Energy Research and Development Division

**Questions and Answers**

**GFO-22-304**

Assessing the Role of Hydrogen in California’s Decarbonizing Electric System

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# Project Scope (i.e., Assessment Scope)

1. **QUESTION:** Is the use of renewable natural gas a viable solution for this solicitation?

**ANSWER:** Yes, the use of renewable natural gas to produce hydrogen would be relevant under this solicitation.

The solicitation describes the need for an assessment that includes two major elements:

1. Production, transmission, and distribution of hydrogen from renewable electricity, which could be used for any end-use applications.
2. Electric sector end-use applications, such as seasonal storage, dispatchable power generation, or backup generation, **which could use hydrogen from any production source**.

This solicitation is focusing on the beneficial linkage between hydrogen and California's electric sector to determine the best commercial applications of clean hydrogen and determine the best opportunities to invest future research dollars that will enable California to meet its clean energy goals.

1. **QUESTION:** Is the use of renewable natural gas to produce hydrogen a viable solution for this solicitation?

**ANSWER:** Please see the response to Question 1.

1. **QUESTION:** What degree of specificity is the CEC looking for? Would the applicant actually need to provide potential use case scenarios or sites in support of the recommended hydrogen use cases? Would such use cases be helpful in the application and for discussing the project in the project narrative and scope of work?

**ANSWER:** The CEC is looking for applicants to provide enough specificity to: 1) demonstrate their knowledge and expertise in the hydrogen sector; and 2) describe the approach they would take to conduct the analysis. While not required, the CEC encourages applicants to identify and describe specific hydrogen use cases in their proposal that would be analyzed over the project including:

* Why these uses cases make sense in the California context
* What are low-carbon alternatives to hydrogen for each use case
* What is hydrogen’s potential value proposition over these alternatives
* What specific technology advancements and policies are needed to enable the value proposition for hydrogen.
1. **QUESTION:** Is it a requirement under this solicitation to identify specific types of projects that would be conducted for whatever assessment analysis is undertaken?

**ANSWER:** No, it is not a requirement to identify specific types of projects. The assessment should focus on specific use cases for hydrogen that should be prioritized for California and specific technology advancements and opportunities that can enable hydrogen to be competitive with alternatives for each use case.

1. **QUESTION:** Unlike many CEC grant solicitations, this one lists no specific tasks. Do you expect proposals to include a task for each of the Project Focus questions, or to arrange the tasks in a different way?

**ANSWER:** No, we don’t expect proposals to include a task for each of the Project Focus questions. The tasks should align with the applicant’s technical approach described in the project narrative. The applicant should determine the required tasks needed to meet the solicitation goals and respond to the Project Focus questions in Section I.C. of the Solicitation Manual. There are no requirements to align tasks with any or all of the Project Focus questions.

1. **QUESTION:** Some of the Project Focus questions appear to be best answered qualitatively. Is this consistent with your expectation?

**ANSWER:** Yes, this is consistent with our expectation. For the proposal, applicants should describe the approach and methodology they plan to undertake in the project to address the Project Focus questions.

1. **QUESTION:** Just to clarify, is the objective of this solicitation primarily desktop research and recommendations, rather than actual technology or project demonstration/execution?

**ANSWER:** Yes, the solicitation seeks to fund an assessment that aligns more with a research study. The solicitation will not provide funding for technology demonstrations.

1. **QUESTION:** Can investment recommendations fall into any of the three branches of funding typical of EPIC solicitations, i.e., applied research and development, demonstration, or market facilitation?

**ANSWER:** Yes, recommendations may fall into any of the three branches of funding, but it is not required that they do so. The assessment should produce recommendations on specific technologies that can enable renewable hydrogen to be a viable option for electricity-related applications and use cases; the stage of the technology opportunities; and pathways to advance these technologies closer to commercialization.

1. **QUESTION:** Throughout the Solicitation Manual, the CEC notes that the project focus is related to hydrogen "end-use in electric sector applications." Can the CEC provide clarity regarding how it defines the term "end-use in electric sector applications" and specify which hydrogen end-uses are included in this scope?

**ANSWER:** For the purposes of this solicitation, hydrogen end-use applications for the electric sector refer to end-uses that consume hydrogen to generate electricity. Examples include, but are not limited to, hydrogen-based applications for zero carbon firm dispatchable generation, long duration energy storage, distributed generation, and resilient back-up power.

