must comply with the electronic file format requirements in Subtask 1.1 (Products) of the Scope of Work (Attachment).
* **“Travel”** meansall travel required to complete the tasks identified in the Scope of Work. Travel includes in-state and out-of-state travel, and travel to conferences. PIER natural gas funds should be limited to lodging and any form of transportation (e.g., airfare, rental car, public transit, parking, mileage). Use of match funds for out-of-state travel and travel to conferences is encouraged because the Energy Commission might not approve the use of its funds for such travel. If an applicant plans to travel to conferences, including registration fees, they must use match funds. Applicants should be aware of all state and shall adhere to travel restrictions of using state funds to travel to certain other states pursuant to AB 1887 (2016) and codified at California Government Code Section 11139.8. Applicants should be aware and adhere to specific travel restrictions when using state funds for travel to other states pursuant to AB 1887 (2016) and codified at California Government Code Section 11139.8. All applicants are encouraged to go to the Attorney General’s website https://oag.ca.gov/ab1887 for a current list of states subject to travel restrictions. Grants awarded under this solicitation shall not contain travel paid for with Commission funds (applicants can instead use match funds) to the listed states unless the Commission approves in writing that the trip falls within one of the exceptions under the law.
* **“Subcontractor Costs”** means all costs incurred by subcontractors for the project, including labor and non-labor costs.
* **“Contractor/Project Partner In-Kind Labor Costs”** means contractor or project partner labor costs that are not charged to the Energy Commission.
* **“’Advanced Practice’ Costs”** means costs not charged to the Energy Commission that represent the incremental cost difference between standard and advanced practices, measures, and products used to implement the proposed project. For example, if the cost of purchasing and/or installing insulation that meets the applicable building energy efficiency standard is $1/square foot and the cost of more advanced, energy efficient insulation is $3/square foot, the Recipient may count up to $2/square foot as match funds.
* Match funds may be spent only during the agreement term, either before or concurrently with natural gas funds. Match funds also must be reported in invoices submitted to the Energy Commission.
* All applicants providing match funds must submit commitment letters that: (1) identify the source(s) of the funds; (2) justify the dollar value claimed; (3) provide an unqualified (i.e., without reservation or limitation) commitment that guarantees the availability of the funds for the project; and (4) provide a strategy for replacing the funds if they are significantly reduced or lost. Please see Commitment and Support Letter Form (Attachment). Commitment and support letters must be submitted with the application to be considered.

1. **Change in Funding Amount**

Along with any other rights and remedies available to it, the Energy Commission reserves the right to:

* Increase or decrease the available funding and the group minimum/maximum award amounts described in this section.
* Allocate any additional or unawarded funds to passing applications, in rank order.
* Reduce funding to an amount deemed appropriate if the budgeted funds do not provide full funding for agreements. In this event, the Recipient and Commission Agreement Manager will reach agreement on a reduced Scope of Work commensurate with available funding.

## Key Activities Schedule

Key activities, dates, and times for this solicitation and for agreements resulting from this solicitation are presented below. An addendum will be released if the dates change for activities that appear in **bold.**

| **ACTIVITY** | **DATE** | **TIME[[13]](#footnote-13)** |
| --- | --- | --- |
| Solicitation Release | December 11, 2019 |  |
| **Pre-Application Workshop** | **December 16, 2019** | **10:00 a.m.** |
| **Deadline for Written Questions[[14]](#footnote-14)** | **December 17, 2019** | **5:00 p.m.** |
| Anticipated Distribution of Questions and Answers | week of January 6, 2020 |  |
| **Deadline to Submit Applications** | **January 29, 2020** | **3:00 p.m.** |
| Anticipated Notice of Proposed Award Posting Date | February 27, 2020 |  |
| Anticipated Energy Commission Business Meeting Date | May 13, 2020 |  |
| Anticipated Agreement Start Date | June 15, 2020 |  |
| Anticipated Agreement End Date | March 31, 2024 |  |

## Notice of Pre-Application Workshop

Energy Commission staff will hold one Pre-Application Workshop to discuss the solicitation with potential applicants. Participation is optional but encouraged. Applicants may attend the workshop in-person, via the internet (WebEx, see instructions below), or via conference call on the date and at the time and location listed below. Please call (916) 654-4381 or refer to the Energy Commission's website at www.energy.ca.gov/contracts/index.html to confirm the date and time.

**Date and time:** December 16, 2019 10:00 AM PST

**Location:** California Energy Commission

1516 9th Street

Sacramento, CA 95814

Rosenfeld Hearing Room

Wheelchair Accessible

**WebEx Instructions:**

* To join the WebEx meeting, go to https://energy.webex.com and enter the meeting number and password below:

**Meeting Number:** 925 567 630

**Meeting Password:** N/A

**Topic:** Prebid Workshop for GFO-19-503

* To Logon with a Direct Phone Number: After logging into WebEx, a prompt will appear on-screen for a phone number. In the “Number” box, enter your area code and phone number and click “OK” to receive a call for the audio of the meeting. International callers

may use the "Country/Region" button to help make their connection.

* To Logon with an Extension Phone Number: After you login, a prompt will ask for your phone number. Select “CANCEL.” Call **1-866-469-3239** (toll-free in the U.S. and Canada). When prompted, enter the meeting number above and the unique Attendee ID number listed in the top left area of the screen after login. International callers may dial in using the “Show all global call-in numbers” link (also in the top left area).

**Telephone Access Only:**

Call **1-866-469-3239** (toll-free in the U.S. and Canada). When prompted, enter the meeting number above.

**Technical Support:**

* For assistance with problems or questions about joining or attending the meeting,

please call WebEx Technical Support at **1-866-229-3239.** You may also contact Christian Fredericks at (916) 327-1631.

* System Requirements: To determine whether your computer is compatible, visit:

http://support.webex.com/support/system-requirements.html.

* Meeting Preparation: The playback of UCF (Universal Communications Format) rich

media files requires appropriate players. Please determine whether the players are installed on your computer by visiting: https://energy.webex.com/energy/systemdiagnosis.php.

* If you have a disability and require assistance to participate, please contact Erica Rodriguez by e-mail at Erica.Rodriguez@energy.ca.gov or (916) 654-4314 at least five days in advance.

## Questions

During the solicitation process, direct questions to the Commission Agreement Officer listed below:

Phil Dyer, Commission Agreement Officer

California Energy Commission

1516 Ninth Street, MS-18

Sacramento, California 95814

Telephone: (916) 654-4651

FAX: (916) 654-4423

E-mail: Phil.Dyer@energy.ca.gov

Applicants may ask questions at the Pre-Application Workshop, and may submit written questions via mail, electronic mail, and by FAX. However, all **technical** questions must be received by the deadline listed in the “Key Activities Schedule” above. Questions received after the deadline may be answered at the Energy Commission's discretion. **Non-technical** questions (e.g., questions concerning application format requirements or attachment instructions) may be submitted to the Commission Agreement Officer (CAO) at any time prior the application deadline.

