



STATE OF MONTANA
REQUEST FOR APPLICATIONS ADDENDUM
RFA NO.: 003
TITLE: ALTERNATIVE ENERGY DEVELOPMENT GRANT

ADDENDUM 001 – **PRELIMINARY as of 04/22/10**

To All Applicants:

Please note the following information associated with updates or changes to RFA No. 003.

1. The phone number for Vicki Woodrow, Procurement Officer is incorrect. The correct number is **406-444-3101**.
2. **Webinar Information:** the Informational Webinar is April 30, 2010 beginning at 10:00 a.m. MDT and ending at approximately 11:00 a.m. MDT.
 - a. Questions may be submitted in advance of the webinar to vwoodrow@mt.gov.
 - b. Reserve a seat at the Webinar at the following website (**Space is Limited**): <https://www2.gotomeeting.com/register/443838506>. After registering attendees will receive a confirmation email containing information on how to join the Webinar.
 - c. System Requirements:
PC-based attendees – Requires: Windows® 7, Vista, XP, 2003 Server or 2000
Macintosh®-based attendees – Required: Mac OS® X 10.4.11 (Tiger®) or newer

Per this addendum please note the following changes to the schedule:

1. Question and Answer period has been extended through **April 30, 2010**. DEQ will address any questions received via email by Vicki Woodrow, Procurement Officer (vwoodrow@mt.gov) through that date in addition to any questions presented during the Webinar. DEQ will post its answers to all questions by close of business **May 6, 2010** on the following two websites:
General Services Division website:
<http://svc.mt.gov/gsd/OneStop/SolicitationList.aspx?AgencyID=4>
DEQ Recovery Act website: <http://deq.mt.gov/recovery/energy/altendevgrant.mcp>
2. DEQ has extended the submittal deadline from 5:00 p.m. MDT on May 11, 2010 to **3:00 p.m. MDT on May 19, 2010**.

Attached are answers to written questions received to-date in response to this RFA. These questions, along with the State's response, become an official amendment to this RFA.

All other terms of the subject "Request for Applications" are to remain as previously stated.

Sincerely,

Vicki Woodrow, Contracts Officer

Answers to Questions received by Procurement Officer from March 31 through April 30, 2010

NOTE: Questions/Answers highlighted blue were received through April 22, 2010

NOTE: Questions/Answers highlighted green were received through April 30, 2010

NOTE: Questions/Answers highlighted orange were received during the Webinar held April 30, 2010

Question: Can the grant be used to improve a community swimming pool facility? The community I'm working with wishes to purchase innovative solar or biomass equipment to heat the swimming pool and the building.

Answer: No, funding under the American Recovery and Reinvestment Act of 2009 may not be used for swimming pools.

Question: A Solid Waste District is considering the possibility of developing an alternative energy project at a landfill with landfill gas. The first step in this process is the installation of test wells in the waste mass to determine the amount and quality of landfill gas generated on site. This information would then be used to conduct a feasibility study for the construction of a full scale landfill gas and power generation facility. It is estimated that the cost of the drilling and study would be \$75,000 to \$100,000. Would this study qualify for the Alternative Energy Development Grants?

Answer: No. This grant is for implementation. All feasibility work must be done prior to submitting the grant application.

Question: We are in the process of designing a new office building that will incorporate many energy saving ideas. We intent to install about 6000w of grid intertie solar power and solar collectors to heat the hot water for the office. Would the solar system be eligible for this grant program?

Answer: This is an example of a renewable technology that is very widely used in Montana. It meets the minimum requirements of the program, but without more detail it appears that there would be few points for the innovative use of renewable energy technology, nor for jobs created or maintained section. Please refer to the scoring sections to determine how points will be awarded.

Question: Would a project to replace an old propane boiler with a new bio-mass boiler that would produce steam to run a back pressure turbine be an acceptable project? The turbine would generate power for either a mill or it could be sold to the grid as green energy. The steam that comes from the turbine would be used to heat kilns and a lumber mill.

Answer: This is an example of a renewable technology that is has been used in Montana. It meets the minimum requirements of the program, but without more detail it appears that there would be few points for the innovative use of renewable energy technology. Please refer to the scoring sections to determine how points will be awarded.

Question: A company that is looking to demonstrate and commercialize all-electric delivery trucks that have the capability for multiple body build-outs and functions would be compatible with this grant opportunity. The company is based in the United States and already has a working prototype and manufacturing facility. The opportunity for green job development is large, but funds are needed to demonstrate and commercialize the product.

