This addendum includes revisions to this Solicitation Manual. Added language appears in **bold underline**, and deleted language appears in [~~strikethrough~~] and within square brackets.

**GRANT FUNDING OPPORTUNITY**

**Deployment of Decarbonization Technologies and Strategies for California Industrial Facilities**

**2024**

**ADDENDUM 06**



**GFO-23-313**

<https://www.energy.ca.gov/funding-opportunities/solicitations>

**State of California**

**California Energy Commission**

April 2024

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Attachments**   | Attachment Number | Title of Section | | --- | --- | | 01 | Project Overview Form | | 02 | Project Narrative Form | | 03 | Scope of Work Template | | 04 | Project Schedule | | 05 | Budget | | 06 | CEQA Compliance Form | | 07 | Commitment and Support Letters Form ***(requires signature)*** | | 08 | INDIGO Benefits Calculator | | 09 | Project Team Form | | 10 | Applicant Declarations ***(requires signature)*** | | 11 | Appendix G from CEQA Handbook | |

# Introduction

## Purpose of Solicitation

The industrial sector consumes over 23 percent of the total energy used in California and accounts for over 30 percent of fossil gas consumption,[[1]](#footnote-2) making the sector the second largest contributor of greenhouse gas (GHG) emissions in the state. [[2]](#footnote-3) California’s goal of reducing GHG emissions 40 percent below 1990 levels by 2030 (Assembly Bill (AB) 32[[3]](#footnote-4)) is nearing its deadline. The industrial sector needs advanced, proven, or readily deployable technologies with transformational impact to decarbonize industrial facilities and help achieve a net-zero carbon economy by 2045 (AB 1279[[4]](#footnote-5)).

Recognizing the need for decarbonization of the industrial sector, AB 209[[5]](#footnote-6) established the Industrial Grid Support and Decarbonization Program, which the California Energy Commission (CEC) has named the Industrial Decarbonization and Improvement of Grid Operations (INDIGO) Program. This program funds financial incentives for industry projects that demonstrate significant benefits to the electrical grid, reduce greenhouse gas emissions, achieve California’s clean energy goals, and exceed compliance requirements.

The program's goal is to deploy cutting-edge, emerging technologies at California industrial facilities to promote electrification and load flexibility, reduce fossil fuel and thermal energy usage, and reduce criteria air pollutants and carbon footprints.

This program is open to existing industrial facilities, utilities, equipment manufacturers, energy service companies, project aggregators, and project developers who propose to implement projects in California’s industrial sector. Entities, facilities, and projects that are associated with the production or processing of oil and gas are ineligible.

The CEC’s INDIGO Program will assist California’s industrial facilities in achieving the following:

* **Emission Reductions:** Adopt electrification and other eligible decarbonization technologies listed in Section II to reduce annual GHG emissions and other criteria air emissions at industrial processing facilities.
* **Electrical Grid Support:** Adopt commercially available and emerging technologies needed to support grid reliability, especially during net peak periods.
* **Benefits to Priority Populations:** Reduce criteria air pollutants and have direct community engagement and support, especially in low income or disadvantaged communities.

See Section II of this solicitation for eligibility requirements. Applications will be evaluated as described in Section IV of this solicitation. If an applicant submits multiple applications, each application must be for a distinct project (i.e., no overlap with respect to the tasks described in the Scope of Work).

Prospective applicants looking for partnering opportunities for this funding opportunity should register on the CEC’s Empower Innovation website at [www.empowerinnovation.net](http://www.empowerinnovation.net)..

## Key Words/Terms

| **Word/Term** | **Definition** |
| --- | --- |
| Applicant | An entity that submits an application to this solicitation. |
| Application | An applicant’s written response to this solicitation. |
| Authorized Representative | The person submitting the application who has the authority to enter into an agreement with the CEC. |
| CCI | *California Climate Investments* Program is a statewide initiative that puts billions of Cap-and-Trade dollars to work reducing GHG emissions; strengthening the economy; improving public health and the environment; and providing benefits to residents of disadvantaged communities, low-income communities, and low-income households, collectively referred to as “priority populations.” California Climate Investments comprise programs funded by appropriations from the Greenhouse Gas Reduction Fund. The California Air Resources Board developed Funding Guidelines to provide direction for agencies that administer California Climate Investments. The purpose of the Funding Guidelines is to provide guidance for administering agencies, so they design and implement their programs in a way that:   * Facilitates GHG emission reductions; * Meets statutory requirements; * Maximizes benefits to disadvantaged communities; * Targets investments to disadvantaged communities, low-income communities, and low-income households to help ensure statutory investment minimums are met or exceeded; * Provides accountability and transparency; and * Supports consistency across programs. |
| California Native American Tribe | A Native American Tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of Chapter 905 of the Statutes of 2004 (Pub. Resources Code, § 21073). |
| California Tribal Organization | A corporation, association, or group controlled, sanctioned, or chartered by a California Native American tribe that is subject to its laws, the laws of the State of California, or the laws of the United States. |
| CAM | *Commission Agreement Manager,* the person designated by the CEC to oversee the performance of an agreement resulting from this solicitation and to serve as the main point of contact for the grant recipient. |
| CARB | California Air Resources Board |
| CAO | *Commission Agreement Officer*, the person designated by the CEC to oversee the internal administrative processes and to serve as the main point of contact for solicitation applicants. |
| Community Based Organization | Community Based Organization, a public or private nonprofit organization of demonstrated effectiveness that:  a) Has deployed projects and/or outreach efforts within the region (e.g., air basin or county) of the proposed disadvantaged or low-income community or similar community.  b) Has an official mission and vision statements that expressly identifies serving disadvantaged and/or low-income communities.  c) Currently employs staff member(s) who specialized in and are dedicated to – diversity, or equity, or inclusion, or is a 501I(3) non-profit. |
| CEC | State Energy Resources Conservation and Development Commission or the California Energy Commission. |
| CEC funds | *CEC funds* are INDIGO grant funds awarded under this solicitation, also referred to as grant funds. |
| CEQA | California Environmental Quality Act, California Public Resources Code Section 21000 et seq. |
| Cutting-edge, emerging technologies | Technology that may not be widely deployed in California or the USA but has been proven commercially and/or in an industrially relevant environment and has documented technology and economic performance and emissions data for at least one year of operation. For this solicitation, a minimum technology readiness level (TRL) of 8 is required. Round 2: projects at a minimum TRL of 7 are eligible. See below for Department of Energy TRL assessment guidelines. |
| Days | *Days* refers to calendar days*.* |
| Disadvantaged Community | Communities designated pursuant to Health and Safety Code section 39711 as representing the top 25% scoring census tracts from CalEnviroScreen along with other areas with high amounts of pollution and low populations as identified by the California Environmental Protection Agency. (<https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40>) |
| Electrification (of an industrial process/facility) | This solicitation defines electrification of an industrial process/facility as replacing fossil gas-powered technologies or processes with grid or clean, renewable electricity-powered industrial equipment. |
| GFO | Grant Funding Opportunity |
| GGRF | Greenhouse Gas Reduction Fund |
| GHG | Greenhouse Gas |
| INDIGO Program or INDIGO | Industrial Decarbonization and Improvement to Grid Operations Program |
| Industrial sector/facilities | Per AB 209, includes facilities involved with manufacturing, production, and processing of materials such as chemicals, metals, food and beverages, and nonmetallic minerals – including cement, glass, electronics, and pharmaceuticals – and related support facilities. |
| Low-Income Community | Communities within census tracts with median household incomes at or below 80 percent of the statewide median income or the applicable low-income threshold listed in the state income limits updated by the Department of Housing and Community Development. (<https://www.hcd.ca.gov/grants-and-funding/income-limits>) |
| Major Subrecipient | A *Major Subrecipient* that is budgeted to receive $100,000 or more of CEC funds, not including any equipment or match funds that may be provided by the Subrecipient. |
| M&V | Measurement and verification |
| Net Peak Periods | Net demand is the total electricity demand minus utility-scale solar and wind generation at a given time, and the net demand peak (the “net peak” for short) typically occurs later in the evening than the total demand peak.[[6]](#footnote-7) |
| NOPA | *Notice of Proposed Award,* a public notice by CEC staff that identifies proposed grant recipients. |
| Principal Investigator/Manager | The technical lead for the applicant’s project, who is responsible for overseeing the project; in some instances, the Principal Investigator and Manager may be the same person. |
| Priority Populations | Priority populations include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. |
| Project | A technology or a portfolio of technologies installed in one or more food processing plants that is contained in a grant application. |
| Project Manager | The person designated by the applicant to oversee the project and to serve as the main point of contact for the CEC. |
| Recipient | A person or entity receiving a grant award under this solicitation. “Recipient” may be used interchangeably with “grant recipient”. |
| Solicitation | This entire document, including all attachments, exhibits, addenda, written notices, and questions and answers (“solicitation” may be used interchangeably with “Grant Funding Opportunity” or “GFO”). |
| Subrecipient | A person or entity (e.g., a subcontractor) that receives grant funds directly from a grant Recipient and is entrusted to make decisions about how to conduct some of the grant’s activities. A Subrecipient’s role involves discretion over grant activities and is not merely just selling goods or services. |
| State | State of California |
| TRL | *Technology Readiness Levels*, 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> |
| Vendor | A person or entity that sells goods or services to the grant Recipient, Subrecipient, or any lower-tiered level of Sub-Subrecipient, in exchange for some of the grant funds, and does not make decisions about how to perform the grant’s activities. The Vendor’s role is ministerial and does not involve discretion over grant activities. |

## Project Focus

This solicitation focuses on deploying industrial decarbonization technologies that are **cutting-edge emerging technologies** as defined in Section I.B. The proposed technology(ies) and project must achieve at least one of the following goals at the industrial demonstration site(s). Additional points could be awarded for meeting multiple goals.