A question and answer document will be e-mailed to all parties who attended the Pre-Application Workshop and provided their contact information on the sign-in sheet. The questions and answers will also be posted on the Commission’s website at: https://www.energy.ca.gov/funding-opportunities/solicitations.

If an applicant discovers a **conflict, discrepancy, omission, or other error** in the solicitation at any time prior to the application deadline, the applicant may notify the Energy Commission in writing and request modification or clarification of the solicitation. The Energy Commission, at its discretion will provide modifications or clarifications by either an addendum to the solicitation or by written notice to all parties who requested the solicitation. At its discretion, the Energy Commission may re-open the question/answer period to provide all applicants the opportunity to seek any further clarification required.

Any verbal communication with a Commission employee concerning this solicitation is not binding on the State and will in no way alter a specification, term, or condition of the solicitation. Therefore, all communication should be directed in writing to the assigned CAO.

# II. Eligibility Requirements

## Applicant Requirements

1. **Eligibility**

This solicitation is open to all public and private entities. Demonstration projects in this solicitation must be located in the service territory of a California natural gas Investor Owned Utility (NG IOU), which includes Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Gas Company. All projects in this solicitation must benefit natural gas IOU ratepayers.

1. **Terms and Conditions**

Each grant agreement resulting from this solicitation will include terms and conditions that set forth the recipient’s rights and responsibilities. By signing the Application Form (Attachment), each applicant agrees to enter into an agreement with the Energy Commission to conduct the proposed project according to the terms and conditions that correspond to its organization, without negotiation: (1) University of California and California State University terms and conditions; (2) U.S. Department of Energy terms and conditions; or (3) standard terms and conditions. All terms and conditions are located at http://www.energy.ca.gov/research/contractors.html.

Failure to agree to the terms and conditions by taking actions such as failing to sign the Application Form or indicating that acceptance is based on modification of the terms will result in **rejection** of the application. Applicants **must** **read** the terms and conditions carefully.The Energy Commission reserves the right to modify the terms and conditionsprior to executing grant agreements.

1. **California Secretary of State Registration**

All corporations, limited liability companies (LLCs), limited partnerships (LPs) and limited liability partnerships (LLPs) are required to be registered and in good standing with the California Secretary of State prior to its project being recommended for approval at an Energy Commission Business Meeting. If not currently registered with the California Secretary of State, applicants are encouraged to contact the Secretary of State’s Office as soon as possible to avoid potential delays in beginning the proposed project(s) (should the application be successful). For more information, contact the Secretary of State’s Office via its website at www.sos.ca.gov. Sole proprietors using a fictitious business name must be registered with the appropriate county and provide evidence of registration to the Energy Commission prior to their project being recommended for approval at an Energy Commission Business Meeting.

1. **California-Based Entities**

Pursuant to California Public Resources Code Section 25620.5(h), the California Energy Commission’s Natural Gas Program must give priority to “California-Based Entities” (CBEs) when making awards. California Public Resources Code Section 25620.5(i) defines “CBE” as a corporation or other business entity organized for the transaction of business that either:

* Has its headquarters in California AND manufactures in California the product that is the subject of the award; **or**
* Has an office for the transaction of business in California and substantially manufactures the product or substantially performs the research within California that is the subject of the award, or substantially develops within California the research that qualifies for the award.

Proposals must meet the following requirements in order to receive CBE preference points:

* The proposal must include a CBE as either the recipient or a subcontractor.
* The budget must show that the CBE(s) will receive more than 60.00% of the funds awarded.

**5. Disadvantaged and Low-income Communities**

In January of 2019, the California Public Utilities Commission (CPUC) Resolution G-3546 stated, “the Commission directs the CEC to enhance its engagement with disadvantaged communities.“ In addition the CPUC directed the Energy Commission to Incorporate an explicit long-term strategy for the role of the Natural Gas Program in the more aggressive statewide decarbonization goals set by Senate Bill 100 (De León, 2018) and Executive Order B-55-18.

The California Energy Commission is committed to ensuring all Californians have an opportunity to participate in and benefit from programs and services. While it is not required to complete the project within a disadvantaged community, demonstration projects located and benefiting disadvantaged and low-income communities will be considered under the scoring criteria for this GFO.

Low-income communities are defined as communities within census tracts with median household incomes at or below either 80 percent of the statewide median income, or at or below the applicable low-income threshold listed in the state income limits updated by the California Department of Housing and Community Development (HCD). Visit the California Department of Housing & Community Development site for the current HCD State Income Limits: http://www.hcd.ca.gov/grants-funding/income-limits/index.shtml.

Disadvantaged communities are defined as areas representing census tracts scoring in the top 25 % in CalEnviroScreen 3.0. For more information on disadvantaged communities and to determine if your project is in a disadvantaged community, use the California Communities Environmental Health Screening tool (CalEnviroScreen 3.0): https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-30.

## Project Requirements

1. **Project Focus**

Projects funded under this solicitation must demonstrate advanced heat recovery technologies that can reuse waste heat at any temperature range in order to reduce GHG emissions, meet local air pollution control district requirements, and be cost-effective at industrial facilities. The intent is to assist the manufacturing industry reduce natural gas use by maximizing the potential of recovering waste heat from multiple processes within an industry and reducing operational costs.

* Research Required During Agreement Term
  + Demonstration sites: Selected heat recovery technology must be tested or demonstrated at 2 or more industrial facilities and include one back-up industrial facility, in the event one of the original two are not feasible.
  + Provide at least 12 months of measurement and verification, including at least 3 months pre-installation, and 9 months post- heat recovery technology installation for each demonstration site under real-world operating conditions.
* Technology Advancement: The waste heat recovery systems funded by this solicitation must advance existing technologies in at least one of the areas listed in Table 1a. Systems can have multiple heat recovery components to increase the efficiency gains of the facility, and are encouraged to combine a high temperature component with a low temperature component.

**Table 1a Waste Heat Recovery Technology Advancements Sought**

| **Potential Technologies** | **Potential Advancement Areas** |
| --- | --- |
| < 400 degree F   * Heat pipes * Direct contact water heaters * Absorption heat pumps * Heat wheels   \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  >400 degree F   * Advanced refractory regenerators * Heat recovery boilers or super boilers * Radiation recuperators * Control systems that are integrated with the heat recovery technology | * Reduce cost of heat recovery technology (e.g., use of condensing economizers or transport membrane condensers)[[15]](#footnote-15) or use of high thermal conductive polymer composites for heat exchangers * Improve methods of cleaning heat streams and heat exchangers, including reducing cleaning intervals or have self-cleaning features * Develop, test or demonstrate low cost heat exchangers that can withstand corrosive environments, such as exhaust streams with ammonia * Increase heat transfer coefficients in heat recovery systems (gas to gas or gas to liquid heat exchanger), such as use of ceramic inserts for radiant heating tubes, dimpled or finned tubes and heat pipes, use of novel materials. * Recover heat from exhaust exiting waste heat recovery units. * Reduce cost of feed preheat systems * Improveme industrial process to generate less waste heat |

* Potential markets
  + Technology funded by this solicitation must be capable of enhanced marketability and deployment at multiple industries after successful demonstration. Waste heat technology with potential to be deployed in different industries or potential for mulitiple applications, such as boilers, kilns or dryers are favored.
  + Technology funded by this solicitation must be scalable and replicable to multiple types of applications. For example, waste heat from compressors in the food industry could be used to pre-heat process water for process or cleaning in place systems or process water. A similar process could be applied to any industrial process that has a compressor and a need for a boiler and compressed air such as the pulp and paper industry or other manufacturers.
* Validate the advantages of the advanced heat recovery system over conventional heat recovery when applied at scale.
* Economic metric
  + Technology funded by this solicitation must have the potential to achieve a simple payback period of less than or equal to 5 years based on energy cost savings, when fully deployed.

