**GFO-23-312**

**Questions and Answers**

**Community Energy Reliability and Resilience Investment (CERRI) Program**

**Round 1 Solicitation**

**May 29, 2024**

The most up-to-date solicitation documents (including the solicitation manual) are available at the solicitation webpage: <https://www.energy.ca.gov/solicitations/2024-03/gfo-23-312-community-energy-reliability-and-resilience-investment-cerri>

On April 11, 2024, the California Energy Commission (CEC) held a Pre-Application Workshop for the CERRI Program Round 1 Solicitation.

The workshop slides and recording can be found at: <https://www.energy.ca.gov/event/funding-workshop/2024-04/pre-application-workshop-gfo-23-312-community-energy-reliability-and>.

The following answers are based on 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 a particular project is eligible for funding, because not all proposal details are known.

Unless indicated otherwise, all section numbers identified are from the solicitation manual (for example, “Section II.B” refers to Section II.B of the Solicitation Manual). The solicitation manual is Attachment 00 found on the webpage linked above.

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# Eligibility

## Entities

### Are community choice aggregators eligible as lead applicants?

CEC Response: Community Choice Aggregators (CCA) are eligible if they can be classified as one of the following eligible entities:

* Electric grid operators
* Electricity storage operators
* Electricity generators
* Transmission owners or operators
* Distribution providers
* Fuel suppliers

Entities that are not eligible under this list may request approval from the Secretary of Energy through the CEC. Further instructions on how to request approval are available on the CERRI website located under the ‘Resources’ dropdown menu at: <https://www.energy.ca.gov/programs-and-topics/programs/community-energy-reliability-and-resilience-investment-cerri-program>.

### If they (community choice aggregators) are not eligible as lead applicants, can they be sub-applicants?

CEC Response: Yes.

### What is the estimated wait time to hear back from DOE for applicants who submit the Eligible Entity Request Form?

CEC Response: The CEC and the U.S. Department of Energy (DOE) cannot provide a definite timeframe as to when an entity will be approved or denied eligibility, but the estimated time frame is 30-65 days. As such, the CEC recommends applying for eligibility as soon as possible if the entity you represent does not clearly fit in one of the eligible entities listed in the [Question 1](#_Are_community_choice) answer.

### How long does the approval from CEC take to be included as an eligible entity?

CEC Response: Please see the answer to [Question 3](#_What_is_the) above.

### Based on section II. Eligibility Requirements/A. Applicant, would a battery energy storage operator and/or provider be an Eligible Applicant?

CEC Response: Electricity Storage Operators are eligible. The CEC requires more information on what a battery energy storage provider means in this context to answer whether that entity would be eligible. If there is concern, please submit an eligibility request by filling out the [Eligibility Request Form](https://www.energy.ca.gov/media/9021) and emailing it to the CEC at cerri@energy.ca.gov. The CEC and U.S. Secretary of Energy will consider the request for approval.

### Are Energy as a Service microgrid developers who own the energy infrastructure assets (and have ownership rights to federal tax credits) eligible to submit applications?

CEC Response: Yes, as long as the applicant owns the infrastructure, the applicant is an eligible entity, and the proposed activity is an eligible activity.

### We are a trade association representing electric cooperatives and rural public utility districts, which doesn't fall into the eligible applicant categories. However, we are uniquely positioned to form a consortium to assist 3-4 small, rural distribution utilities to submit an application. What is the process of receiving prior approval to be eligible to be an applicant? Would it be preferred to have one of the distribution providers in the consortium to be the prime/lead applicant?

CEC Response: Please see [Question 1](#_Are_community_choice) for instructions on submitting an eligibility request form. If the eligibility request for the trade association is denied, then the lead applicant must fall under an eligible category, such as a distribution provider in the consortium.

### Are entities who are unable to sign the Applicant Declaration Form (Attachment 10) still eligible for award consideration?

CEC Response: Yes, applicants who are unable to sign the Applicant Declaration Form will remain eligible for award consideration. The applicant must detail the reason(s) why they are unable to sign at the end of the form.

## Projects

### Per the Infrastructure Investment and Jobs Act (IIJA): "C) Application limitations.-- An eligible entity may not submit an application for a grant provided by the Secretary under subsection (c) and a grant provided by a State or Indian Tribe pursuant to subsection (d) during the same application cycle." What does this mean? Does this mean that if an entity is currently applying to GRIP, they are not eligible to apply for this cycle of CERRI, even if it is for a different project? Please clarify.

CEC Response: Applicants are not allowed to submit the same project for approval under both programs at the same time. Please note that an “application cycle” in this case refers to (a) a CERRI solicitation under 40101(d), for any year of the program; and (b) an open Grid Resilience and Innovation Partnership (GRIP) Program funding opportunity announcement, for any year of the program. In other words, applications for the same project cannot be under active consideration for both programs at the same time. If a proposed project is currently under review by the DOE for funding under the GRIP Program, it may not be submitted to the CERRI Program for funding as well. Doing so will disqualify the project from consideration for CERRI Program funding.