* Electrify some or all industrial processes
* Maximize GHG emission reductions
* Drive scalability and application of project technology to other facilities/industries/processes
* Reduce electrical demand during net peak periods
* Provide air pollution benefits to priority populations

Section II.B lists further descriptions of project requirements and eligible technologies.

## Funding

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

There is up to [~~$5,495,796~~] **$5,495,716** available for grants awarded under this solicitation. The minimum funding amount for each project is [~~$2,747,898~~] **$2,747,858**. The maximum funding amount is [~~$5,495,796~~] **$5,495,716**.

Note: Per AB 209[[7]](#footnote-8), A single entity cannot receive an excess of $8,000,000, of INDIGO Program funding.

| Available INDIGO funding | Minimum INDIGO award | Maximum INDIGO award | Minimum match funding  (% of INDIGO funds requested) |
| --- | --- | --- | --- |
| [~~$5,495,796~~]  $5,495,716 | [~~$2,747,898~~]  **$2,747,858** | [~~$5,495,796~~]  **$5,495,716** | 25% of eligible costs referenced in Sections I.D.2. and I.D.3 |

1. **Eligible costs for INDIGO Program grant funding are limited to:**

* Equipment and material costs, excluding installation costs.
  + Must constitute at least 50 percent of requested INDIGO funding.
* Direct labor, fringe benefits, and subrecipients/vendors that are directly related to installation, engineering and design, measurement and verification (M&V), and community engagement.
  + Must constitute less than 50 percent of requested INDIGO funding.

1. **Costs to be covered by match funding:**

* Travel, indirect costs, and costs associated with permitting and technology certification.

1. **Match Funding Requirement**

Match funding is required in the amount of at least **25%** of the requested INDIGO funds. Match funds are limited to the eligible costs defined in Sections I.D.2 and I.D.3. For the definition of match funding, see Section I.K.

1. **Change in Funding Amount**

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

* Increase or decrease the available funding and the minimum/maximum grant award amounts described in this section.
* Allocate any additional or unawarded funds to passing applications, in rank order.
* Reduce funding to an appropriate amount if the budgeted funds do not provide full funding for agreements. In this event, the proposed grant recipient and Commission Agreement Manager (CAM) will attempt to 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[[8]](#footnote-9) |
| --- | --- | --- |
| Solicitation Release | April 3, 2024 |  |
| **Round 2 Release** | **September 12, 2024** |  |
| **Pre-Application Workshop** | **April 26, 2024** | **10:00 a.m.** |
| **Deadline for Written Questions[[9]](#footnote-10)** | [~~May 01, 2024~~]**September 27, 2024** | **5:00 p.m.** |
| Anticipated Distribution of Questions and Answers | Week of [~~May 13, 2024~~]**October 7, 2024** |  |
| **1st Round Deadline to Submit Applications** | **June 17, 2024** | **11:59 p.m.** |
| **2nd Round[[10]](#footnote-11) Deadline to Submit Applications, if funds remain** | [~~December 20, 2024~~]  **January 10, 2025** | **11:59 p.m.** |
| Anticipated Notice of Proposed Award Posting (NOPA) Date Round 1 | [~~July 2024~~]  **September 3, 2024** |  |
| Anticipated Notice of Proposed Award Posting (NOPA) for Round 2 | **January 2025** |  |
| Anticipated Energy Commission Business Meeting Date **(Round 1)** | [~~45 days after each NOPA~~ ]  **November 13, 2024** |  |
| **Anticipated Energy Commission Business Meeting Date (Round 2)** | [~~February 2025~~]  **45 days after each NOPA** |  |
| Anticipated Agreement Start Date | 45 days after the Business Meeting |  |
| Anticipated Agreement End Date | No later than 06/30/2028 |  |

Additional application rounds may be added at the discretion of the CEC. An addendum to this solicitation will be publicly released if additional application rounds are added.

## Notice of Pre-Application Workshop

CEC staff will hold one Pre-Application Workshop to discuss this solicitation with potential applicants. Participation is optional but encouraged. The Pre-Application Workshop will be held remotely. Applicants may attend the workshop via the internet (Zoom, see instructions below), or via conference call on the date and at the time and location listed below. Please refer to the CEC's website at www.energy.ca.gov/contracts/index.html to confirm the date and time. Please be aware that the meeting will be recorded.

**Date and time:** April 26, 2024, at 10:00 AM

**Zoom Instructions:**

To join the Zoom meeting, go to <https://zoom.us/join> and enter the Meeting ID below and select “join from your browser.” Participants will then enter the meeting password listed below and their name. Participants will select the “Join” button.

**Meeting ID:** 889 4154 8506

**Meeting Password:** 389522

**Topic:** GFO-23-313 Pre-Application Workshop, Deployment of Decarbonization Technologies and Strategies for California Industrial Facilities (INDIGO Program)

**Telephone Access Only:**

Call **1-888 475 4499** (Toll Free) or **1-877 853 5257** (Toll Free). When prompted, enter the meeting number above. International callers may select a number from the Zoom International Dial-in Number List at: <https://energy.zoom.us/u/adjzKUXvoy>. To comment, dial \*9 to “raise your hand” and \*6 to mute/unmute your phone line.

**Access by Mobile Device:**

Download the application from the Zoom Download Center, <https://energy.zoom.us/download>.

**Technical Support** **for Pre-Application Workshop:**

* For assistance with problems or questions about joining or attending the meeting, please call Zoom Technical Support at **1-888-799-9666 ext. 2.** You may also contact the CEC’s Public Advisor’s Office at publicadvisor@energy.ca.gov, or (916) 957-7910.
* System Requirements: To determine whether your computer is compatible, visit:

<https://support.zoom.us/hc/en-us/articles/201362023-System-requirements-for-Windows-macOS-and-Linux>.

* If you need a reasonable accommodation to participate, please Erica Rodriguez by e-mail at Erica.Rodriguez@energy.ca.gov or (916) 764-5705 at least five days in advance.

## Questions

During the solicitation process, for questions only related to submission of application in the new ECAMS system, please contact [ECAMS.SalesforceSupport@energy.ca.gov](mailto:ECAMS.SalesforceSupport@energy.ca.gov). Through that email address applicants will be able to access a team of technical assistants who can answer questions about application submission. Please also see Section III.B for additional information about the ECAMS system.

For all other questions, including all technical and administrative questions that are not related to submission of applications in the ECAMS system, please contact the Commission Agreement Officer listed below:

Kevyn Piper, Commission Agreement Officer

California Energy Commission

715 P, MS-18

Sacramento, California, 95814

E-mail: Kevyn.Piper@energy.ca.gov

Applicants may ask questions at the Pre-Application Workshop and may submit written questions via email. 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 CEC's discretion. **Non-technical** questions (e.g., administrative questions concerning application format requirements or attachment instructions) may be submitted to the CAO at any time prior to 5:00 p.m. of the application deadline date. Similarly, questions related to submission of applications in the ECAMS system may be submitted to ECAMS.SalesforceSupport@energy.ca.gov at any time prior to 5:00 p.m. of the application deadline date.

The questions and answers will also be posted on the CEC’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 5:00 p.m. of the application deadline date, the applicant may notify the CAO in writing and request modification or clarification of the solicitation. The CEC, at its discretion will provide modifications or clarifications by either an addendum to the solicitation or by written notice to all entities that requested the solicitation. At its discretion, the CEC may, in addition to any other actions it may choose, re-open the question/answer period to provide all applicants the opportunity to seek any further clarification required.

**Any verbal communication with a CEC employee or anyone else 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.**

## Applicants’ Admonishment

This solicitation contains application requirements and instructions. Applicants are responsible for **carefully reading** the entire 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 and Scoring Criteria and** **Grounds to Reject an Application or Cancel an Award** in Section IV, and the relevant INDIGO Grant terms and conditions located at: <https://www.energy.ca.gov/funding-opportunities/funding-resources.>

Applicants are solely responsible for the cost of developing applications. This cost cannot be charged to the State. **All submitted documents will become publicly available records** and property of the State after the CEC posts the Notice of Proposed Award or the solicitation is cancelled. Only submit information you want made public. **Marking any portion of your application as confidential may result in disqualification**. **No portion of your application will be considered confidential.**

## Additional Requirements regarding environmental review

* Time is of the essence. CEC funds available under this solicitation have encumbrance deadlines as early as June 30, 2025. This means that the CEC must approve proposed awards at a business meeting (usually held monthly) prior to June 30, 2025, to avoid expiration of the funds.
* Environmental Review. Prior to approval and encumbrance, the CEC must comply with the California Environmental Quality Act (CEQA) and other requirements. To comply with CEQA, the CEC 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 CEC 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 applications in a manner that minimizes the time required for the CEC to comply with CEQA and provide all CEQA-related information to the CEC in a timely manner such that the CEC is able to complete its review in time for it to meet its encumbrance deadline.
* 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 CEC 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 CEC’s ability to meet its encumbrance deadline may thereby be jeopardized, the CEC 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 CEC’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 CEC’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 CEC’s review, or the lead agency’s review, may take longer than the time available to encumber the funds. If an Initial Study, Negative Declaration, Mitigated Negative Declaration, Environmental Impact Report, or similar document[[11]](#footnote-12) 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 completed its environmental review and adopted CEQA findings 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 CEC may or may not be able to comply with CEQA within the encumbrance deadline and are only provided as further clarification for potential applicants. Applicants are encouraged to contact potential lead and responsible agencies under CEQA as early as possible. Please plan applications accordingly.