The heat recovery technology must currently be at Technology Readiness Level (TRL) 5-8 with pilots at TRL 5-6 and demonstrations at TRL 7-8. The goal of the research is to move the TRL up by at least one level by the end of the research (e.g., started at TRL 5 and is TRL 6 when the agreement is completed).

The following items must be discussed in the project narrative, under technical approach:

* Discuss how the project will meet or exceed the categories identified in Table 1a. Provide justification including at least 3 months of performance data showing that the technology falls into these categories in the lab or in an industrial facility. Provide details of the industries, the temperature of the heat recovered and the application of the waste heat, the estimated energy savings and technology cost.
* Complete Table 1b to show the current standard system baseline and how the selected technology will exceed the baseline requirements.
* Estimate and discuss how system costs (capital and installation) will be reduced compared to current technology. Identify specific measures, such as reduced equipment cost for heat exchangers or compressors, reduced installation costs, reduced-cost manufacturing approaches, and how the research will facilitate this.
* Discuss how the technology will achieve an average simple payback of 5 years or less when fully commercialized. Describe the target industry(ies) for the technology and the minimum requirements.
* Include a market demonstration plan for the technology that includes how this technology will be deployed in the marketplace, estimated market penetration, and actions to be taken to accomplish this penetration level, if the system meets the requirements in Tables 1a and 1b.
* Include analysis and discussion on potential or known market barriers for the proposed technology.
* Identify at least one heat recovery manufacturer who may have interest in demonstrating and deploying the technology further.

**Table 1b Performance Metric of Selected Technology**

| Performance  Metric | Baseline Performance | Target Performance | Evaluation  Method | End-of-Project Performance | Metric  Significance |
| --- | --- | --- | --- | --- | --- |
| Capital Cost |  |  |  |  |  |
| Installation Cost |  |  |  |  |  |
| Operation & Maintenance Costs |  |  |  |  |  |
| Heat Transfer Coefficient |  |  |  |  |  |
| Simple Payback |  |  |  |  |  |
| Other, specify |  |  |  |  |  |

Systems can have multiple heat recovery components to increase the efficiency gains of the facility, and applicants are encouraged to combine a high temperature component with a Low Temperature component.

1. **Measurement and Verification Plan**

Include a Measurement and Verification Plan for all groups in the Project Narrative (Attachment) that describes how actual project benefits will be measured and quantified, such as by pre and post-project natural gas use (therms, mmBTU/hr), electricity use/production (kilowatt hours, kilowatts), and cost savings for electricity, natural gas, and other benefits. Any estimates of energy savings or GHG impacts must be calculated using the References for Calculating Electricity End-Use, Electricity Demand, and GHG Emissions (Attachment).

# III. Application Organization and Submission Instructions

## Application Format, Page Limits, and Number of Copies

The following table summarizes the application formatting and page limit recommendations:

| **Format** | * **Font:** 11-point, Arial (excluding Excel spreadsheets, original template headers and footers, and commitment or support letters) * **Margins:** No less than one inch on all sides (excluding headers and footers) * **Spacing:** Single spaced, with a blank line between each paragraph * **Pages:** Numbered and printed double-sided (when determining page limits, each printed side of a page counts as one page) * **Signatures**: Manual (i.e., not electronic) * **Labeling:** Tabbed and labeled as required in Sections B and C below * **Binding:** Original binder clipped; all other copies spiral or comb bound (binders discouraged) * **File Format:** MS Word version 1997-2003, or version 2007 or later (.doc or .docx format), excluding Excel spreadsheets and commitment or support letters (PDF files are acceptable for the letters) * **File Storage:** Electronic files of the application must be submitted on a CD-ROM or USB memory stick |
| --- | --- |
| **Page Limit Recommendations** | * + **Executive Summary** (Attachment): **two** pages   + **Fact Sheet** (Attachment): **two** pages   + **Project Narrative Form** (Attachment): **twenty** pages excluding documentation for CEQA   + **Project Team Form** (Attachment): **two** pages for each resume   + **Reference and Work Product Form** (Attachment): **one** page for each reference, **two** pages for each project description   + **Commitment and Support Letter Form** (Attachment): **two** pages, excluding the cover page   The following attachments are recommended not to exceed **seventy** pages:   * + **Executive Summary Form**   + **Fact Sheet Template**   + **Project Narrative Form**   + **Scope of Work Template** (Attachments) * There are no page limits for the following:   + **Application Form** (Attachment)   + **Budget Forms** (Attachment)   + **CEQA Compliance Form** (Attachment)   + **Contact List Template** (Attachment)   + California-Based Entity Form (Attachment) |
| **Number of Copies of the Application** | For Hard Copy Submittal Only:   * **1** hard copy (with signatures) * **One** electronic copy (on a CD-ROM or USB memory stick) |

## Preferred Method For Delivery

The preferred method of delivery for this solicitation is the Energy Commission Grant Solicitation System, available at: https://gss.energy.ca.gov/. This online tool allows applicants to submit their electronic documents to the Energy Commission prior to the date and time specified in this solicitation. Electronic files must be in Microsoft Word XP (.doc format) and Excel Office Suite formats unless originally provided in the solicitation in another format.  Attachments requiring signatures may be scanned and submitted in PDF format.  Completed Budget Forms (Attachment) must be in Excel format.  The system will not allow applications to be submitted after the due date and time.

First time users must register as a new user to access the system. Applicants will receive a confirmation email after all required documents have been successfully uploaded. A tutorial of the system will be provided at the pre-application workshops and you may contact the Commission Agreement Officer identified in the Questions section of the solicitation for more assistance.

## Hard Copy Delivery

An applicant may also deliver a hard copy of an application by:

* U. S. Mail
* In Person
* Courier service

Applications submitted in hard copy must be delivered to the Energy Commission Contracts, Grants and Loans Office according to the schedule in Section I.G. If applications are delivered prior to the due date shown on this schedule, then they can be delivered during normal business hours (8 am – 5 pm) and prior to the date and time specified in this solicitation. Applications received after the specified date and time shown in Section I.G. are considered late and will not be accepted. There are no exceptions to this. Postmark dates of mailing, E-mail and facsimile (FAX) transmissions are not acceptable in whole or in part, under any circumstances. There is no need to submit a hard copy of an application that is submitted through the Grant Solicitation System as it will only cause confusion.