The project assessment should consider analyzing a broad range of hydrogen end-uses, then determine which are more viable across short-, mid- and long-term time frames and what policy and market conditions and technology advancements are needed to make the hydrogen end-uses viable.

# Applicant Eligibility

1. **QUESTION:** Please define "underrepresented group" and "diversity"?

**ANSWER:** From the Solicitation Manual, an underrepresented group or disadvantaged community is defined by CalEnviroScreen 4.0 (https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40).

One of the goals of the CEC is to increase the diversity pool of its applicants for grant funding opportunities like this one. To further that goal, the CEC is aiming to optimize fair and equal opportunities for small businesses, women, disabled, veteran, minority, and LGBT owned businesses, as well as provide opportunities to economically disadvantaged and underserved communities to participate in and benefit from all of the CEC’s programs. This includes the EPIC program, which is what this solicitation falls under.

1. **QUESTION:** Is the expected participation in future DOE Hydrogen (H2) hubs considered a conflict of interest for this solicitation?

**ANSWER:** Participation in a future DOE Hydrogen Hub is not a conflict of interest for this solicitation. These projects are independent, and if an applicant is selected for this project, that does not mean they cannot do other projects such as participate in the DOE Hydrogen Hub, or the CEC $100M Clean Hydrogen program under development.

Even though participation in a future DOE Hydrogen Hub, or in future projects awarded by the CEC or by other entities, is not a conflict of interest for this solicitation, there is a requirement for applicants to disclose any potential conflicts of interest that may impact the applicant's ability to perform technical assessments and form unbiased recommendations for this study. Since the CEC will make recommendations on future EPIC funding based on the project’s assessment, there is a need to avoid having applicants with vested interests in specific hydrogen technologies make recommendations for the CEC to fund those particular technologies.

1. **QUESTION:** When a prime recipient is awarded, would that preclude that recipient from applying to another CEC Grant Funding Opportunity (GFO) solicitation with a similar topic during the timeline of the project?

**ANSWER:** The only thing that would preclude the prime recipient from applying to a similar CEC GFO solicitation would be having overlapping scopes of work tasks for the two projects. A recipient cannot be paid twice for doing the same task or deliverable. The scopes of work for any two projects must be distinguishably different and without overlap.

1. **QUESTION:** If an applicant is successful in winning this award, will the winner be precluded or allowed to bid on competitive solicitations in this area of hydrogen research during the duration of this project? If there is such a restriction, can the CEC define the restriction and for what duration the restriction exists?

**ANSWER:** A winning applicant can apply to a solicitation with the CEC or another agency, within the duration of this solicitation’s project, but there are restrictions. A recipient can only bill actual expenses for work performed towards the project. If the recipient has another project with the same tasks, the recipient cannot double charge. There is also a problem if the same personnel are involved in two different grants and billing more than 40 hours a week between the two projects, when the same personnel only worked 40 hours a week. The recipient would have to be careful to keep the two agreements separate, even if awarded by different entities.

Please see the response to Question 12 for more details.

1. **QUESTION:** The solicitation isn't available for municipal utilities, but what if a municipal utility applicant has a project that meets the criteria, but they are working jointly with one of the investor owned utilities. Would that qualify, as it is a joint project activity? Or would there be a segregation between the publicly owned utility versus the investor owned utility?

**ANSWER:** This solicitation is funded by the EPIC program, and therefore any project funded by this solicitation must benefit the investor-owned utility (IOU) ratepayers. Since EPIC program funds must benefit IOU ratepayers, a local publicly owned utility cannot serve as the applicant and prime recipient of the EPIC program’s funds from this solicitation as noted in Section II.A.1 of the Solicitation Manual and CPUC Decision 12-05-037 at page 70 (determining that “funds administered by the CEC may not be used for any purposes associated with POU activities, including POU RPS compliance determinations.”). However, a local publicly owned utility may serve as a subcontractor, or partner to a project from this solicitation if they do not receive any EPIC program funds (i.e., CEC funds). A local publicly owned utility serving as a subcontractor, or partner to a project from this solicitation may contribute or receive match share funds for goods or services provided to the project from this solicitation.

1. **QUESTION:** Would an applicant working jointly with one of the larger state agencies qualify?

**ANSWER:** Yes, an applicant (who is not a local publicly owned utility) working with one of the larger state agencies would be eligible to apply to this solicitation.

For more details on applicant requirements, please see Section II.A. of the Solicitation Manual.

# Allowable Costs/Activities

1. **QUESTION:** Are there any examples of allowable activities/costs for projects? Are there limits on what funds can be used for?

