**Questions and Answers**

**Ultra-Low-Carbon Fuel: Demonstration- and Commercial-Scale**
**Production Facilities Utilizing Forest Biomass**

**GFO-22-608**

**March 10, 2023**

The following answers are based on California Energy Commission (CEC) staff’s interpretation of the questions received. It is the Applicant’s responsibility to review the purpose of the solicitation and to determine whether or not their proposed project is eligible for funding by reviewing the Eligibility Requirements within the solicitation. The CEC cannot give advice as to whether or not a particular project is eligible for funding, because not all proposal details are known.

***ADMINISTRATION***

**Q.1:** **What is the grant period? How many years? Does invoicing have to be completed by end of the grant period?**

A.1: Funds available under this solicitation have encumbrance deadlines as early as June 30, 2025. The term of the agreement starts on the date the CEC executes the agreement after the agreement has been fully approved at a CEC Business Meeting. All project work must be scheduled for completion by no later than March 31, 2029 to allow timely processing of final invoices before the liquidation date of CEC funds. Please see Section III.E.6 in the Solicitation Manual. Pursuant to Section 17.a. of the Clean Transportation Program Terms and Conditions, the final payment request must be received by the CEC along with the draft Final Report 60 days prior to the end of the agreement term, which in this case, will not be later than March 31, 2029.

**Q.2:** **Is there a hold-back of a certain portion of the grant until production? Would the 10% holdback be through commissioning of the project, or completion of the portion of the project being funded by the grant?**

A.2: It is the CEC’s policy to retain 10 percent of any payment request or 10 percent of the total CEC award at the end of the project. At the submission of the first invoice, the Recipient can select to withhold 10 percent retention from every invoice, or alternatively, withhold the final 10 percent of the budget at the end of the agreement. After the project is complete the Recipient must submit a completed payment request form requesting release of the retention. The Commission Agreement Manager will review the project file and, when satisfied that the terms of the funding Agreement have been fulfilled, will authorize release of the retention. Please see Section 17.g. of the Clean Transportation Program Terms and Conditions and the ECAMS Frequently Asked Questions under Retention at <https://www.energy.ca.gov/funding-opportunities/funding-resources/ecams-resources/ecams-frequently-asked-questions>.

***ELIGIBILITY***

**Q.3:** **What is the number of hours of operation required for a demonstration-scale project?**

A.3: There is no minimum hours of operation for a demonstration project. However, all projects, either demonstration-scale or commercial-scale, will be required to collect and submit operation and performance data to the CEC for a minimum of six (6) months after the proposed project becomes operational. Please see Section II.H in the Solicitation Manual. More details on the required six months of data collection and analysis can be found in the Scope of Work.

**Q.4:** **Is there a minimum fuel production requirement for demonstration-scale projects?**

A.4: There is no minimum production requirement for the demonstration-scale production project category. The demonstration-scale project must utilize at least 2.0 dry tons of feedstock per day with at least 60 percent or more from forest biomass. Please see Section II.B.4 in the Solicitation Manual.

**Q.5:** **Does the 60 percent minimum forest waste feedstock requirement last forever or only during the demonstration or project term?**

A.5: The 60 percent minimum forest waste biomass requirement will only be necessary during the agreement term.

**Q.6:** **Bio-oil sequestration technologies permanently remove carbon from the atmosphere by converting waste biomass into energy-dense bio-oil. Could the solicitation provide funds for bio-oil sequestration?**

A.6: The purpose of this solicitation is to support ultra-low-carbon fuels in demonstration-scale and commercial-scale production facilities utilizing forest biomass. Eligible ultra-low-carbon fuels for fuel production include biomethane, diesel substitutes, renewable hydrogen, and electricity and must be for transportation use. Bio-oil sequestration is not eligible under this solicitation. Please see Sections I.A. and II.B.6 in the Solicitation Manual.

**Q.7: Do renewable electric vehicle (EV) fuels qualify?**

A.7: Renewable hydrogen and electricity for transportation use are eligible under this solicitation. Please see Section II.B.6 in the Solicitation Manual.

**Q.8:** **Could CEC funds be used exclusively for design and engineering, or are applicants required to include construction for commercial-scale projects?**

A.8: Facility design and engineering are eligible project costs under this solicitation as listed in Section II.D in the Solicitation Manual. Therefore, CEC funds may be used for both of these activities. However, please remember that to be eligible for funding, the project must meet the project requirements and result in the production of ultra-low-carbon fuels as listed in the Solicitation Manual. If CEC funds are exclusively used for design and engineering, the proposal must show sufficient match funds to cover the construction of the project. In addition, the Clean Transportation Program Terms and Conditions, Appendix 1, Section 8 require recipients to proportionally spend match funds concurrently or in advance of CEC funds.

***MATCH SHARE***

**Q.9:** **Are the following eligible as match share:**

**a. The land value which is free and clear?**

**b. Ten million dollars’ purchase of equipment financing by the seller?**

**c. Investment Tax Credits (ITC) for the construction under Federal 48(d\c)(e) or Advanced Energy Project Credit Allocation?**

A.9: Match share funding may be in the form of cash or in-kind contributions such as donated labor hours, equipment, facilities, and other property. Therefore, land and equipment are eligible as match share. ITC and the Advanced Energy Project Credit Allocation are not eligible as match. Please see Section II.E. regarding Match Funding Requirements in the Solicitation Manual.

***EVALUATION CRITERIA***

**Q.10:** **Would use of existing gasifier and equipment that were previously funded in part by CEC grants be acceptable as part of the system for this project as long as it does not interfere with any existing CEC projects?**

A.10: The Applicant may use existing equipment, facilities, and property as match share. Equipment, facilities, and property may count as match funds 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). Please see Section II.E.1.f in the Solicitation Manual.

If an Applicant plans to use existing equipment that was previously funded fully or in part with CEC funds, please inform and request approval from the Commission Agreement Manager who managed the previous grant agreement regarding the disposition of that equipment or the alternative use of that equipment other than its original purpose. This needs to be done even if the previous agreement has already been completed. Please see Section 12 of the Clean Transportation Program Terms and Conditions.