## Background

1. **Industrial Decarbonization and Improvement of Grid Operations (INDIGO) Program**

This solicitation will award projects under the INDIGO Program. The INDIGO Program was established by AB 209 in 2022 and is funded by the California Climate Investments Program administered by the California Air Resources Board (CARB). INDIGO will accelerate the adoption of decarbonization technologies that support achieving the state’s long-term GHG emissions reduction goals while maximizing other co-benefits. INDIGO funds the installation and implementation of cutting-edge, emerging technologies within California’s industrial facilities that meet the guiding principles of (1) benefiting or improving public health and the environment, particularly in priority populations, (2) enhancing and benefitting the electrical grid, especially during net peak periods, and (3) demonstrating reliability and effectiveness of advanced electrification, grid support, and decarbonization technologies and strategies. The CEC will prioritize investing the funds in projects that achieve significant GHG and energy consumption reductions, reduce demand during net peak periods, maximize benefits to priority population communities, and are necessary to meet the State’s climate goals. A list of eligible cutting-edge, emerging technologies is found in Section II.B.

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

This program and solicitation are governed by the following laws, policies, and background documents.

Laws/Regulations

* **Assembly Bill (AB) 32[[12]](#footnote-13) - 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 designates CARB as the state agency charged with monitoring and regulating sources of greenhouse gas GHG emissions and requires CARB to develop a Scoping Plan that describes the approach California will take to reduce GHGs. CARB must update the plan at least once every five years.

Additional information: <https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=200520060AB32http://www.leginfo.ca.gov/pub/15-16/bill/sen/sb_0001-0050/sb_32_bill_20160908_chaptered.htm>,

<https://ww2.arb.ca.gov/our-work/programs/ab-32-climate-change-scoping-plan>

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

* **Senate Bill (SB) 32 – California Global Warming Solutions Act of 2006: emissions limit**

SB 32 expands on AB 32 by requiring that CARB ensure statewide GHG emissions are reduced to 40% below the 1990 level by no later than December 31, 2030. SB 32 further requires that these emission reductions are achieved in a manner that benefits the state’s most disadvantaged communities and is transparent and accountable to the public and the Legislature.

Additional information: <https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB32>

Applicable Law: California Health and Safety Code § 38566.

* **Assembly Bill (AB) 1550 – The Climate Investments for California Communities Act**

AB 1550 (Gomez, Chapter 369, Statutes of 2016) amends existing SB 535 (DeLeon, Chapter 830, Statutes of 2012) to set investment minimums for Greenhouse Gas Reduction Fund (GGRF) projects in and benefiting disadvantaged communities and low-income communities and includes the following requirements:

* A minimum of 25% of the proceeds to be invested in projects located within and benefitting individuals living in disadvantaged communities;
* Additional minimum of 5% be invested in projects located within and benefitting individuals living in low-income communities or benefitting low-income communities statewide; and
* An additional minimum of 5% be invested in projects that are located within and benefitting individuals living in low-income communities, or benefitting low-income households that are within one-half mile of a disadvantaged community.

Additional Information:

<https://calepa.ca.gov/envjustice/ghginvest/>

* **Assembly Bill 209**[[13]](#footnote-14) **- Energy and Climate Change Act**

AB 209 required the CEC toestablish and administer clean energy programs to provide financial incentives to California-headquartered companies for developing and commercializing technologies that can either help California meet its greenhouse gas reduction targets and achieve its climate goals or enable the state to be more resilient to the impacts of climate change. One program specifically is the Industrial Grid Support and Decarbonization Program to provide financial incentives for the implementation of projects at industrial facilities to provide significant benefits to the electrical grid, reduce emissions of greenhouse gases, and achieve the state’s clean energy goals and to exceed compliance requirements.

Additional Information: <https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB209>

Refer to the links below for information about past CEC research projects and related activities:

* <https://www.energy.ca.gov/event/workshop/2023-04/industrial-decarbonization-and-improvements-grid-operations-workshop>
* <http://www.energy.ca.gov/research/>
* <https://www.energy.ca.gov/showcase/energize-innovation>
* <https://ww2.arb.ca.gov/resources/documents/cci-attestation-memorandums-and-expenditure-records>

## Match Funding

Please see Section I.D.2 for match funding requirement for this solicitation.

* **“Match funds”** includes cash or in-kind (non-cash) contributions provided by the applicant, subrecipients, or other project-related sources.
* “Match funds” do not include: INDIGO program awards, any other CEC awards, future/contingent awards from other entities (public or private), or the cost or value of the project work site. If the applicant is leveraging or pursuing funding from multiple sources of the GGRF, the applicant must describe all existing or potential GGRF sources in their application materials.
* Definitions of “match funding” categories are listed below:
* **“Cash”** **match** means funds that are in the grant 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. Cash match can 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 match will be considered more favorably than in-kind contributions during the scoring phase.
* Match funds must be spent only during the agreement term, either before or concurrently with CEC funds or in accordance with an approved Match Fund Spending Plan. Match funds also must be reported in invoices submitted to the CEC.
* All applications that include match funds must submit commitment letters, **including applicant, subrecipients**, sub-subrecipients, and vendors 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 Letters Form Attachment. Commitment and support letters must be submitted with the application to be considered.
* Any match pledged in an application must be consistent. For example, in the ECAMS system and in the Budget Attachment applicants will be asked to enter the project’s total match funding. The amounts listed in those places should be consistent with the amount or dollar value described in the commitment letter(s) (e.g., if $5,000 “cash in hand” funds are pledged in a commitment letter, the match amounts entered in the ECAMS system and in the Budget must match this amount). If the amounts listed in an application are inconsistent, the total amount pledged in the commitment letter(s) will be considered for match funding points.

1. **FUNDS SPENT IN CALIFORNIA**

* Only CEC funds may count towards funds spent in California total.
* “Spent in California” means that:
  + (1) Funds in the “Direct Labor category and all categories calculated based on direct labor (e.g., fringe benefits, indirect costs) are paid to individuals that pay California state income taxes on wages received for work performed under the agreement. Payments made to out-of-state workers do not count as “funds spent in California.”
  + (2) Business transactions (e.g., material and equipment purchases, leases, and rentals) are entered into with a business located in California.
  + (3) Total should include any applicable, subrecipients, sub-subrecipients, and vendors.
* A business located in California means: 1) businesses registered with Secretary of State AND 2) transaction is with a location in California that is directly related to the grant project (e.g., direct purchase of material and equipment to be used in the grant) and results in the support of California business and jobs.
  + Example 1: CEC funds will be spent on temperature sensors. The temperature sensors are manufactured in Washington. The grant recipient orders the temperature sensors directly from a CA based supply house. The invoice shows that the transaction occurred with the CA based supply house. This transaction is eligible and can be counted as funds spent in CA.
  + Example 2: CEC funds will be spent on temperature sensors. The temperature sensors are manufactured in Washington. The grant recipient orders the temperature sensors directly from Washington. The manufacturer has training centers in CA that instructs purchasers on how to use the sensors. The invoice shows that the transaction occurred in Washington. This transaction is not eligible and cannot be counted as funds spent in CA.

1. **CEC’s Rights and Remedies**

Any process explained in this solicitation is in addition to, and does not restrict, any other rights and remedies available to the CEC.

# II. Eligibility Requirements

## Applicant Requirements

1. **Eligibility**

Applications to the INDIGO Program are open to existing industrial facilities located in California and to utilities, equipment manufacturers, energy service providers, aggregators, and developers who are implementing cutting-edge, emerging technologies in California industries. The applicant may include multiple industrial facilities located in California in one application.

Food and beverage industries and related support facilities that are receiving funding for the same project, or portions of the same project, from the CEC’s Food Production Investment Program (FPIP) are **ineligible** for funding from the INDIGO Program or to use funds received from FPIP as match funds.

1. **Terms and Conditions**

Each grant agreement resulting from this solicitation will include terms and conditions that set forth the grant recipient’s rights and responsibilities. By submitting an application in the ECAMS system, each applicant agrees to enter into an agreement with the CEC to conduct the proposed project according to the INDIGO Program terms and conditions. All terms and conditions are located at <https://www.energy.ca.gov/funding-opportunities/funding-resources>. Please refer to the applicable INDIGO Program terms and conditions. Failure to agree to the terms and conditions by taking actions such as failing to provide the required authorizations and certifications or indicating that acceptance is based on modification of the terms may result in **rejection** of the application. Applicants **must** **read** the terms and conditions carefully.The CEC reserves the right to modify the terms and conditionsprior to executing grant agreements.

If a California Native American Tribe (Tribe) or California Tribal Organization with sovereign immunity is listed as a proposed awardee in the Notice of Proposed Award, CEC staff must receive the following before bringing the proposed award to a CEC Business Meeting:

1. A resolution or other authorizing document by the governing body of the Tribe or California Tribal Organization authorizing the Tribe or California Tribal Organization to enter into the proposed agreement, including accepting the Special Terms and Conditions for California Native American Tribes and Tribal Organizations with Sovereign Immunity.

2. A limited waiver of sovereign immunity in the form and manner required by tribal law; and

3. A resolution or other authorizing document delegating authority to execute the agreement to an appropriate individual.