**Number of Copies**

Applicants submitting a hard copy application are only required to submit one paper copy.  Applicants must also submit electronic files of the application on **CD-ROM or USB memory stick** along with the paper submittal.  Electronic files must be in Microsoft Word XP (.doc format) and Excel Office Suite formats.  Completed Budget Forms (Attachment) must be in Excel format. **Electronic files submitted via e-mail will not be accepted**.

**Packaging and Labeling**

All hard copy applications must be labeled "Grant Funding Opportunity GFO-19-503," and include the title of the application.

Include the following label information on the mailing envelope:

| Applicant’s Project Manager  Applicant’s Name  Street Address  City, State, and Zip Code |  |
| --- | --- |
|  | GFO-19-503  Contracts, Grants, and Loans Office, MS-18  California Energy Commission  1516 Ninth Street, 1st Floor  Sacramento, California 95814 |

## Application Organization and Content

1. For all hard copy submittals, submit attachments in the order specified below.

Label the proposal application cover “Grant Funding Opportunity **GFO-19-503**” and include: (a) the title of the application; and (b) the applicant’s name.

1. Separate each section of the application by a tab that is labeled only with the tab number and section title indicated below.

| **Tab/Attachment Number** | **Title of Section** |
| --- | --- |
| 1 | Application Form ***(requires signature)*** |
| 2 | Executive Summary |
| 3 | Fact Sheet |
| 4 | Project Narrative |
| 5 | Project Team |
| 6 *(includes 6a)* | Scope of Work |
| 7 | Budget |
| 8 | CEQA Compliance Form |
| 9 | References and Work Product |
| 10 | Contact List |
| 11 | Commitment and Support Letters ***(require signature)*** |
| 12 | California-Based Entity (CBE) Form |
| 13 | Applicant Declaration |

Below is a description of each required section of the application Completeness in submitting are the required information requested in each attachment will be factored into the scoring:

1. **Application Form (Attachment 1)**

This form requests basic information about the applicant and the project. The application includes an original form that includes all requested information. The application must be signed by an authorized representative of the applicant’s organization or will be failed as indicated in Section IV.E.

1. **Executive Summary Form (Attachment 2)**

The Executive Summary includes: a project description; the project goals and objectives to be achieved; an explanation of how the goals and objectives will be achieved, quantified, and measured; and a description of the project tasks and overall management of the agreement.

1. **Fact Sheet Template (Attachment 3)**

The project fact sheet presents project information in a manner suitable for publication (if the project receives funding, the Energy Commission may use the fact sheet to publicize the project). The fact sheet follows the template, which includes a summary of project specifics and a description of the issue addressed by the project, a project description, and anticipated benefits for the state of California.

1. **Project Narrative Form (Attachment 4)**

This form will include the majority of the applicant’s responses to the Scoring Criteria in Section IV.

1. **Project Team Form (Attachment 5)**

Identify by name all key personnel[[16]](#footnote-16) assigned to the project, including the project manager and principal investigator (if applicable), and individuals employed by any major subcontractor (a major subcontractor is a subcontractor receiving at least 25% of Commission funds or $100,000, whichever is less). Clearly describe their individual areas of responsibility. Include the information required for each individual, including a resume (maximum two pages, printed double-sided).

1. **Scope of Work Template (Attachments 6 and 6a)**

Applicants must include a completed Scope of Work for each project, as instructed in the template. The Scope of Work identifies the tasks required to complete the project. It includes a project schedule that lists all products, meetings, and due dates. All work must be scheduled for completion by the anticipated agreement end date specified in the “Key Activities Schedule” in Part I.

Electronicfiles for **Parts I-IV** of the Scope of Work are in **MS Word. Part V** (Project Schedule, Attachment 6a) is in **MS Excel**.

1. **Budget Forms (Attachment 7)**

The budget forms are in MS Excel format. Detailed instructions for completing them are included at the beginning of Attachment 7.  **Read the instructions before completing the worksheets**. Complete and submit information on **all** budget worksheets. The salaries, rates, and other costs entered on the worksheets will become a part of the final agreement.

1. All project expenditures (match share and reimbursable) must be made within the approved agreement term. Match share requirements are discussed in Part I of this solicitation. The entire term of the agreement and projected rate increases must be considered when preparing the budget.
2. The budget must reflect estimates for **actual** costs to be incurred during the agreement term. The Energy Commission may only approve and reimburse for actual costs that are properly documented in accordance with the grant terms and conditions. Rates and personnel shown must reflect the rates and personnel the applicant would include if selected as a Recipient.
3. The proposed rates are considered capped and may not change during the agreement term. The Recipient will only be reimbursed for **actual** rates up to the rate caps.
4. The budget must **NOT** include any Recipient profit from the proposed project, either as a reimbursed item, match share, or as part of overhead or general and administrative expenses (subcontractor profit is allowable, though the maximum percentage allowed is 10 % of the total subcontractor rates for labor, and other direct and indirect costs as indicated in the Category Budget form). Please review the terms and conditions and budget forms for additional restrictions and requirements.
5. The budget must allow for the expenses of all meetings and products described in the Scope of Work. Meetings may be conducted at the Energy Commission or by conference call, as determined by the Commission Agreement Manager.
6. 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).
7. The budget must NOT identify that Energy Commission’s natural gas funds will be spent outside of the United States or for out of country travel.  However, match funds may cover these costs if there are no legal restrictions.
8. **Prevailing wage requirement:** Projects that receive an award of public funds from the Energy Commission often involve construction, alteration, demolition, installation, repair or maintenance work over $1,000. For this reason, projects that receive an award of public funds from the Energy Commission are likely to be considered public works under the California Labor Code. See Chapter 1 of Part 7 of Division 2 of the California Labor Code, commencing with Section 1720 and Title 8, California Code of Regulations, Chapter 8, Subchapter 3, commencing with Section 16000.

Projects deemed to be public works require among other things the payment of prevailing wages, which can be significantly higher than non-prevailing wages.

By accepting this grant, Recipient as a material term of this agreement shall be fully responsible for complying with all California public works requirements including but not limited to payment of prevailing wage. Therefore, as a material term of this grant, Recipient must either:

(a) Proceed on the assumption that the project is a public work and ensure that:

1. prevailing wages are paid; and
2. the project budget for labor reflects these prevailing wage requirements; and
3. 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;

or,

(b) Timely obtain a legally binding determination from the Department of Industrial Relations or a court of competent jurisdiction before work begins on the project that the proposed project is not a public work.