### I'm an environmental consultant who works with a local power company as well as a community of about 3,000 residents who are lacking connection to the power grid. Both the power company and numerous residents within that community have spoken to me about the need for reliable power. Currently, most residents rely on generator power which is dirty and expensive (the nearest gas station is 20-30 minutes away and the next closest station is about 45 minutes further). I saw your announcement for the CERRI program grant today and I see that it envisions helping communities who experience outages. However, the community I'm most concerned about has a permanent power outage! This community is both socially and economically disadvantaged and it is also a serious source of air and water pollution.

CEC Response: The CERRI Program is designed to invest in projects that harden existing grid infrastructure and provide resilience for communities currently connected to the grid, so the project described in the question would likely be out of the CERRI Program scope. However, projects that enhance system adaptive capacity, such as microgrid subcomponents, are eligible for CERRI Program funding as long as funding for generation is secured separately from the CERRI Program. The DOE’s Grid Deployment Office (GDO) has defined system adaptive capacity for purposes of this program as “the ability of the electrical grid to continue to supply electricity where needed during disruptive events.”

### Dispatchable, fuel-flexible, clean firm power is generally utilized in a manner that can be categorized as a Distributed Energy Resource (DER). Further, technologies such as linear generators have attributes consistent with multiple categorizations of resources, such as long-duration energy storage (as explicitly recognized by California in the case of hydrogen), renewable firming, electric vehicle charging infrastructure, etc. Can the CEC confirm that linear generators can participate in the CERRI solicitation?

CEC Response: New generation is not an allowable expense under the CERRI Program, regardless of its DER categorization. Generation can be part of a CERRI-funded project, but generation is not an eligible expense under the CERRI Program, nor does it qualify as match funding. Battery storage is an allowable expense, as long as it enhances the system adaptive capacity during outages.

### For the Project Eligibility Requirements, if a Private Entity is developing a Microgrid off grid and not interconnected, would this be eligible for a Battery Energy Storage Operator?

CEC Response: As per the Solicitation Manual (see Section I.B.1.H.), “Use or construction of distributed energy resources for enhancing system adaptive capacity during electrical system outages, including microgrids and battery storage subcomponents” is an eligible activity. The CERRI Program is designed to enhance the energy reliability or resilience of grid-connected communities, therefore microgrids must be interconnected to satisfy the requirement of enhancement of system adaptive capacity. The DOE’s Grid Deployment Office (GDO) has defined system adaptive capacity for purposes of this program as “the ability of the electrical grid to continue to supply electricity where needed during disruptive events.” Generation (i.e., solar photovoltaic (PV) panels) can be a part of a CERRI project, but it cannot be funded by the CERRI Program or used to satisfy the match requirement associated with the program.

### In the solicitation, it is stated in 1. Eligible Activities that: H. Use or construction of distributed energy resources for enhancing system adaptive capacity during electrical system outages, including microgrids and battery storage subcomponents. But it is also stated in 2. Prohibited Activities that:

### Construction of a new electric generating facility, including the purchase or installation of an emergency generator;

### Construction of a large-scale battery-storage facility that is not used for enhancing system adaptive capacity during electrical system outages; are not allowed.

### As distributed energy resources like microgrids require electrical generation and storage, how can this be achieved without constructing new electrical generating facility and/or battery-storage facility? Is there a definition of a "new electric generating facility" and "large-scale battery storage"?

CEC Response: As per the Solicitation Manual (see Section I.B.1.H.), microgrid subcomponents are eligible for funding under the CERRI Program. However, generation components, such as PV panels are not allowable costs under the CERRI Program, nor do they qualify as match funding. Simply put, you can propose a microgrid within the constraints listed in the solicitation manual but cannot apply for funding for the generation components or use the costs for these components as match funding. Battery storage is an allowable activity under the CERRI Program if the system is used to improve grid resilience during disruptive events. The IIJA Section 40101(e)(2)(A) prohibits eligible entities from using grant funds to construct any new electric generating facilities or any large-scale battery storage facility that is not used for enhancing system adaptive capacity during a disruptive event. Large scale battery storage is also allowable, if it is used for system adaptive capacity (see definition in the [Question 12](#_For_the_Project) response). A large-scale battery storage facility installed to continue to supply electricity where needed during disruptive events would be an allowable project. The program has not defined large-scale battery storage or provided a Megawatt (MW)/Megawatt hour (MWh) threshold for large versus small. Please also see [Question 11](#_For_the_Project) for additional information.

### Could you provide additional clarification: “Please also note that generation is not an allowable expense under CERRI, nor does it qualify as match funding.” Are you able to provide an example of this?