The above requirements may be provided in one or more documents. The document(s) will be included as an exhibit to the resulting grant agreement.

**Delay in award.** Any delay in the Tribe or Tribal Organization’s ability to provide such documentation may result in delayed award of the grant agreement.

Reservation of right to cancel proposed award. Funds available under this solicitation have encumbrance deadlines which the CEC must meet to avoid expiration of the funds. In addition to any other rights reserved to it under this solicitation or that it otherwise has, the CEC reserves the right to cancel a proposed award if it determines, in its sole and absolute discretion, that the documentation described above would likely not be provided prior to an encumbrance deadline, and that the CEC’s ability to meet its encumbrance deadline may thereby be jeopardized. In this instance, the CEC may cancel the proposed award and award funds to the next highest scoring applicant.

1. **California Secretary of State Registration**

All corporations, limited liability companies (LLCs), limited partnerships (LPs) and limited liability partnerships (LLPs) that conduct intrastate business in California 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 CEC Business Meeting. If not currently registered with the California Secretary of State, applicants and project team members (e.g. subrecipients and even match fund partners) 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 proposed for funding). Applicants should provide the exact legal names of entities included in their applications, along with any fictitious business names. Fictitious business names must be currently valid, i.e., not expired with the Secretary of State. As part of the CEC’s due diligence, particularly during the agreement development phase, CEC staff may request the supporting documentation regarding the above registration requirements.

For more information, contact the Secretary of State’s Office via its website at [www.sos.ca.gov](http://www.sos.ca.gov). Sole proprietors do not have to be registered with the California Secretary of State. However, the local government may require a business license and if using a fictitious business name, registration of the name may be required. Sole proprietors must be able to provide evidence of required licenses and/or registration with the appropriate local government, or evidence that such licenses and/or registration is not required, to the CEC prior to the project being recommended for approval at a CEC Business Meeting.

1. **Benefits to Priority Populations**

INDIGO Program projects that decarbonize industrial facilities/processes located in disadvantaged or low-income communities could result in reduced criteria air pollutant emissions and other benefits. See the definition of priority populations in Section I.B.

Points will be provided for projects located in and benefiting priority populations as indicated in Section IV, Evaluation and Award Process (see Section IV.F. Stage Two application scoring for specific technical scoring criteria). Applicants must describe their efforts to determine and meaningfully address common needs in disadvantaged communities and low-income communities. Points will be awarded based on whether the project meets the requirements indicated in CARB guidance, which is posted at the following: [www.arb.ca.gov/cci-quantification](http://www.arb.ca.gov/cci-quantification). Additional requirements for direct community engagement are described in Section II.B.5 and Section IV.F Scoring Criterion 6 and are specific to this solicitation.

Projects claiming to benefit priority populations must be designed to avoid substantial burdens (e.g., displacement of low-income, disadvantaged community residents and businesses or increased exposure to toxics or other health risks).

The interactive mapping tool to identify disadvantaged and low-income communities is posted at: [www.arb.ca.gov/cci-communityinvestments](http://www.arb.ca.gov/cci-communityinvestments).

Priority population benefits criteria are subject to change and can be found on the Priority Population Benefits Criteria Table on the CCI Quantification, Benefits, and Reporting Materials webpage: [www.arb.ca.gov/cci-quantification](http://www.arb.ca.gov/cci-quantification). **Any** r**equirements for direct community engagement are specific to this solicitation.**

1. **Russia Sanctions**

The budget must NOT identify that CEC 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. Recent legal restrictions may include Russian Sanctions as described below:

On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. “Economic Sanctions” refers to sanctions imposed by the U.S. government in response to Russia’s actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions.

Accordingly, should the State determine Recipient is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this agreement. The State shall provide Recipient advance written notice of such termination, allowing Recipient at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State.

## Project Requirements

* 1. **Eligibility**

This solicitation will fund projects that:

* ~~Implement cutting-edge, emerging technologies at a TRL of 8 or greater that may not be widely deployed in California but have been proven commercially and/or in a relevant industrial environment and have documented technology and economic performance and emissions data for at least one year of operation.~~
* **ROUND 2: Implement cutting-edge, emerging technologies at a technology readiness level (TRL) of 7 or greater that may not be widely deployed in California but have been proven commercially and/or in a relevant industrial environment and have documented technology and economic performance and emissions data for at least one year of operation.**
* Achieve at least one of the following goals at the industrial demonstration site(s). Additional points could be awarded for meeting multiple goals:
  + Electrify some or all industrial processes
  + Maximize GHG emission reductions
  + Drive scalability and application of project technology to other facilities/industries/processes
  + Reduce electrical demand during net peak periods
  + Provide air pollution benefits to priority populations

To satisfy the above goals, applicants must provide the following information in the Project Narrative (Attachment 02):

Technical Merit Section:

1. Justification and data supporting that the proposed technology is at ~~TRL of 8~~ **TRL of 7** or greater based on a previous demonstration or commercial application of the technology, including documented technology and economic performance data for at least one year.

Impacts and Benefits Section:

1. Data supporting actual benefits achieved in a previous demonstration or commercial application of the technology, including documented GHG emission reductions, criteria air pollutant emission reductions, increased energy efficiency, reduced fossil fuel use, electric load flexibility, and grid benefits. Information regarding ability to meet local air permitting requirements should be included.

Priority Populations and Community Engagement Section:

1. Information described in Section II.B.5, including:
   1. Outlined plan for direct community engagement and proposed benefits to priority populations over the course of the agreement.
   2. Include at least one letter of support (Attachment 07) at the application stage, for each industrial facility in the project. The letter of support should be from a community-based organization (CBO) located in the same community as the demonstration project.
   3. Include documentation of any direct community engagement that applicant has already done in the same community as the demonstration project.
   4. **Technologies and Projects**

Eligible technologies and projects are limited to those in the table below. This list of eligible technologies may be expanded for a second round of the solicitation if funds remain.

| **Eligible Projects** | **Description[[14]](#footnote-15)** |
| --- | --- |
| Process Heat Electrification, such as:   * Industrial heat pumps * Electric boilers/kilns * Infrared heating * Microwave heating * Inductive heating | Retrofit or replacement of industrial thermal processes that are fueled with fossil fuel/gas with electrification technologies (e.g., cement processing, steam production, cooking and drying processes).  Industrial heat pumps include both ambient air/water sourced and heat-recovery equipment that allows the temperature of a waste-heat stream to be increased to a higher, more useful temperature. |
| Non-Thermal Separation, such as:   * Membranes * Freeze distillation | Replacing thermal separation processes, such as evaporation and distillation, with processes that remove the thermal energy required for separation and strictly rely on electrified processes (e.g., reverse osmosis). |
| Alternative Processes, such as:   * Alternative materials and feedstocks * Electrolysis * **Material efficiency** * **Strategies that reduce or eliminate process emissions** | Switch from raw materials that release GHG emissions upon processing to alternative feedstocks; use alternative processing approaches that replace carbon-intensive thermal energy use.  Replace materials to result in lowering temperature requirements of processing that lead to potential for electrification and reduction of GHG emissions in a given industrial process. |
| Energy Efficiency, such as:   * Process integration and intensification * Advanced catalysts * Sensors and controls for electrical optimization * Advanced motors and controls | Increase industrial process cycles and/or manufactured product output per unit of energy consumed that enable the potential for current or future electrification.  Note: Ineligible energy efficiency projects are those that are dependent on continued fossil fuel use and will be redundant when the facility converts to electrified processes. Energy efficiency projects that can work with both fossil fuel and electrification processes are eligible. |
| Load Flexibility, such as:   * Integrated onsite electricity generation using solar photovoltaics (PV) and wind with/without battery storage would be eligible only if it is part of larger project that focuses on electrification of an industrial process/facility * Thermal energy storage * Pre-heating, pre-cooling, pre-grinding, and other operational improvements that shift/shed electrical use * Automated load flexibility controls for eligible project categories | Provide increased grid reliability and/or demand response by installing onsite solar PV and/or wind, in conjunction with industrial electrification or energy storage that maximizes use of renewable electricity, time-of-use cost optimization, and/or participation in utility or third-party demand response programs. |
| **Carbon Capture and Utilization in the Cement/Concrete Industry, such as:**   * **Carbon capture and utilization of cement plant emissions.** | **Reduce GHG and criteria air pollutant emissions via flue gas scrubbing and carbon capture from cement plant combustion activities and clinker process emissions. Captured carbon dioxide must be utilized as a lower carbon footprint alternative feedstock to industrial products/processes such as concrete curing, mineral procurement, and chemical synthesis.** |

Additional technologies could be added as a result of comments received during the written questions period (see Section I.E., Key Activities Schedule). However, these technologies must be consistent with the purposes of the solicitation (Section I.A.). Any added technologies will be posted in an addendum.