**ANSWER:** There is no comprehensive list of allowable costs included as part of this solicitation. Generally, costs must be associated with a budget category and be directly related to the performance of the work identified in the Scope of Work.

Further guidance on allowable and unallowable costs is also available in section 8.j. of the EPIC standard terms and conditions available at: <https://www.energy.ca.gov/sites/default/files/2020-02/EPIC_Standard_Grant_Terms_and_Conditions_ada.pdf>

Please also note, Section I.K. of the Solicitation Manual states that using CEC funds for purchasing items such as laptops, notebooks and/or personal tablets is not allowed.

# Match Funding

1. **QUESTION:** Are there any examples of what in-kind funding may include?

**ANSWER:** As stated in the Solicitation Manual under Section I.K. (Match Funding), in-kind match is typically in the form of the value of personnel, goods, and services, including direct and indirect costs.

1. **QUESTION:** What is an example of “cash” match funding?

**ANSWER:** As stated in the Solicitation Manual under Section I.K. (Match Funding), cash match means funds that are in the recipient’s possession or proposed by a match partner and clearly identified in a support letter, and are reserved for the proposed project, meaning that they have not been committed for use or pledged as match for any other project.

1. **QUESTION:** Can cash match be money that is spent by the applicant on direct labor?

**ANSWER:** Yes, cash match can apply to direct labor, but funds have to be flexible enough to reallocate to other categories as needed. Section I.K. of the GFO’s Solicitation Manual provides details on “cash” match, along with different categories and examples of match funding.

1. **QUESTION:** Under what circumstances can the cost share requirement be waived?

**ANSWER:** Applicants are required to provide at least 10 percent of the requested CEC funds as match. This requirement cannot be waived.

1. **QUESTION:** Can match funds be used for out of state spending?

**ANSWER:** Yes – CEC staff encourages applicants to use match funds for out of state spending.

1. **QUESTION:** Can applicants use existing equipment already purchased to count towards match expenditures?

**ANSWER:** Yes, as stated in Section I.K. of the Solicitation Manual – “In-Kind” match can include, “equipment, facilities, and other property as long as the value of the contribution is based on documented market values or book values, prorated for its use in the project, and depreciated or amortized over the term of the project using generally accepted accounting principles (GAAP).”

1. **QUESTION:** Can Amazon Web Service Cloud credits count towards match funds?

**ANSWER:** Yes, Amazon Web Service Cloud credits may count as match funds under the “Materials and Miscellaneous” category. The applicant will need to show the dollar value of the credits in their commitment letter and budget. Additionally, the credits must be used in direct support of the project for it to count as match funds.

1. **QUESTION:** Can applicants choose which budget categories to commit match funds to or are they required to apply a consistent ratio of match funds for all budget categories?

**ANSWER:** Yes, applicants may choose which budget categories to commit match funds to. Applicants are not required to apply a consistent ratio of match funds across the different budget categories.

# General Administrative

1. **QUESTION:** How many projects does the CEC expect to fund under this GFO?

**ANSWER:** The CEC expects to award one project under this GFO.

1. **QUESTION:** Is there a particular time frame of interest for these studies?

**ANSWER:** The CEC is interested in the role of hydrogen in meeting the state’s mid-term (2030) and long-term (2045) decarbonization goals. The study should look at specific use cases for hydrogen that could potentially be viable around those time frames and what technology advancements and investments are needed to meet and exceed those time frames.

1. **QUESTION:** Can the Pre-Application Workshop slides be accessed after the presentation?

**ANSWER:** The presentation and zoom recording can be accessed from the GFO’s webpage, and are found on the GFO’s Pre-Application Workshop webpage (<https://www.energy.ca.gov/event/funding-workshop/2022-11/pre-application-workshop-gfo-22-304-assessing-role-hydrogen>).

1. **QUESTION:** As a new company, are there resources we can use to understand state grants, the process, and how to write documentation for grants?

**ANSWER:** There is a tutorial of how to apply for a GFO on the CEC’s website (<https://www.energy.ca.gov/media/1654>). Energize Innovation (<https://www.energizeinnovation.fund/>) is another tool where you can connect with more experienced companies for assistance. There are people and companies that applicants can pay a service fee to in return for help with their application. The CEC has a Grants Ombudsman (<https://www.energy.ca.gov/funding-opportunities/grants-ombudsman>), who serves as an independent resource to our grant recipients. One of their roles is helping to make sure our grant processes are clear and understandable to outside entities. Applicants can also request winning proposals from previous grants to understand the structure.