CEC Response: The DOE has explicitly stated that generation is not an allowable expense under the CERRI Program, nor is it allowable as a match funding expense. However, the DOE does allow for microgrid and battery storage components to qualify for funding under the CERRI Program as long as they enhance system adaptive capacity. For example, if a project is a microgrid that provides power for a community shelter during an emergency or an outage, it will enhance the system adaptive capacity. If the microgrid is powered by solar panels, the panels can be a part of the system, but they cannot be funded by the CERRI Program or used to satisfy the match requirement associated with the program.

### CERRI mentions eligibility for microgrid and battery storage components that are designed “to enhance the existing system.” What if the applicant aims to build a microgrid not including the PV as a stand-alone system to power operations for the community?

CEC Response: Microgrid subcomponents are eligible for funding, as stated in the Solicitation Manual (see Section I.B.1.H.). However, microgrids must be interconnected to the grid and the project must provide a resilience case for the microgrid subcomponents beyond supporting normal operations for a community. New generation (in this example, solar PV generation) is not an allowable expense.

### Can a subcontractor listed on one application be a sub on other generator/provider’s applications?

CEC Response: Yes, a subcontractor listed on one application may be listed as a subcontractor on a separate application. However, Prime Applicants may only submit one application per funding round (i.e., solicitation release).

## Project Location

### Does the Applicant's proposed project need to be in one of the California Investor-owned Utilities (IOUs) service territories? Or can the proposed project be located in a municipal utility service territory?

CEC Response: Projects must be located in California and serve existing electric customers. Projects do not need to be in investor-owned utility territory. However, please note that preference points are available for projects located in low-income communities, California Native-American Tribe territories, and disadvantaged communities.

### Can you provide more information on geographically distinct locations. Example – a city is interested in improving reliability by replacing outdated switches with modernized and automated switches. Can they apply for three groupings of locations (e.g., 4 switches in one census track on a main corridor, 5 switches in a second tract on a second corridor, and 4 on a third?). Or is a geographic location a specific point (one address), so they could only apply for three switches (even if they are located within several hundred feet of each other)?

CEC Response: If work is being done within the same census tract, or adjacent census tracts, that could be considered the same geographic location as long as the proposed activities are addressing the same reliability or resiliency needs. In the example described in the question, the applicant could apply for the three groupings of automated switches, assuming the census tracts are adjacent and address the same reliability or resilience need. Subprojects are permitted to ensure that entities that have a wide geographic range of infrastructure are able to use funds efficiently while addressing the most vulnerable elements of their infrastructure. For example, if a utility that serves multiple cities and counties submits an application proposing (1) weatherization in one city, (2) reconductoring in a county 100 miles away, and (3) fire prevention systems in another area many miles away, those would be considered geographically distinct subprojects.

### "Geographically Distinct": Can you please clarify how this term will be interpreted? Will projects within each distribution utility service territory be considered one distinct area? If a project is installed throughout different areas of each service territory in the utility consortia, would they be considered subprojects even if it is the same eligible activity (project) for each distribution utility?

CEC Response: Please refer to [Question 18](#_Can_you_provide) for more information on how “geographically distinct” will be interpreted. Project activities will be considered geographically distinct if they are located in separate utility service areas or non-adjacent census tracts within the same service territory, regardless of whether they are the same activity. Project activities within the same or adjacent census tracts will typically be considered as part of a single project unless they are addressing distinct and differing reliability or resilience needs.

# Application Schedule

### When does CEC anticipate making award announcements, and what should we consider the Start Date (e.g., contracts signed with CEC) in the Schedule?

CEC Response: The CEC expects to post the first Notice of Proposed Award (NOPA) in the fourth quarter of 2024. Agreement start dates are anticipated in the first quarter of 2025. Please note that schedules can be adjusted in agreement development, which occurs after the NOPA has been posted. Applicants should estimate their project start date/schedule to the best of their abilities.

### What is the allowable period of performance for subawards?

CEC Response: The CEC anticipates that projects will begin in the first quarter of 2025. All projects funded by the Round 1 solicitation must contain an end date of April 30, 2028, or earlier. End date extensions may be permitted with CEC and DOE approval.