* 1. **Measurement and Verification Plan**

Applicants must include estimates of GHG emissions and energy reductions in the application, and the actual reductions must be verified after the installation of the funded equipment. The costs of producing baseline estimates submitted as part of the application process are not reimbursable by the grant. However, once an agreement is executed, the detailed measurements to verify GHG emissions and energy reductions are eligible for reimbursement if performed by a subrecipient. The following process will be used during the application process and after project implementation:

1. **Baseline information as part of the grant application is not reimbursable by the grant.** Each applicant must first develop an energy baseline for the project based on specific characteristics of the targeted equipment to be retrofitted or replaced, operating conditions at the industrial facility, and other factors. The estimate of baseline energy consumption can be derived from an energy assessment conducted by the applicant’s facility staff, private consultants, equipment vendors, and/or others. There are several ways in which to conduct an energy assessment of the targeted equipment and systems. The choice of the specific assessment protocol used is left to the applicant, but all assumptions and calculation methodologies to justify baseline energy and GHG emissions must be submitted with the application. All targeted equipment and systems for retrofits must reduce GHG emissions through reductions in the use of gas, fossil fuels, or both; the use of grid-supportive load flexibility technology/engineering controls; or a combination of these. The CEC will evaluate the estimates and assumptions of GHG emissions reductions and energy savings provided by each applicant in scoring proposals submitted for funding. The scoring criteria will favor projects with the most potential to cost-effectively reduce GHG emissions along with other factors such as benefits to priority populations. Estimates of GHG emissions reductions must use the INDIGO Benefits Calculator Tool (Attachment 08) posted on the CARB website. [[15]](#footnote-16)
2. **Post-grant award information and efforts are reimbursable by the grant.** Projects awarded funding will be required to monitor and verify pre- and post-installation energy performance. Each applicant may choose the preferred measurement and verification method as long as it is robust enough to evaluate and validate GHG emissions and energy reductions at the equipment and system or facility levels. The minimum period of measurement required is as follows:

* **Pre-installation:** 
  + A minimum of 4 months pre-installation on the equipment and systems to be retrofitted/replaced.
* **Post-installation:**
  + A minimum of 12 months post-installation on the equipment/systems installed.
* **Load flexibility projects:**
  + May include time-of-use cost optimization, utility or third-party demand response programs, or both. Measurements will be based on load reduced during the net peak period for California Independent System Operator or the facility’s electric utility, and the pre- and post-installation periods must include at least one annual peak demand period of June through September. M&V impact calculations must not account for fossil-based backup generators.

Verification must be provided for pre- and post-equipment/systems installation through actual on-site measurements. Estimates of GHG emission reductions must use the INDIGO Benefits Calculator (Attachment 08) posted on CARB’s website. The CEC grant provides funding to contract with independent third-party subcontractors. Self-verification using in-house staff is also acceptable but will not be reimbursable by the grant. The CEC or its consultant reserves the right to conduct an audit of a sample of the projects to verify assumptions and estimates of energy savings and GHG emissions reductions.

* 1. **Bundling of Facilities**

**Bundling of industrial facilities and projects can be included in one application.** The entire bundle of industrial facilities and projects will be evaluated as discussed in Section IV.F Criterion 8. Criterion 8 discusses priority consideration for facilities that reduce their electrical load and support the grid. Separate measurements of M&V data are required for each industrial facility and cannot be bundled.

* 1. **Documentation of Benefits to Priority Populations and Community Engagement Plan**

Applications will receive points for projects located within identified disadvantaged or low-income communities that benefit individuals living within that community or directly benefit residents of low-income households. To receive points under Scoring Criterion 6 (Section IV), applicants must include an outlined plan describing how they will provide direct, meaningful, and assured benefits and address important community needs. This plan will be executed during the agreement and must be included as a Technical Task in the Scope of Work, and the deliverables are to include, but are not necessarily limited to, the plan and documentation of outreach and engagement activities, community benefits, outcomes of direct engagement, and other pertinent areas. Letters of support from CBOs local to the proposed project must be included in the application package (Attachment 07). The applicant must use the following evaluation approach to develop the benefits and engagement plan (Note: applicants must review the CARB’s guidance at for any updates to the following list):

* Step 1: Identify the Priority Population(s). Be located within a census tract identified as a disadvantaged community or low-income community, or directly benefit residents of a low-income household. The following web link provides interactive maps to aid in determining geographic eligibility for disadvantaged and low-income communities: [www.arb.ca.gov/cci-communityinvestments](http://www.arb.ca.gov/cci-communityinvestments).
* Step 2: Address a Need. Meaningfully address an important community or household need for the identified priority population(s). The applicant must document the approach for determining community needs and the level of engagement, as well as how community input was considered in the project design.
  + Identify individual factors in CalEnviroScreen that most impact a disadvantaged or low-income community, or select a need from the list of common needs[[16]](#footnote-17) and receive documentation of broad support for a proposed project from local community-based organizations and residents (Attachment 07)
  + Outline a plan to host community meetings, workshops, outreach efforts, and/or public meetings as part of the planning process to engage local residents and community groups for input on community needs. Document how the projects will address those needs and plan for continued accountability over the course of the project. (Technical Task in Scope of Work)
* Step 3: Provide a Benefit. Identify at least one direct, meaningful, and assured benefit that the project provides to priority populations. The benefit(s) provided must be supported by communities and/or CBOs for all sites, documented as an outcome of direct engagement. Projects must meet at least one of the following benefit criteria[[17]](#footnote-18):
  + Project provides energy efficiency upgrades to residents of a disadvantaged or low-income community or a low-income household.
  + Project provides renewable energy and direct energy cost savings to residents of disadvantaged or low-income communities or to low-income households.
  + Project reduces on-site criteria air pollutant or toxic air contaminant emissions through the reduction of fossil fuel consumption via efficiency improvements or electrification.
  + Project reinvests energy or fuel cost savings that would otherwise be realized by the funding recipient into the same disadvantaged or low-income community, or to low-income households, to provide direct, meaningful, and assured benefits to residents.
  + Project includes recruitment, agreements, policies, or other approaches that are consistent with federal and state law and result in at least 25 percent of project work hours performed by residents of a disadvantaged or low-income community, or by residents of low-income households.
  + Project includes recruitment, agreements, policies, or other approaches that are consistent with federal and state law and result in at least 10 percent of project work hours performed by residents of a disadvantaged or low-income community, or by residents of low-income households, who participate in job training programs that lead to industry-recognized credentials or certifications.

For applications with multiple locations, the applicant must address and discuss each of the three steps for each location, along with the amount of CEC funds it proposes to spend at each location.

Points will be awarded based on whether all the industrial facilities in the application meet all the requirements indicated in CARB guidance, which is posted at the following: [www.arb.ca.gov/cci-fundingguidelines](http://www.arb.ca.gov/cci-fundingguidelines). If all industrial facilities in the application meet all three steps, then the proposal will obtain points. There will be no proration of points if some facilities meet the requirement and others do not.

Projects claiming to benefit priority populations must be designed to avoid substantial burdens (e.g., displacement of low-income, disadvantaged community residents and businesses or increased exposure to toxins or other health risks).

The interactive mapping tool to identify disadvantaged and low-income communities is posted at the following: [www.arb.ca.gov/cci-communityinvestments](http://www.arb.ca.gov/cci-communityinvestments).

**Note: Priority population needs and benefits criteria are subject to change, and the latest versions can be found on the Priority Population Benefits Criteria Table on the CCI Quantification, Benefits, and Reporting Materials webpage at** [www.arb.ca.gov/cci-quantification](http://www.arb.ca.gov/cci-quantification)**. Any requirements for direct community engagement are specific to this solicitation.**

* 1. **Electrical Grid Benefits**

If applicable, applicants must describe how the project will impact and benefit California’s electrical grid. Examples include how the measures will reduce annual electricity (kilowatt-hours, kWh) during peak periods; impact energy costs; reduce peak load; and result in load shedding/shifting (demand response) to off-peak periods, improvements to grid infrastructure resiliency, and increased reliability. Applicants must state the timeframe, assumptions with sources, the baseline or “business as usual,” and calculations for the estimated benefits and explain their reasonableness. Applicants must also include any specific programs the technology intends to leverage (e.g., feed-in tariffs, investor-owned utility (IOU) rebates, demand response, storage procurement) and the extent to which the technology meets program requirements.

# III. Application Submission Instructions

## Application Format, Page Limits

All items listed below are required as part of the application package. Failure to provide any items may result in disqualification of the application. Attachment requirements are expanded and explained below in this section and in the attachments themselves.

|  |  |  |
| --- | --- | --- |
| **Item** | **Attachment Number** | **Page Limitation** |
| Project Overview Form | Attachment 01 | None |
| Project Narrative | Attachment 02 | Twenty pages |
| Scope of Work | Attachment 03 | Thirty pages |
| Project Schedule | Attachment 04 | Four pages |
| Budget | Attachment 05 | None |
| CEQA Compliance Form | Attachment 06 | None |
| Commitment and Support Letters | Attachment 07 | Two pages, excluding the cover page |
| INDIGO Benefits Calculator | Attachment 08 | None |
| Project Team Form | Attachment 09 | Two pages for each resume |
| Applicant Declaration | Attachment 10 | None |

## Method For Delivery

The only method of submitting applications to this solicitation is Energy Commission Agreement Management System (ECAMS), available at: <https://ecams.energy.ca.gov>.

The CEC is providing a team of technical assistants to support applicants with this new process. Please email ECAMS.SalesforceSupport@energy.ca.gov for support.

ECAMS allows applicants to complete and submit their application to the CEC prior to the date and time specified in this solicitation. Files uploaded to the system must be in Microsoft Word XP (.doc format) or newer and Excel Office Suite formats unless originally provided in the solicitation in another format. Attachments requiring signatures, such as match funding commitment letters, may be scanned and submitted in PDF format. Completed Budget Forms, Attachment, must be in Excel format.

The deadline to submit applications through ECAMS system is 11:59 p.m. on the Deadline to Submit Applications date shown in the Key Activities Schedule. ECAMS automatically closes at 11:59 pm. If the full submittal process has not been completed before 11:59 p.m., your application will not be considered.