Answer: The projects must be located in Montana, and will be scored based on the criteria outlined in the RFA. The evaluation team will have to examine the proposal to determine if the prototype is adequate to meet the commercialization requirements of the ARRA SEP grant that provides funding for this project.

Question: Is this grant specifically for *manufacturing* alternative energy systems or can the money be put towards developing alternative energy projects such as a wind farm.

Answer: DEQ is looking for innovative uses of renewable energy or innovative energy storage systems. Therefore, DEQ will accept applications EITHER from manufacturers who want to build equipment that would produce or store energy, such as batteries or wind turbines, or from applicants who want to build energy-producing facilities, such as a wind farm or an energy storage facility. Those planning to produce renewable energy should fully explain how the energy will be produced and who will use it.

Question:

1. What is the percentage limit of funding we can apply for? As in, I understand that 25% of the project must be matching/non federal funds - what is the maximum after that the grant can cover?

Answer: The maximum amount that can be funded in one proposal is \$500,000. The project could be any amount. No more than 75% of the total project may be federal funds, including the tax credits and loan guarantees.

2. Can the grant be used in conjunction with the Federal Treasury Grant of 30%? Meaning can we use 25% non-federal funds, 30% federal treasury grant for businesses and apply for a 55% grant from the DEQ funds for a for profit business?

Answer: Yes, with the stipulation that this grant will not exceed \$500,000.

3. And for a non-profit, can we apply for grant to cover 75% of the total project costs if they have 25% non federal funds.

Answer: Yes, to the \$500,000 individual grant application cap.

Question: Do public schools qualify for this grant – such as MSU?

Answer: The team that wrote the grant proposal did not think that the university could own a project that met the criteria for innovative uses of commercial technology. The grant may not be used for research. If the university can show ownership and meet all requirements of the grant proposal, including the business plan, the evaluation team would consider the application.

Question: As a solar contractor we will have to assist people in completing their applications, should they be awarded the grant. Will the project have to be put out in a public bid as the money is federal money?

Answer: Procurement of goods and services under this grant must meet the state of Montana policies. Response to this proposal with specifics of what is to be installed would qualify for the competitive bid. Because the grant is to encourage the use of innovative technologies there may or may not be retailers for the products in the state at this time.

Question:

1. Section #3 of the RFA asks for a marketing plan for “applicants that will bring a commercially available technology to Montana for a specific application that can be used by similar businesses.” Before proceeding we wanted to check that our project qualifies. The project is installation of a PV system on our roof, and the marketing plan would attempt to show that if it is feasible, PV systems would be viable options for other non-profit organizations in Montana. This project would also be used as an educational opportunity – working with UM College of Technology students to help prepare them to be future “green” workers. We would also be organizing many tours of K-12 kids to teach them about going green in Montana. In addition, we will reach out to other Montana non-profits and show them how we were able to make the project work. Are the examples in the above paragraph the type of examples/outreach/marketing plan details that you are looking for in order to adequately answer #3 “Business or Marketing Plan”?

Answer: You have given examples of elements of a marketing plan; however your other concern should be how to meet the criteria for innovative uses of existing technology. There are many solar pv systems designed to educate students of different ages across Montana. This program will look for projects that are different from what is already in place in Montana.

2. Do you expect us to know the “annual forecast of market penetration over a ten-year horizon?”

Answer: Part of your business plan should estimate how your project will penetrate or impact the market over the next ten years.

Question:

1. We are seeking clarification on the eligibility of pumped storage hydro (PSH) facilities. The underlying law (HB645) said: (a) advancing the development and utilization of energy storage systems, including but not limited to mediums, such as accumulators, fuel cells, and batteries, that store energy that may be drawn upon at a later date for use; (b) developing storage systems specifically designed to store energy generated from eligible renewable resources as defined in 69-3-2003, including but not limited to compressed air energy storage systems;

The definition of Eligible Renewable Resource in 69-3-2003 limits the size and design of PSH facilities. Does this grant require PSH facilities to meet the requirements of 69-3-2003 or is a PSH facility eligible if it is designed to store energy from another facility that meets the renewable resource definition? Are there other definitions of an eligible facility that should be noted?

What if any size and design limitations are there on a pumped storage hydro facility under this grant solicitation? Or more specifically, can any size or design of a pumped storage hydro facility qualify for this grant?