1. **California Environmental Quality Act (CEQA) Compliance Form (Attachment 8)**

The Energy Commission requires the information on this form to facilitate its evaluation of proposed activities under CEQA (California Public Resources Code Section 21000 et. seq.), a law that requires state and local agencies in California to assess the potential environmental impacts of their proposed actions. The form will also help applicants to determine CEQA compliance obligations by identifying which proposed activities may be exempt from CEQA and which activities may require additional environmental review. If proposed activities are exempt from CEQA (such as paper studies), the worksheet will help to identify and document this. This form must be completed regardless of whether the proposed activities are considered a “project” under CEQA.

Failure to complete the CEQA process in a timely manner after the Energy Commission’s Notice of Proposed Award may result in the cancellation of a proposed award and allocation of funding to the next highest-scoring project.

1. **Reference and Work Product Form (Attachment 9)**
   * 1. Section 1: Provide applicant and subcontractor references as instructed.
     2. Section 2: Provide a list of past projects detailing technical and business experience of the applicant (or any member of the project team) that is related to the proposed work. Identify past projects that resulted in market-ready technology, advancement of codes and standards, and/or advancement of state energy policy. Include copies of up to three of the applicant or team member’s recent publications in scientific or technical journals related to the proposed project, as applicable.
2. **Contact List Template** **(Attachment 10)**

The list identifies the names and contact information of the project manager, administrator, accounting officer, and recipient of legal notices.

1. **Commitment and Support Letter Form (Attachment 11)**

A commitment letter commits an entity or individual to providing the service or funding described in the letter. A support letter details an entity or individual’s support for the project. Commitment and Support Letters must be submitted with the application. Letters that are not submitted by the application deadline will not be reviewed and counted towards meeting the requirement specified in the solicitation.

* + 1. Commitment Letters

Applicants must submit a **match funding** commitment letter signedby eachrepresentative of the entity or individual that is committing to providing match funding. The letter must: (1) identify the source(s) of the funds; and (2) guarantee the availability of the funds for the project.

* If the project involves **demonstration** activities, the applicant must include a site commitment letter signed by an authorized representative of the proposed demonstration site. The letter must: (1) identify the location of the site (street address, parcel number, tract map, plot map, etc.) which must be consistent with Attachments 1 and 8. and (2) commit to providing the site for the proposed activities.
* **Project partners** that are making contributions other than match funding or a demonstration site, and are not receiving Energy Commission funds, must submit a commitment letter signed by an authorized representative that: (1) identifies how the partner will contribute to the project; and (2) commits to making the contribution.
  + 1. Support Letters

All applicants must include at least one support letter from a project stakeholder (i.e., an entity or individual that will benefit from or be involved in the project) that: (1) describes the stakeholder’s interest or involvement in the project; (2) indicates the extent to which the project has the support of the relevant industry and/or organizations; and (3) describes any support it intends (but does not necessarily commit) to provide for the project, such as funding or the provision of a demonstration site.

1. **California-Based Entities Form (Attachment 12)**

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.

1. **Applicant Declaration (Attachment 13)**

This form requests the applicant ensure they are: neither delinquent on taxes nor suspended by the California Franchise Tax Board; registered to do business in California with the California Secretary of State; not being sued by any public agency; in compliance with all judgments, if any, issued against the Applicant in any matter to which the Energy Commission or another public agency or entity is a party; has neither refused to adhere to nor not taken action on any demand letter made on the Applicant by the Energy Commission or another public agency or entity; and is not in active litigation with the Energy Commission regarding the Applicant’s actions under a current or past contract, grant, or loan with the Energy Commission. The declaration must be signed under penalty of perjury by an authorized representative of the Applicant.

# IV. Evaluation and Award Process

## Application Evaluation

Applications will be evaluated and scored based on responses to the information requested in this solicitation. To evaluate applications, the Energy Commission will organize an Evaluation Committee that consists primarily of Energy Commission staff. The Evaluation Committee may use technical expert reviewers to provide an analysis of applications. Applications will be evaluated in two stages:

1. **Stage One: Application Screening**

The Contracts, Grants, and Loans Office and/or the Evaluation Committee will screen applications for compliance with the Screening Criteria in **Section E** of this Part. **Applications that fail any of the screening criteria will be rejected.**

1. **Stage Two: Application Scoring**

Applications that pass Stage One will be submitted to the Evaluation Committee for review and scoring based on the Scoring Criteria in **Section F** of this Part.

* The scores for each application will be the average of the combined scores of all Evaluation Committee members.
* **A minimum score of 80.50 points** is required for the application to be eligible for funding. In addition, the application must receive a minimum score of **6 points for criteria 1**, and **63.00 points for criteria 1−5** to be eligible for funding.
* **Clarification Interviews:** The Evaluation Committee may conduct optional in-person

or telephone interviews with applicants during the evaluation process to clarify and/or verify information submitted in the application. However, these interviews may not be used to change or add to the content of the original application. Applicants will not be reimbursed for time spent answering clarifying questions.

## Ranking, Notice of Proposed Award, and Agreement Development

1. **Ranking and Notice of Proposed Award**

Applications that receive a minimum score of 80.50 points for all criteria will be ranked according to their score.

* The Energy Commission will post a **Notice of Proposed Award (NOPA)** that includes: (1) the total proposed funding amount; (2) the rank order of applicants; and (3) the amount of each proposed award. The Commission will post the NOPA at its headquarters in Sacramento and on its website, and will mail it to all entities that submitted an application. Proposed awards must be approved by the Commission at a business meeting.
* **Debriefings:** Unsuccessful applicants may request a debriefing after the release of the

NOPA by contacting the Commission Agreement Officer listed in Part I. A request for debriefing must be received **no later than 30 calendar days** after the NOPA is released. In addition to any of its other rights, the Energy Commission reserves the right to:

* + Allocate any additional funds to passing applications, in rank order; and
  + Negotiate with successful applicantstomodify the project scope, schedule, and/or level of funding.

1. **Agreements**

Applications recommended for funding will be developed into a grant agreement to be considered at an Energy Commission Business Meeting. Recipients may begin the project only after full execution of the grant agreement (i.e., approval at an Energy Commission business meeting and signature by the Recipient and the Energy Commission).

* **Resolution Requirement** ***(for government agency recipients only)*:** Prior to approval of the agreement at a business meeting, government agency recipients (e.g., federal, state, and local governments; air/water/school districts; joint power authorities; and state universities) must provide a resolution that authorizes the agency to enter into the agreement and is signed by a representative authorized to execute the agreement and all documents related to the award.

Resolutions must include: (1) a brief description of the project; (2) the award amount; and (3) an acceptance of the award.

* **Agreement Development:** The Contracts, Grants, and Loans Office will send the Recipient a grant agreement for approval and signature. The agreement will include the applicable terms and conditions and will incorporate this solicitation by reference. The Energy Commission reserves the right to modify the award documents (including the terms and conditions) prior to executing any agreement.
* **Failure to Execute an Agreement:** If the Energy Commission is unable to successfully execute an agreement with an applicant, it reserves the right to cancel the pending award and to fund the next highest-ranked, eligible application.
* **Agreement Amendment:** The executed agreement may be amended by mutual consent of the Energy Commission and the Recipient. The agreement may require

amendment as a result of project review, changes in project scope, and/or availability of funding.