The CEC strongly encourages Applicants to upload and submit all applications by 5:00 p.m. because CEC staff will not be available after 5:00 p.m. or on weekends to assist with the upload process. And please note that while we endeavor to assist all would-be applicants, we can’t guarantee staff will be available for in-person consultation on the due date, so please plan accordingly.

Please give yourself ample time to complete all steps of the submission process: do not wait until right before the deadline to begin the process. Due to factors outside the CEC’s control and unrelated to ECAMS, upload times may be much longer than expected. For example, unexpected issues could occur, causing long delays that prevent timely submission. Please plan accordingly. For instructions on how to apply using the ECAMS system, please see the How to Apply document available on the CEC website at: <https://www.energy.ca.gov/funding-opportunities/funding-resources>, under General Funding Information, Energy Commission Agreement Management System (ECAMS).

First time users must register as a new user to access the system. There will be two types of user accounts to establish: 1) An organizational account, for the entity applying to the solicitation; and 2) user accounts for individuals who will be submitting the application on behalf of the organization.

Applicants will be required to upload all attachments marked “required” in the system in order for the application to be submitted.

## Application Content

Below is a general description of each required section of the application. Please reference each individual attachment for a detailed description of the information requested by that attachment. Completeness in submitting all the information requested in each attachment will be factored into application scoring.

1. Project Overview Form (Attachment 01)

The form requests basic information about the applicant and the project. The application must include an original Project Overview Form with all requested information.

1. Project Narrative Form (Attachment 02)

The Project Narrative 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.

This form includes the majority of the applicant’s responses to the Scoring Criteria in Section IV, including the following:

* **Technical Merit**
* **Technical Approach**
* **Impacts and Benefits**
* **Team Qualifications, Capabilities, and Resources**
* **Budget and Cost Effectiveness**
* **Priority Populations and Community Engagement**

Preference points:

* **CEC Funds Spent in California**
* **Electric Grid Benefits**
* **Criteria Air Pollutant Reductions**

1. Scope of Work Template (Attachments 03)

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.

Electronicfiles for the Scope of Work must be in **MS Word** file format**.**

1. Project Schedule (Attachment 04)

The Project Schedule includes a list of all products, meetings, and due dates. All work must be scheduled for completion by the “Key Dates” section of this solicitation manual.

Electronic files for the Project schedule must be in MS Excel file format.

1. Budget Forms (Attachment 05)

Because this solicitation is utilizing the new ECAMS system for submitting applications, applicants have two options for uploading a budget:

1. **Option 1: The Applicant’s budget is both keyed directly into ECAMS and uploaded as an MS Excel attachment.** The new ECAMS system allows applicants to build the applicant’s budget directly into the system. Instructions for inputting budget items into the ECAMS system are included at: <https://www.energy.ca.gov/funding-opportunities/funding-resources>.
2. **Option 2: Upload the budget as an MS Excel attachment** and leave the ECAMS budget sections blank.

Instructions for completing the budget can be found in Budget Category Guidance at the ECAMS Resources page. **Read the instructions tab on the MS Excel Attachment 05 before completing the worksheets**. Complete and submit information on **all** budget worksheets. The costs entered on the worksheets will become a part of the final agreement. 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 Anticipated Agreement Start and End dates listed in the “Key Activities Schedule” of this solicitation manual. Match share requirements are discussed in Part I.D and I.K 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 CEC may only approve and reimburse for actual costs that are properly documented in accordance with the grant agreement terms and conditions. Rates and personnel shown must reflect the rates and personnel the applicant would include if selected as a Recipient.
3. The rates proposed, except for Direct Labor and Fringe Benefits, are considered capped and may not change during the agreement term. Except for Direct Labor and Fringe Benefits, the grant recipient will only be reimbursed for actual rates and not to exceed the capped rates. The rates proposed for Direct Labor and Fringe Benefits are treated as estimates; a grant recipient can invoice at higher rates as long as it is only invoicing for actual expenditures it has made. If an applicant, by law, cannot agree to Direct Labor and Fringe Benefits rates being treated as estimates, the applicant can request to modify this term. This modification may be negotiated if the applicant is proposed for award. The CEC retains the sole right to refuse to agree to any requested modifications. The budget must NOT include any grant recipient profit from the proposed project, either as a reimbursed item, match share, or as part of overhead or general and administrative expenses. Please review the terms and conditions and budget forms for additional restrictions and requirements.
4. The budget must allow for the expenses of all meetings and products described in the Scope of Work. Meetings may be conducted at the CEC or by conference call, as determined by the CAM. See Section I.D.
5. Applicants must budget for permits and insurance. Permitting costs may be accounted for in match share. Permit costs and the expenses associated with obtaining permits are not reimbursable with CEC funds. See Section I.D.
6. The budget must NOT identify that CEC 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.
7. **Prevailing wage requirement:** Projects that receive an award of public funds from the CEC 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 CEC 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, the 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, the 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 06)

The CEC 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 CEC’s Notice of Proposed Award may, in the CEC’s sole discretion and without limiting any of the CEC’s other rights and remedies, result in the cancellation of a proposed award and allocation of funding elsewhere, such as to the next highest-scoring project.

1. Commitment and Support Letter Form (Attachment 07)

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 from each entity that is committing to providing match funding. Each commitment letter must be signed by an authorized representative of the entity or by the individual that is making the commitment. A commitment letter must include all of the following: (1) identification of the source(s) of the funds; (2) a justification of the dollar value claimed; (3) an unqualified (i.e. without reservation or limitation) commitment that guarantees the availability of the funds for the project; and (4) a strategy for replacing the funds if they are significantly reduced or lost.

* + 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.

1. INDIGO Program Benefits Calculator (Attachment 08)

Applicants must fill out the INDIGO Program Benefits Calculator Tool. The tool estimates the GHG emission reductions and selected co-benefits of each proposed project type. The INDIGO Benefits Calculator Tool uses methods described in the supporting INDIGO Quantification Methodology. CARB and the CEC developed the Quantification Methodology consistent with the guiding principles of CCI, including ensuring transparency and accountability. The latest INDIGO Program Benefits Calculator Tool and INDIGO Quantification Methodology are available for download at: [www.arb.ca.gov/cci-resources](http://www.arb.ca.gov/cci-resources). This questionnaire aims to identify and document 5-7 performance targets for the project. The performance targets should be a combination of scientific, engineering, and techno-economic metrics that provide the most significant indicators of the research or technology’s potential success.

1. Project Team Form (Attachment 09)

Identify by name all key personnel[[18]](#footnote-19) assigned to the project, including the project manager and principal investigator (if applicable), and individuals employed by any major subrecipient (a major subrecipient is a subrecipient receiving $100,000 or more of CEC funds). Clearly describe their individual areas of responsibility. Include the information required for each individual, including a resume (maximum two pages).

1. Applicant Declaration (Attachment 10)

This form requests the applicant make certain declarations under penalty of perjury. This form must be signed by an authorized representative of the applicant’s organization.

1. Appendix G from CEQA Handbook (Attachment 11)

Applicants may use this attachment as a reference guide for projects to complete the CEQA compliance form (Attachment 06). The Environmental Checklist Form is not required for application submission.

1. CEC INDIGO Terms and Conditions

The content of this solicitation shall be incorporated by reference into the final agreement. See the sample agreement terms and conditions included in this solicitation.

The CEC reserves the right to negotiate with Applicants to modify the project scope, the level of funding, or both. If the CEC is unable to successfully negotiate and execute a funding agreement with an Applicant, the CEC, at its sole discretion, reserves the right to cancel the pending award and fund the next highest ranked eligible project.

The CEC must formally approve all proposed grant awards. CEC agreements for over $75,000 must be scheduled and considered at a CEC Business Meeting for approval by the CEC.Public agencies that receive funding under this solicitation must provide an authorizing resolution approved by their governing authority to enter into an agreement with the CEC and designating an authorized representative to sign.

The CEC will send the approved agreement, including the general terms and conditions and any additional terms and conditions, to the grant recipient for review, approval, and signature. Grant recipients may begin the project only after full execution of the grant agreement (i.e. formal approval by the CEC and signature by the grant recipient and the CEC).

# IV. Evaluation and Award Process

## Application Evaluation

Applications will be evaluated and scored based on responses to the information requested in this solicitation and on any other information available, such as past performance of CEC agreements. To evaluate applications, the CEC will organize an Evaluation Committee that consists of primarily, or all CEC staff. The Evaluation Committee may use additional technical expert reviewers to provide an analysis of applications.

1. **Stage One: Application Screening**

The Evaluation Committee will screen applications for compliance with the Screening Criteria in **Section IV.E**. **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 IV.F**.

* The scores for each application will be the average of the combined scores of all Evaluation Committee members.
* **A minimum score of 70.0 points** is required for criteria 1-6 to be eligible for funding.

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

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

Applications that receive at least the minimum required score for all criteria will be ranked according to their score by group.

* CEC staff 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 CEC will post the NOPA on its website and will e-mail it to all entities that submitted an application. Proposed awards must be approved by the CEC at a business meeting.

**Debriefings:** Applicants that are not proposed for funding may request a debriefing after the release of the NOPA by e-mailing the CAO listed in Section I.G. 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 CEC reserves the right to:
  + Allocate any additional funds to passing applications, in rank order;
  + Aggregate funds from multiple groups to fully fund the highest ranked passing application(s), regardless of group. (if applicable); and
  + Negotiate with successful applicantstomodify the project scope, schedule, project team entity that will receive the award, project location and/or level of funding.