1. **QUESTION:** Will applications be evaluated more favorably if they are submitted early?

**ANSWER:** Applications submitted early will not be evaluated more favorably. All applications received by the Submittal Due Date will be screened and evaluated the same way, based on the criteria in Section IV of the Solicitation Manual. CEC staff will not review any applications until after the submission deadline.

1. **QUESTION:** What is the earliest date that a submitted proposal would be publicly visible?

**ANSWER:** After all proposals are evaluated and scored, CEC staff will issue a Notice of Proposed Award (NOPA). Once the NOPA is released, individuals may request to view any of the proposals submitted. All requests should be directed to the Commission Agreement Officer listed in Section I.G. of the Solicitation Manual.

For more details on the NOPA process, please see Section IV.B.1. of the Solicitation Manual.

1. **QUESTION:** How does Empower Innovation provide and support partnerships?

**ANSWER:** Empower Innovation provides an online platform for potential applicants to express interest in a particular funding opportunity and form partnerships. This is a link to this solicitation’s page on the Empower Innovation website: <https://www.empowerinnovation.net/en/custom/funding/view/35908>

1. **QUESTION:** Does the CEC provide assistance or guidance on permitting and regulatory approvals?

**ANSWER:** The CEC and its staff does not provide direct assistance or guidance for applicants to obtain permitting and/or regulatory approvals. Moreover, the CEC does not anticipate that recipients will need permitting or regulatory approvals for projects funded under this solicitation since the projects will be analysis-based.

1. **QUESTION:** Can an applicant apply as the prime recipient for one project and as a subcontractor for another project? Is there a prohibition of a single entity receiving multiple awards through this manner?

**ANSWER:** Yes, a company can apply as a Prime/applicant for one project and serve as a subcontractor on a separate project. There is no restriction on an entity receiving funding on multiple projects in this manner so long as there are no overlapping payments (i.e., paid more than once for the same work).

# California Based Entities/Funds Spent in California

1. **QUESTION:** For the practical implications of the funds spent in California, is it sufficient for the posing entity to do business in California, or do all those who work for this project need to be California State taxpayers?

**ANSWER:** The amount of funds spent in California will affect the scoring of applications, with a higher percentage of funds spent in California receiving more points during the scoring process. If an applicant has workers in California paying income tax in California, those would be considered funds spent in California. If you have employees that are working outside of California on this project and paying income taxes to another state, then that would not be considered funds spent in California.

For more details on funds spent in California, please see Section I.L. of the Solicitation Manual.

1. **QUESTION:** Is the CEC aiming for all funds spent in California, or just some portion of them?

**ANSWER:** The CEC gives preference for funds spent in California using a sliding scale with preference points starting at the 60% level of “CEC funds spent in CA vs Total CEC funds requested” to a maximum preference at greater than 98%. See Scoring Criterion 6 in Section VI.F. of the Solicitation Manual for details.

1. **QUESTION:** Does a company need to be incorporated in California to be eligible for this solicitation?

**ANSWER:** Companies are not required to be incorporated in California to be eligible for this solicitation. However, all corporations, limited liability companies (LLCs), limited partnerships (LPs) and limited liability partnerships (LLPs) that conduct intrastate business in California must be registered with the California Secretary of State and be in good standing prior to an awarded project being recommended for approval at a CEC Business Meeting. For more details on California Secretary of State Registration requirements, please see Section II.A.3. of the Solicitation Manual.

Note, especially for companies not located in California or have employees working outside of California, one scoring criterion in the solicitation takes into consideration the amount of CEC funding spent in California. The less funding spent in California, the lower the proposal will score under this criterion. Please see Section IV.F. “Stage Two: Application Scoring” scoring criterion 6 for more information.

1. **QUESTION:** If equipment is supplied from out of state, but purchased through a local California distributor does that count as funds spent in California?

**ANSWER:** Yes, if equipment purchases are made through a California based distributor, that purchase counts as funds spent in California.

1. **QUESTION:** Are there any restrictions in having project partners from out of state?

**ANSWER:** There are no restrictions on having partners from out of state. However, if CEC funds are budgeted for out of state entities, those funds may reduce an application’s evaluation score. Please see the response to Question 36 for more details.

1. **QUESTION:** Does all equipment purchased need to be from companies in California?

**ANSWER:** No, equipment purchases can be made from companies outside of California. However, CEC funds spent outside of California may reduce an application’s evaluation score. Please see the response to Question 36 for more details.