## Grounds to Reject an Application or Cancel an Award

Applications that do not pass the screening stage will be rejected. In addition, the Energy Commission reserves the right to reject an application and/or to cancel an award in and of the following circumstances:

* The application contains false or intentionally misleading statements or references that do not support an attribute or condition contended by the applicant.
* The application is intended to erroneously and fallaciously mislead the State in its evaluation and the attribute, condition, or capability is a requirement of this solicitation.
* The application does not comply or contains caveats that conflict with the solicitation, and the variation or deviation is material.
* The applicant has previously received funding through a Public Interest Energy Research (PIER) agreement, has received the PIER royalty review letter (which the Energy Commission annually sends out to remind past recipients of their obligations to pay royalties), and has not responded to the letter or is otherwise not in compliance with repaying royalties.
* The applicant has received unsatisfactory agreement 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 that it has the financial capability to complete the project.
* The applicant fails to meet CEQA compliance within sufficient time for the Energy Commission to meet its encumbrance deadline, as the Energy Commission in its sole and absolute discretion may determine.

## Miscellaneous

1. **Solicitation Cancellation and Amendment**

It is the policy of the Energy Commission not to solicit applications unless there is a bona fide intention to award an agreement. However, if it is in the State’s best interest, the Energy Commission reserves the right, in addition to any other rights it has, to do any of the following:

* Cancel this solicitation;
* Revise the amount of funds available under this solicitation;
* Amend this solicitation as needed; and/or
* Reject any or all applications received in response to this solicitation.

If the solicitation is amended, the Energy Commission will send an addendum to all entities that requested the solicitation, and will also post it on the Energy Commission’s website at: www.energy.ca.gov/contracts. The Energy Commission will not reimburse applicants for application development expenses under any circumstances, including cancellation of the solicitation.

1. **Modification or Withdrawal of Application**

Applicants may withdraw or modify a submitted application before the deadline to submit applications by sending a letter to the Commission Agreement Officer listed in Part I. Applications cannot be changed after that date and time. An Application cannot be “timed” to expire on a specific date. For example, a statement such as the following is non-responsive to the solicitation: “This application and the cost estimate are valid for 60 days.”

1. **Confidentiality**

Though the entire evaluation process from receipt of applications up to the posting of the NOPA is confidential, **all submitted documents will become publicly available records** after the Energy Commission posts the NOPA or the solicitation is cancelled. **The Energy Commission will not accept or retain applications that identify any portion as confidential.**

1. **Solicitation Errors**

If an applicant discovers any ambiguity, conflict, discrepancy, omission, or other error in the solicitation, the applicant should immediately notify the Energy Commission of the error in writing and request modification or clarification of the solicitation. The Energy Commission will provide modifications or clarifications by written notice to all entities that requested the solicitation. The Energy Commission will not be responsible for failure to correct errors.

1. **Immaterial Defect**

The Energy Commission may waive any immaterial defect or deviation contained in an application. The Energy Commission’s waiver will not modify the application or excuse the successful applicant from full compliance with solicitation requirements.

1. **Disposition of Applicant’s Documents**

Upon the posting of the NOPA, all applications and related materials submitted in response to this solicitation will become property of the State and publicly available records. Unsuccessful applicants who seek the return of any materials must make this request to the Agreement Officer listed in Part I, and provide sufficient postage to fund the cost of returning the materials.

## Stage One: Application Screening

| Screening Criteria  *The Application must pass ALL criteria to progress to Stage Two.* | Pass/Fail |
| --- | --- |
| 1. The application is received by the Energy Commission’s Contracts, Grants, and Loans Office by the due date and time specified in the “Key Activities Schedule” in Part I of this solicitation and is received in the required manner (e.g., no emails or faxes). | Pass  Fail |
| 1. The Application Form (Attachment) is signed where indicated. | Pass  Fail |
| 1. The application addresses only one of the eligible project groups, as indicated on the Application Form. | Pass  Fail |
| 1. The Applicant Declaration Form (Attachment) is signed where indicated. | Pass  Fail |
| 1. If the applicant has submitted more than one application for the same project group, each application is for a distinct project (i.e., no overlap with respect to the tasks described in the Scope of Work).   *If the projects are not distinct and the applications were submitted at the same time, only the first application screened by the Energy Commission will be eligible for funding. If the applications were submitted separately, only the first application received by the Energy Commission will be eligible for funding.* | Pass  Fail |
| 1. Application includes Commitment Letters that total the minimum of 20% in match share of the total requested Energy Commission funds. | Pass  Fail |
| 1. *If the project involves technology demonstration/ deployment activities*  * The Application identifies two or more demonstration/ deployment site locations. * The proposal includes a site commitment letter (Section III.D.11) for each demonstration/ deployment site. | Pass  Fail |

## Stage Two: Application Scoring

Proposals that pass ALL Stage One Screening Criteria and are not rejected as described in Section IV.C. will be evaluated based on the Scoring Criteria on the next page and the Scoring Scale below (with the exception of criteria 6−8, which will be evaluated as described in each criterion). Each criterion has an assigned number of possible points, and is divided into multiple sub-criteria. The sub-criteria are not equally weighted. The Project Narrative (Attachment) must respond to each sub-criterion, unless otherwise indicated.

* The minimum passing score for **criteria** **1−5 is 63.00 points and the total minimum passing score is 80.50 out of 115 points for criteria 1 - 8.**
* The points for criteria 6−8 will only be applied to proposals that achieve the minimum score for criteria 1−5. The points for criteria 9-11 will only be applied to proposals that achieve the minimum scores for criteria 1, 2-5 and criteria 1-8.