1. **Agreements**

Applications recommended for funding in a NOPA will be developed into a proposed grant agreement to be considered at a CEC Business Meeting. Grant recipients may begin the project only after full execution of the grant agreement (i.e., approval at a CEC business meeting and signature by the grant recipient and the CEC).

* **Agreement Development:** The Contracts, Grants, and Loans Office will send the grant recipient a grant agreement for approval and signature. The agreement will include the applicable terms and conditions and will incorporate this solicitation and the application by reference. The CEC reserves the right to modify the award documents (including the project scope, level of funding and terms and conditions) prior to executing any agreement.
* **Performance Evaluation:** An applicant receiving an award under this solicitation is subject to evaluation of performance under the resulting agreement. The CEC reserves the right to utilize the performance evaluation to screen and score future funding applications.
* **Failure to Execute an Agreement:** If the CEC is unable to successfully execute an agreement with an applicant in a timely manner, it reserves the right to cancel the pending award and use the funds elsewhere, such as to fund the next highest-ranked, eligible application.

## Grounds to Reject an Application or Cancel an Award

Applications that do not pass the screening stage will be rejected. In addition, the CEC reserves the right to reject an application and/or to cancel an award for any reason, including any of the following:

* 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 any way.
* 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 an EPIC or Public Interest Energy Research (PIER) agreement, has received the royalty review letter (which the CEC annually sends out to remind past award 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 performance evaluations from the CEC or another California state agency.
* The applicant is a business entity required to be registered with the California Secretary of State and is not in good standing.
* 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 CEC to meet its encumbrance deadline or any other deadlines, as the CEC in its sole and absolute discretion may determine.
* The applicant has included a statement or otherwise indicated that it will not accept the terms and conditions, or that acceptance is based on modifications to the terms and conditions. If an applicant, by law, cannot agree to certain terms and conditions, the applicant can request a modification. This modification may be negotiated if the applicant is proposed for award. The CEC retains the sole right to refuse to agree to any requested modifications.

## Miscellaneous

1. **Solicitation Cancellation and Amendment**

It is the policy of the CEC 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 CEC 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 CEC will post an addendum on CEC’s website at: <https://www.energy.ca.gov/funding-opportunities/solicitations>. The CEC will not reimburse applicants for application development expenses under any circumstances, including cancellation of the solicitation.

1. **Modification or Withdrawal of Application**

Applicants may recall or modify a submitted application within ECAMS before the deadline to submit applications. 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** and property of the State after the CEC posts the NOPA or the solicitation is cancelled. **The CEC will not accept or retain applications that identify any portion as confidential unless the applicant clarifies in writing that marking the material as confidential was a mistake and the material can be made public.**

1. **Solicitation Errors**

If an Applicant discovers any ambiguity, conflict, discrepancy, omission, or other error in the solicitation at any time prior to 5:00 p.m. of the application deadline date, the Applicant should immediately notify the CEC of the error in writing and request modification or clarification of the solicitation. The CEC will provide modifications or clarifications by written notice to all entities that requested the solicitation. The CEC will not be responsible for failure to correct errors.

1. **Immaterial Defect**

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

1. **Tiebreakers**

If the score for two or more applications are tied, the application with a higher score in a criterion of CEC choosing will be ranked higher. If still tied, an objective tie-breaker (such as a random drawing) will be utilized.

1. **Clarification Interviews**

The Evaluation Committee may conduct optional Clarification Interviews with applicants 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.

1. **Opportunity to Cure Administrative Errors**

The CEC understands and appreciates the significant time and expense applicants spend preparing applications.  An administrative error that prevents an applicant from submitting a complete application frustrates both the CEC and applicants.  The purpose of this process is to reduce the number of applications screened out or receiving a significantly reduced score for administrative errors while maintaining a fair competition.  This process also ensures better competition and thus better projects to benefit California.

After the application deadline, an applicant might identify, or the Evaluation Committee may find what reasonably appears to be, an administrative error.  For purposes of this solicitation only, an administrative error is defined as an applicant’s inadvertent mistake that prevents materials in existence as of the application deadline from appearing in its submitted application.  Examples include, but are not limited to, accidentally:

* Scanning and submitting every other page in a document instead of every page.
* Submitting the wrong document.
* Leaving out a document.

If the Evaluation Committee find what reasonably appears to be an administrative error, they can communicate with the applicant to confirm.  If an applicant finds an administrative error in its application, it should immediately contact the Commission Agreement Officer listed in the “Contact Information/Questions” section of this solicitation.

If an administrative error has been identified and communicated to the Commission Agreement Officer, the CEC may, but is not required to, allow the applicant a period of time to provide the missing materials.  Reasons why the CEC might NOT allow an applicant to fix an administrative error include, but are not limited to:

* The funds have a deadline that does not allow time to fix the error.
* The application has been screened out or does not receive a passing score for reasons unrelated to the administrative error, making irrelevant any efforts to fix the error.
* The applicant brings the error to the CEC’s attention too late in the solicitation process (e.g., after awards have been approved at a Business Meeting).

If the Evaluation Committee allows an applicant the opportunity to fix an administrative error, the Commission Agreement Officer will communicate in writing to the applicant’s project manager listed the deadline by which the applicant must provide the missing materials. Reasonable efforts will be made to confirm receipt of the notice, but actual notice cannot be guaranteed, and the obligation is on the applicant to ensure the proper contact(s) are listed and available to respond.  The Evaluation Committee will not consider any materials submitted after the deadline.

This process only allows applicants to submit materials in existence as of the application deadline.  This process does NOT allow applicants to submit material created or modified after the application deadline. The CEC has sole discretion to determine whether materials submitted are eligible for consideration by the Evaluation Committee under this opportunity to cure.

Applicants must include the following certification along with the materials it submits to fix an administrative error and must explain why the materials were not provided due to an inadvertent administrative error:

“I certify on behalf of the applicant that the materials provided herein existed at the time of the application deadline, have not been modified since, and were not originally provided due to an inadvertent administrative error as described herein.”

The Evaluation Committee is not responsible for finding, or communicating with the applicant about, any errors in an application.  Applicants remain solely responsible for submitting applications, including any material submitted to fix an administrative error, that meet all solicitation requirements.

## 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 CEC by the due date and time specified in the “Key Activities Schedule” in Section I.E and is received in the required manner (e.g., no emails or faxes). | Pass  Fail |
| 1. The requested funding falls within the minimum and maximum range specified in the solicitation. | Pass  Fail |
| 1. If the applicant has submitted more than one application, each application is for a distinct project (i.e., no overlap with respect to the tasks described in the Scope of Work, Attachment 03).   *If the projects are not distinct and the applications were submitted at the same time, only the first application screened by the CEC will be eligible for funding. If the applications were submitted separately, only the first application received by the CEC will be eligible for funding.* | Pass  Fail |
| 1. The Application includes Commitment Letters that total the minimum match requirement specified in Section I.D. The match funding commitment letter(s) is signed and received by the due date listed in the schedule. | Pass  Fail |
| 1. The project location(s) is/are at an eligible industrial facility or supporting entity located in California and meet(s) the requirements in Section II.A. | Pass  Fail |
| 1. The application includes only eligible projects/technologies as described in Section II.B. | Pass  Fail |
| 1. Eligible equipment and materials cost specified in Section I.D.2. and included in the budget make up at least 50% of INDIGO grant funds budget. | Pass  Fail |

**Screening Criteria for Past Performance**

| **Screening Criteria** |  |
| --- | --- |
| **Applicant Past Performance with Energy Commission**  An applicant may be disqualified under this solicitation due to severe performance issues under one or more prior or active CEC agreements. This past performance screening criterion does not apply to applicants that do not have any active or prior agreements with the CEC.  The applicant—defined for the purpose of this past performance screening criterion as at least one of the following: the business, principal investigator, or lead individual acting on behalf of themselves—received funds from the CEC (e.g., contract, grant, or loan) and entered into an agreement(s) with the Commission and demonstrated **severe performance issues** characterized by significant negative outcomes including:   * Significant deviation from agreement requirements that were caused by factors that are, or should have been, within applicant’s control; * Termination with cause; * Demonstrated poor communication, project management, and/or inability, due to circumstances within applicant’s control, or which should have been within applicant’s control, from materially completing the project; * Deliverables were not submitted to the CEC or were of significantly poor quality. For example, applicant delivered poorly written reports that required significant rework by staff prior to acceptance or publication; and * Severe audit findings not resolved to CEC’s satisfaction. Severe audit findings may include but are not limited to: incomplete or unsatisfactory deliverables; grant funds used inappropriately (i.e., other than as represented); or questioned costs. |  |
| **Must pass to continue with Scoring Criteria** | **Pass/Fail** |

## Stage Two: Application Scoring

Applications 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 and the Scoring Scale below (with the exception of criteria 7 and 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.