### CERRI allows permitting before January 1st, 2025, but not construction, correct?

CEC Response: Match share expenditures for permitting and environmental review are allowable under an agreement only if they are incurred after CEC notifies the Applicant that its project has been proposed for an award through the release of a NOPA. Match share expenditures for construction costs are not allowable prior to agreement execution. Match expenditures incurred for permitting and environmental review after the release of a NOPA but prior to the execution of an agreement are made at the Applicant’s own risk. CEC is not liable for an Applicant’s match share costs if the grant is not approved, if approval is delayed, or if the match share expenditure is not allowable under the terms and conditions of the grant or this solicitation. Please note that non-match expenditures incurred prior to agreement execution are not reimbursable from CERRI funds. While the CEC anticipates that projects will have a start date in the first quarter of 2025, actual start dates may vary. An Addendum for GFO-23-312 has been released to reflect this update; the revised manual can be found here: <https://www.energy.ca.gov/solicitations/2024-03/gfo-23-312-community-energy-reliability-and-resilience-investment-cerri>

# Funding

### Would this grant cover design and construction activities?

CEC Response: Yes, the engineering and construction needed to accomplish the project are allowable costs. However, the project must have enough detail for application evaluators to score the project based on the scoring criteria in the solicitation manual. This requires schematics and the ability to complete the California Environmental Quality Act (CEQA) Form (Attachment 06) and the National Environmental Policy Act (NEPA) Environmental Questionnaire (Attachment 07).

### How many rounds of funding do you anticipate?

CEC Response: The CEC anticipates releasing 2-3 rounds of funding throughout the 5-year duration of the program. Solicitation timing is dependent on when the DOE releases and accepts applications for future program funding years.

### What are the number of awards expected for small entities?

CEC Response: The CEC expects to award 2-5 projects for Large Entities (Group 1) and 1-3 projects for Small Entities (Group 2).

### For projects that are near shovel-ready, can the funding to prepare for the project or that has been done on initial phases count as contributing to match funding? Or does all match funding have to be spent after the agreement start date?

CEC Response: Please see the answer to [Question 22](#_CERRI_allows_permitting) above.

### If an applicant plans to move forward with a project regardless of whether it receives CERRI funding, will the applicant be able to provide invoices for costs incurred before the NOPA is issued, after the project is successfully funded?

CEC Response: Please see the answer to [Question 22](#_CERRI_allows_permitting) above.

### Can match funding be spent prior to the Agreement Start Date? Because the GFO scoring criteria favor projects that are near shovel-ready or have initiated the environmental review process, can the funding spent to prepare for a project or funding that has been spent on initial phases of a multi-phase project count as contributing to match funding?

CEC Response: Prior to the Agreement Start Date, only match funding specifically for environmental review (CEQA and NEPA) and project permitting may be used, and said funding must be spent after the NOPA is issued. Please see the answer to [Question 22](#_CERRI_allows_permitting) above for more information.

# Scoring Criteria

### If an applicant has already started a grid hardening effort that they wish to use CERRI funds to expand upon, will the fact that they have already started disqualify that project or disadvantage it in the scoring of "need"?

CEC Response: Scoring Criterion #1: Project Merit, Need, and Goals is based on criteria that includes the reduced frequency and duration of outages and how the proposed project will meet CERRI Program goals. If a pre-existing project can make a strong case for its need using credible data, then it will not be disadvantaged in the Project Merit, Need, and Goals scoring criterion.

# Priority Populations Map

### Which sources does the California Air Resources Board (CARB) Priority Populations Map pull from?

CEC Response: The CERRI Program uses three data layers from the CARB Priority Populations Map: disadvantaged community data, tribal data, and income data. Disadvantaged communities (DACs) are designated by the California Environmental Protection Agency (CalEPA) using data pulled from the [CalEnviroScreen 4.0 tool and the 2022 CalEPA DAC Designation](https://calepa.ca.gov/envjustice/ghginvest/). The Priority Populations map pulls data from the federally recognized [American Indian Areas Related National Geodatabase](https://www.census.gov/geographies/mapping-files/time-series/geo/tiger-geodatabase-file.2021.html#list-tab-1258746043) to determine Tribal lands. Income data is pulled from the statewide median income and 2021 State Income Limits. Low-income communities and households are defined as the census tracts and households, respectively, that are either at or below 80 percent of the [statewide median income](https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/map/ab1550pp4licmethodology2022.pdf), or at or below the threshold designated as low-income by the California Department of Housing and Community Development's (HCD) [Revised 2021 State Income Limits](https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/map/HCD_revincome-limits-2021.pdf).

### Which Priority Populations map layers will applicants be using to determine their community’s status?

CEC Response: Applicants should only use the “Disadvantaged Communities TribalLands,” “Disadvantaged Communities CES4,” and “Low Income Communities” layers on the Priority Populations map. Further instructions on how to operate the map can be found in the CERRI Program solicitation manual (Section III.C.).

# Contact Information

### Who can applicants reach out to with questions?

CEC Response: Please reach out to the Commission Agreement Officer, Laura Williams, at laura.williams@energy.ca.gov with any questions regarding GFO-23-312 or the application process.

Additional information may also be found on the [CERRI website](https://www.energy.ca.gov/programs-and-topics/programs/community-energy-reliability-and-resilience-investment-cerri-program): https://www.energy.ca.gov/programs-and-topics/programs/community-energy-reliability-and-resilience-investment-cerri-program.