**Scoring Scale**

|  |  |  |
| --- | --- | --- |
| **% of Possible Points** | **Interpretation** | **Explanation for Percentage Points** |
| 0% | Not Responsive | Response does not include or fails to address the requirements being scored. The omission(s), flaw(s), or defect(s) are significant and unacceptable. |
| 10-30% | Minimally Responsive | Response minimally addresses the requirements being scored. The omission(s), flaw(s), or defect(s) are significant and unacceptable. |
| 40-60% | Inadequate | Response addresses the requirements being scored, but there are one or more omissions, flaws, or defects or the requirements are addressed in such a limited way that it results in a low degree of confidence in the proposed solution. |
| 70% | Adequate | Response adequately addresses the requirements being scored. Any omission(s), flaw(s), or defect(s) are inconsequential and acceptable. |
| 75% | Between Adequate and Good | Response better than adequately addresses the requirements being scored. Any omission(s), flaw(s), or defect(s) are inconsequential and acceptable. |
| 80% | Good | Response fully addresses the requirements being scored with a good degree of confidence in the applicant’s response or proposed solution. No identified omission(s), flaw(s), or defect(s). Any identified weaknesses are minimal, inconsequential, and acceptable. |
| 85% | Between Good and Excellent | Response fully addresses the requirements being scored with a better than good degree of confidence in the applicant’s response or proposed solution. No identified omission(s), flaw(s), or defect(s). Any identified weaknesses are minimal, inconsequential, and acceptable. |
| 90% | Excellent | Response fully addresses the requirements being scored with a high degree of confidence in the applicant’s response or proposed solution. Applicant offers one or more enhancing features, methods or approaches exceeding basic expectations. |
| 95% | Between Excellent and Exceptional | Response fully addresses the requirements being scored with a better than excellent degree of confidence in the applicant’s response or proposed solution. Applicant offers one or more enhancing features, methods or approaches exceeding basic expectations. |
| 100% | Exceptional | All requirements are addressed with the highest degree of confidence in the applicant’s response or proposed solution. The response exceeds the requirements in providing multiple enhancing features, a creative approach, or an exceptional solution. |

**Scoring CRITERIA**

| **Scoring Criteria** | **Maximum Points** |
| --- | --- |
| 1. **Project Team Past Performance with Energy Commission**   The applicant—defined as at least one of the following: the business, principal investigator, or lead individual acting on behalf of themselves—received funds from the Energy Commission (e.g., contract, grant, or loan) and entered into an agreement(s) with the Commission through which the following performance was demonstrated:  **Severe performance issues (0-5 points):** Severe performance issues are characterized by significant negative outcomes, which may include significant deviation from agreement requirements, termination with cause, and/or severe negative audit findings.  **Moderate performance issues (6-12 points):** Moderate performance issues are characterized by noncompliance with agreement requirements, frequent poor performance and conduct, and/or the issuance of moderate audit findings.  **No/minor performance issues (13-15 points):** No/minor performance issues are characterized by compliance with agreement requirements while demonstrating no minor performance issues, or the applicant has not received funds from the Energy Commission (e.g., contract, grant, or loan) through an agreement with the Energy Commission. | **15** |
| **Total Possible Points for criteria**  **(Minimum Passing Score is 6)** | **15** |

**The Project Narrative (Attachment)** must respond to each criterion below. The responses must directly relate to the solicitation requirements and focus as stated in the solicitation. Any estimates of energy savings or GHG impacts should be calculated as specified in the References for Calculating Energy End-Use and GHG Emissions (Attachment), to the extent that the references apply to the proposed project.

| **Scoring Criteria** | | **Maximum Points** |
| --- | --- | --- |
| 1. **Technical Merit** 2. The proposed project provides a clear and concise description of the technological, scientific knowledge advancement, and/or innovation that will overcome barriers to achieving the State’s statutory energy goals. 3. Describes the competitive advantages of the proposed technology over state-of-the-art (e.g., efficiency, emissions, durability, cost). 4. Provides the proposed technical specifications and describe how the project will meet or exceed the technical specifications by the end of the project. 5. Describes the technology readiness level (TRL) the proposed technology has achieved and the expected TRL by the end of the project. 6. Describes at what scale the technology has been successfully demonstrated, including size or capacity, number of previous installations, location and duration, results, etc. 7. Describes how the proposed demonstration will lead to increased adoption of the technology in California. 8. Provides information described in Section II.B.1. | | **15** |
| 1. **Technical Approach** 2. Proposal describes the technique, approach, and methods to be used in performing the work described in the Scope of Work. 3. The Scope of Work identifies goals, objectives, and deliverables, details the work to be performed, and aligns with the information presented in Project Narrative. 4. Proposal identifies the reliability that the project and site recommendations as described will be carried out if funds are awarded. 5. Identifies and discusses factors critical for success, in addition to risks, barriers, and limitations (e.g. loss of demonstration site, key subcontractor). Provides a plan to address them. 6. Discusses the degree to which the proposed work is technically feasible and achievable within the proposed Project Schedule and the key activities schedule in Section I.G. 7. Describes the technology transfer plan to assess and advance the commercial viability of the technology. 8. Provides a clear and plausible measurement and verification plan that describes how energy savings and other benefits specified in the application will be determined and measured. 9. Provides information documenting progress towards achieving compliance with the California Environmental Quality Act (CEQA) by addressing the areas in Section I.D, and Section III.D.4, and Section III.D.8 | | **25** |
| 1. **Impacts and Benefits for California IOU Ratepayers** 2. Explains how the proposed project will benefit California Investor-Owned Utility (IOU) ratepayers and provides clear, plausible, and justifiable (quantitative preferred) potential benefits. Estimates the energy benefits including:    * annual electricity and thermal savings (e.g., kilowatt-hour and therms), energy cost reductions, infrastructure resiliency, infrastructure reliability.   **In addition, estimates the non-energy benefits including:**   * greenhouse gas emission reductions, air emission reductions (e.g. NOx), water savings and cost reduction, and/or increased safety.  1. States the timeframe, assumptions with sources, and calculations for the estimated benefits, and explains their reasonableness. Include baseline or “business as usual” over timeframe. 2. Identifies the expected financial performance (e.g. payback period, ROI) of the demonstration at scale. 3. Identifies the specific programs which the technology intends to leverage. *(e.g. feed-in tariffs, IOU rebates, storage) and extent to which technology meets program requirements.* | | **20** |
| 1. **Team Qualifications, Capabilities, and Resources**   Evaluations of ongoing or previous projects will be used in scoring for this criterion.   1. Identifies credentials of prime and any subcontractor key personnel, including the project manager, principal investigator and technology and knowledge transfer lead *(include this information in the Project Team Form).* 2. Demonstrates that the project teamhas appropriate qualifications, experience, financial stability and capability to complete the project. 3. Explains the team structure and how various tasks will be managed and coordinated. 4. Describes the facilities, infrastructure, and resources available that directly support the project. 5. Describes the team’s history of successfully completing projects in the past 10 years including subsequent deployments and commercialization. | | **15** |
| **Total Possible Points for criteria 1− 5**  **(Minimum Passing Score for criteria 1− 5 is 70% or 63.00)** | | **90** |
| 1. **Budget and Cost-Effectiveness** 2. Budget forms are complete for the applicant and all subcontractors, as described in the Budget instructions. 3. Justifies the reasonableness of the requested funds relative to the project goals, objectives, and tasks. 4. Justifies the reasonableness of direct costs (e.g., labor, fringe benefits, equipment, materials & misc. travel, and subcontractors). 5. Justifies the reasonableness of indirect costs (e.g., overhead, facility charges (e.g., rent, utilities), burdens, subcontractor profit, and other like costs). | | **10** |
| 1. **CEC Funds Spent in California**   Projects that spend PIER natural gas funds in California will receive points as indicated in the table below. “Spent in California” means that: (1) Funds under the “Direct Labor” category and all categories calculated based on direct labor (Prime and Subcontractor Labor Rates) are paid to individuals who pay California state income taxes on wages received for work performed under the agreement; and/or (2) Business transactions (e.g., material and equipment purchases, leases, rentals, and contractual work) are entered into with a business located in California.  Airline ticket purchases for out-of-state travel and payments made to out-of-state workers are not considered funds “spent in California.” However, funds spent by out-of-state workers in California (e.g., hotel and food) and airline travel originating and ending in California are considered funds “spent in California.”   |  |  | | --- | --- | | **Percentage of CEC funds spent in CA**  (derived from budget Attachment ) | **Percentage of Possible Points** | | >60% | 20% | | >65% | 30% | | >70% | 40% | | >75% | 50% | | >80% | 60% | | >85% | 70% | | >90% | 80% | | >95% | 90% | | >98% | 100% | | | **10** |
| 1. **Ratio of Direct Labor to Indirect Costs**   The score for this criterion will be calculated by the following formula:    This ratio will then be multiplied by the maximum possible points for this criterion and rounded to two decimal places.  NOTE: For the purposes of this criteria, the Energy Commission will include the facility charges (e.g., rent, utilities, etc.), burdens and other like costs that are budgeted as direct costs into the indirect costs in the formula. | | **5** |
| **Total Possible Points**  **(Minimum Passing Score for Criteria 1 – 8 is 70% or 80.5)** | | **115** |
|  |
| **Preference Points** Applications must meet both minimum passing scores (Scoring Criteria 1, 1-5, and 1-8) to be eligible for the additional points. | | |
| 1. **California Based Entities (CBE) Preference Points**   A CBE is a corporation or other business form organized for the transaction of business that either:   * Has its headquarters in California AND manufactures in California the product that is the subject of the award; or * Has an office for the transaction of business in California and substantially manufactures the product or substantially performs the research within California that is the subject of the award.   Proposals must meet the following requirements in order to receive CBE preference points:   * The proposal must include a CBE as either the recipient or a subcontractor. * The budget must show that the CBE(s) will receive more than 60.00% of the PIER funds awarded.   Projects that meet these requirements will receive preference points as indicated below:   |  |  | | --- | --- | | **Percentage of PIER Natural Gas Funds Allocated to CBEs**  (derived from budget attachment “Category Budget”) | **Percentage of Possible Points** | | > 60% | 20% | | > 70% | 40% | | > 80% | 60% | | > 90% | 80% | | =100% | 100% | | | **5** |
| 1. **Match Funds** 2. Cash match share is preferred; however, in-kind cost share is permitted and will be considered for solicitation match requirements. Points for this criterion will be evaluated based on the ratio of proposed Cash and In-Kind contributions using the Match Scoring Table:   **Match Scoring Table**   | **Percentage of Proposed Cash Match Funds** | **Score** | | --- | --- | | 80% | 5 | | 60 to <80% | 4 | | 40 to <60% | 3 | | 20 to <40% | 2 | | 10 to <20% | 1 | | | **5** |
| 1. Additional points will be awarded to applications that exceed the minimum match requirements up to 100 percent using the Exceeds Minimum Match Scoring table:   **Exceeds Minimum  Match Scoring Table**   | **Percentage above Minimum Match (cash and in-kind)** | **Score** | | --- | --- | | 80 to 100% | 5 | | 60 to <80% | 4 | | 40 to <60% | 3 | | 20 to <40% | 2 | | >10% | 1 | | | **5** |
| 1. **Disadvantaged & Low-Income Communities**   The project benefits disadvantaged and low-income communities in order to receive additional points.   1. Proposal identifies how the target market(s) will benefit disadvantaged and low-income communities. 2. Identifies economic impact on low-income and disadvantaged communities including customer bill savings, job creation, partnering and contracting with micro- and small-businesses, and economic development. 3. Describes how the project will increase access to clean energy or sustainability technologies within disadvantaged and low-income communities and how the development will benefit the communities. 4. Applicants have letters of support from technology partners, community based organizations, environmental justice organizations, or other partners that demonstrate equity, feasibility, and commercial viability in low-income and disadvantaged communities. | | **5** |