**Scoring Scale**

| **% of Possible Points** | **Interpretation** | **Description** |
| --- | --- | --- |
| 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**

**The Project Narrative Form (Attachment 02)** 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 INDIGO Benefit Calculator (Attachment 08), to the extent that the references apply to the proposed project.

| **Scoring Criteria** | **Possible Points** |
| --- | --- |
| 1. **Technical Merit**   For each proposed project:   1. The proposed project provides a clear and concise description of the technological advancement and/or innovation that will overcome barriers to achieving the State’s statutory energy goals. 2. Describes at what scale the technology has been successfully demonstrated, including size or capacity, number of previous installations, location and duration, results, etc. 3. Describes how the proposed project fits the definition of cutting-edge emerging technology that is at a minimum ~~TRL of 8~~ **TRL of 7** and how it meets the goals described in Section II.B. 4. Provides information described in Section II.B | **20** |
| 1. **Technical Approach** 2. The application describes the technique, approach, and methods to be used in performing the work described in the Scope of Work, including demonstrated ability to successfully implement the proposed project. 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. The application identifies and discusses factors critical for success, in addition to risks, barriers, and limitations. Provides a plan to address them. Factors critical for success include:    * Risks, barriers, and other limitations, including those related to demonstration site loss and commitment, technology readiness for demonstration, status of existing electrical infrastructure, environmental permitting, CEQA, technology operation and manufacturing scheduling, technology maintenance and support during and after the grant term, and how these will be mitigated to successfully complete the project within the grant term. Discuss any outstanding permitting issues (e.g., local air districts), local community issues, or equipment performance tests to be completed prior to equipment installation at the facility(ies) and how and when these matters will be resolved.    * How the facility(ies) plans to overcome potential issues with equipment supply chain, installer availability, cost changes, and other impacts. 5. Provides a clear and plausible measurement and verification plan that describes how GHG emission reductions, energy savings, grid support, and other benefits specified in the application will be determined and measured as described in Section II.B.3. 6. Provides information documenting progress towards achieving compliance with the California Environmental Quality Act (CEQA) by addressing the areas in Section I.I and Section III.C.6. 7. Describes the technology transfer plan to assess and advance the commercial viability of the technology, including how the proposed project will drive scalability and application of the technology across industrial sectors in California, identifying market segments and including size and penetration or deployment rates, with underlying assumptions. | **20** |
| 1. **Impacts and Benefits** 2. Provides justifiable and reasonable quantitative estimates of potential benefits:    * Annual GHG emission reductions at the industrial facility(ies).    * Annual electricity reductions (kWh), energy cost reductions, peak load reduction and/or shifting (kilowatts (kW) or kWh), infrastructure resiliency, and infrastructure reliability at the industrial facility(ies). Explain whether there is sufficient electrical capacity to complete the project at the designated site or indicate if it will be expanded.    * Other potential benefits for California including air pollutant emission reductions (e.g. oxides of nitrogen), cost savings (thermal and British thermal units), increased safety, and water reduction/reuse. 3. States the timeframe, assumptions with sources, and calculations for the estimated benefits, and explains their reasonableness. Includes baseline or “business as usual” over timeframe. 4. Provides cost-benefit analysis comparing CEC funds requested relative to estimated GHG emission reductions and/or load shedding/shifting (e.g., CEC dollars requested/metric ton of GHG emissions reduced). 5. Identifies the expected financial performance (e.g. payback period, return on investment) of the demonstration at scale. 6. Identifies the specific programs that the technology intends to leverage (e.g. feed-in tariffs, IOU rebates, demand response, storage procurement) and extent to which technology meets program requirements. 7. Provides information described in Section II.B | **20** |
| 1. **Team Qualifications, Capabilities, and Resources**   Evaluations of ongoing or previous projects, including project performance by applicant and team members, will be used in scoring for this criterion. This can include contacting references.   1. Identifies credentials of prime and any subcontractor key personnel, including the project manager and principal investigator (include this information in Attachment 09, Project Team Form). 2. Demonstrates that the project team has 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 emerging technology deployments and commercialization. | **15** |
| 1. **Budget and Cost Effectiveness** 2. Includes complete budget forms for the applicant and all subrecipients, 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 and indirect costs, including equipment and material costs, direct labor, fringe benefits, and subrecipient/vendor costs related to installation, engineering and design, M&V, and community engagement, and that these costs are consistent with Section I.D. 5. Justifies the reasonableness of costs covered by match funding and that these costs are consistent with Section I.D. and Section I.K. | **10** |
| 1. **Priority Populations and Community Engagement Plan**    1. Describes how the applicant will provide direct, meaningful, and assured benefits and address important community needs, including:       1. Detailed plan for direct community engagement and proposed benefits. Proposed benefits must be identified following the steps required in Section II.B.5.       2. Letters from CBOs demonstrating that the project has broad community support as described in Section II.B.5.       3. Clear outline of planned approach provided as a Technical Task in the Scope of Work, including checkpoints for accountability to communities throughout the agreement period.    2. Provides the rest of the information described in Section II.B | **15** |
| **Total Possible Points for Criteria 1-6**  **(Minimum Passing Score for Criteria 1 – 6 is 70% or 70.00 points)** | **100** |
| **Preference Points** – Applications must meet the minimum passing score (Scoring Criteria 1 – 6) to be eligible for the additional points. |  |
| 1. **CEC Funds Spent in California**   Projects that maximize the spending of CEC funds in California will receive points as indicated in the table below (see Funds Spent in California section for more details).   |  |  | | --- | --- | | **Percentage of CEC funds spent in CA vs Total CEC funds requested**  (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. **Electric Grid Benefits**   To receive additional points, the proposed project must reduce overall electric usage (kWh) during the project facility’s utility rate peak periods. These reductions can result from implementing energy efficiency, load management, or electric generation and/or storage projects. If multiple facilities are bundled under one application, an analysis must be provided for each individual facility. Additionally, explain whether these reductions result from energy efficiency, load flexibility, or energy generation and/or storage projects. Preference points will be awarded based on the table below using the facility with the highest percentage reduction:   |  |  | | --- | --- | | Facility Electrical Usage Reduction Percentage During Facility’s Utility Rate Peak Periods | Percentage of Possible Points (15) | | ≥15% | 100% | | ≥10% to <15% | 80% | | ≥5% to <10% | 60% | | ≥1% to <5% | 40% | | **15** |
| 1. **Criteria Air Pollutant Reductions**   **To prioritize deep decarbonization and air quality improvement efforts, applicants who demonstrate considerable reductions to local criteria air pollutants may receive additional points. Criteria air pollutants reductions may be calculated cumulatively to include NOx, SO2, PM 2.5, PM 10.**   |  |  | | --- | --- | | Facility Local Criteria Air Pollutant Reduction Percentage | Percentage of Possible Points (15) | | ≥75% | 100% | | ≥45% to <75% | 80% | | ≥15% to <45% | 60% | | ≥10% to <15% | 40% | | **15** |

1. [U.S. Energy Information Administration - EIA - Independent Statistics and Analysis](https://www.eia.gov/state/?sid=CA#tabs-2); [California Natural Gas Consumption by End Use (eia.gov)](https://www.eia.gov/dnav/ng/ng_cons_sum_dcu_SCA_a.htm) [↑](#footnote-ref-2)
2. [Current California GHG Emission Inventory Data | California Air Resources Board](https://ww2.arb.ca.gov/ghg-inventory-data) [↑](#footnote-ref-3)
3. AB 32 (Statutes of 2006, chapter 488) [↑](#footnote-ref-4)
4. AB 1279 (Muratsuchi, Chapter 337, Statutes of 2022) [↑](#footnote-ref-5)
5. AB 209 (Chapter 251, Statutes of 2022) [↑](#footnote-ref-6)
6. 6 https://www.energy.ca.gov/data-reports/energy-insights/peek-net-peak [↑](#footnote-ref-7)
7. AB 209 (Chapter 251, Statutes of 2022) [↑](#footnote-ref-8)
8. Pacific Standard Time or Pacific Daylight Time, whichever is being observed. [↑](#footnote-ref-9)
9. This deadline does not apply to non-technical questions (e.g., administrative questions concerning application format requirements or attachment instructions), including questions regarding application submission in the ECAMS system or to questions that address an ambiguity, conflict, discrepancy, omission, or other error in the solicitation. Such questions may be submitted to the CAO listed in Section G at any time prior to 5:00 p.m. of the application deadline date. Please see Section G for additional information. [↑](#footnote-ref-10)
10. If funds remain at the conclusion of Round 1, the CEC will release a notice and accept applications for Round 2 by the due date listed in the schedule or another date as indicated in the notice. The purpose of Round 2 is to allow for new proposal submissions and resubmissions in order to fund additional projects should funds remain after Round 1. [↑](#footnote-ref-11)
11. This catch-all refers to other types of environmental reviews, such as those prepared under the National Environmental Policy Act (NEPA). [↑](#footnote-ref-12)
12. AB 32 (Statutes of 2006, chapter 488) [↑](#footnote-ref-13)
13. AB 209 (Statutes of 2021, chapter 251) [↑](#footnote-ref-14)
14. The examples provided are not intended to be all-inclusive. Applicants who are unsure if a project is eligible should submit a written question prior to the Deadline for Written Questions and project eligibility will be determined through the Questions and Answers Document. [↑](#footnote-ref-15)
15. California Air Resources Board CCI Quantification, Benefits, and Reporting Materials, [www.arb.ca.gov/cci-quantification](http://www.arb.ca.gov/cci-quantification) [↑](#footnote-ref-16)
16. See Examples of Common Needs of Priority Populations in the Funding Guidelines [www.arb.ca.gov/cci-fundingguidelines](http://www.arb.ca.gov/cci-fundingguidelines) [↑](#footnote-ref-17)
17. See to the Energy Efficiency or Renewable Energy Evaluation Criteria in the Funding Guidelines <https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/ccidoc/criteriatable/criteria-table-eere.pdf?_ga=2.156650299.1602708917.1526276473-361977704.1519737075> [↑](#footnote-ref-18)
18. “Key personnel” are individuals that are critical to the project due to their experience, knowledge, and/or capabilities. [↑](#footnote-ref-19)