1. https://www.eia.gov/state/?sid=CA#tabs-2 [↑](#footnote-ref-1)
2. https://static1.squarespace.com/static/58ec123cb3db2bd94e057628/t/5ced6fc515fcc0b190b60cd2/1559064542876/EFI\_CA\_Decarbonization\_Full.pdf [↑](#footnote-ref-2)
3. See Public Resources Code section 25620 https://leginfo.legislature.ca.gov/faces/codes\_displayText.xhtml?lawCode=PRC&division=15.&title=&part=&chapter=7.1.&article= [↑](#footnote-ref-3)
4. See CPUC Decision 04-08-010, August 19, 2004, http://docs.cpuc.ca.gov/PublishedDocs/WORD\_PDF/FINAL\_DECISION/39314.PDF. [↑](#footnote-ref-4)
5. *Id.* at pp. 25 and 46. [↑](#footnote-ref-5)
6. 2018. *The Natural Gas Research Development and Demonstration Program: Proposed Program Plan and Funding Request for Fiscal Year 2018-19*. California Energy Commission. https://ww2.energy.ca.gov/2018publications/CEC-500-2018-006/CEC-500-2018-006.pdf [↑](#footnote-ref-6)
7. AB 32 (Statutes of 2006, chapter 488) [↑](#footnote-ref-7)
8. https://ww2.energy.ca.gov/business\_meetings/2016\_packets/2016-03-09/Item09b\_PIR-15-007.pdf [↑](#footnote-ref-8)
9. https://listserver.energy.ca.gov/business\_meetings/2016\_packets/2016-03-09/Item09c\_PIR-15-009.pdf [↑](#footnote-ref-9)
10. https://ww2.energy.ca.gov/2015publications/CEC-500-2015-066/CEC-500-2015-066.pdf [↑](#footnote-ref-10)
11. https://ww2.energy.ca.gov/2015publications/CEC-500-2015-049/CEC-500-2015-049.pdf [↑](#footnote-ref-11)
12. https://ww2.energy.ca.gov/2014publications/CEC-500-2014-098/CEC-500-2014-098.pdf [↑](#footnote-ref-12)
13. Pacific Standard Time or Pacific Daylight Time, whichever is being observed. [↑](#footnote-ref-13)
14. This deadline does not apply to non-technical questions (e.g., questions concerning application format requirements or attachment instructions) or to questions that address an ambiguity, conflict, discrepancy, omission, or other error in the solicitation. Such questions may be submitted to the Commission Agreement Officer listed in Section H at any time prior to the application deadline. Please see Section H for additional information. [↑](#footnote-ref-14)
15. https://www1.eere.energy.gov/manufacturing/intensiveprocesses/pdfs/waste\_heat\_recovery.pdf [↑](#footnote-ref-15)
16. “Key personnel” are individuals that are critical to the project due to their experience, knowledge, and/or capabilities. [↑](#footnote-ref-16)