Answer: There is no definition of pumped storage facilities in the cite above; DEQ will not specify a size requirement for pumped storage systems if the PSH system is designed to firm a renewable resource as defined in 69-3-2003.

2. For the requirement of completion date, does the grant require facilities to be 100% complete and electrified by the 2011 date, or can certain project phases be eligible for the grant leading toward final completion? If project phases can be funded, can those phases be prior to or concurrent with EIS activities?

Answer: The PSH is one component of an integrated system, but will be judged as a stand-alone project if the application states it that way. THE PSH project would need to be completed by the deadline posted in the RFA. The contractor must follow all relevant rules and regulations regarding the implementation of their project, including EIS requirements. All projects considered for grant funding will be submitted to the US DOE for environmental reviews.

3. Can this grant fund studies, engineering and design if it is leading directly to construction and can be explained as a distinct project phase?

Answer: Projects must be shovel-ready, and to receive points in the business plan, those items should be finished, or close enough to finished to provide conclusions, when application is prepared.

4. Lastly, the guidelines mention that the grant must be awarded before a project commences. Does this preclude projects that have started, but have not been completed? Or is it intended to limit the expectations of a potential grantee being reimbursed for activities that were executed before the grant is awarded? If a project has started certain regulatory and planning stages, is it still eligible.

Answer: DEQ will not reimburse a contractor for work that was completed prior to execution of a contract.

Question: Does a methane recovery project in which a compost pile is produced by the building occupants and then all methane is recovered from the compost pile qualify for this Grant? The methane will produce energy to heat water and store the hot water for use in the building.

Answer: A methane recovery project meets the definition of renewable energy project. Points are awarded for the innovative nature of the proposal and the other project attributes as outlined in the Request for Applications.

Question:

1. We have a Montana public school that currently has a biomass boiler that is used as the heating source for one of their facilities. The school

district is interested in using the existing biomass boiler to heat a their domestic hot water. They would utilize a large (or multiple) hot water storage tank(s) to store the domestic hot water. The domestic hot water would then be piped through supply and recirculation distribution piping to the other buildings on the school campus.

Answer:

2. In this case we don't really have a business or market plan, although energy savings would be realized by the school district. Would the biomass domestic water heating system be eligible for this grant program?

Answer: The biomass heating system would be an eligible technology, but points are awarded for the innovative use of the resource, and the replicability of the project.

Question: We are searching for dollars to enhance our Biodiesel, Building Trades and Heavy Equipment programs. We wish to purchase technology/equipment that we could use as part of our curriculum in these programs to add a green energy endorsement. Does this fit with the mission of the grant?

Answer: The purpose of the program is to put shovel ready projects on the ground that will further the use of alternative energy sources in Montana, and spur economic development. The evaluation team will use the criteria listed in the RFA to score each application. We encourage applicants to self-score their applications to have an understanding of where they expect points to be awarded. We expect this to be a very competitive process.

Question:

1. Prohibited Expenditures (page 4) include "**construction of infrastructure not directly related to the renewable energy, fuel or storage system**". In our project where three pieces of proven technology are combined with an innovative proprietary control system to convert woody biomass to methane, heat, electricity and organic soil amendments, the construction of greenhouses is a key piece of the overall infrastructure. It acts as the solar collector for algae production and keeps the entire fuel source running during the cold season.

Answer: The greenhouse would be considered a component of the solar collection process, integral to the overall system design.

2. Would the cost of greenhouse construction be allowed as part of the "equipment to manufacture renewable energy"? This system would not work in a standard industrial building and an integral part of the system is to build the photo bio-reactors into the floor of the greenhouse.

Answer: Yes, the greenhouse would be an allowable expense.

3. Please explain how to count temporary, non-construction, contract labor in the employment counts for the project.

Answer: Explain in narrative form how many people it will take to build and operate the project over the course of the grant period, as well as beyond the grant period. If this is a project that can be replicated, how many people and jobs would each new project produce?

Question: The proposed project would be to install a micro hydro turbine to generate power to be tied in to the electrical grid. The micro hydro project would utilize a water supply stream near the city to generate the electricity. The sole purpose of this project would be to produce electricity. This project is not currently shovel ready, the project is viable, but would include engineering design as part of the implementation schedule. Would this small hydroelectric power system be eligible for this grant program?

Answer: Hydro is an eligible resource, however the engineering and permits required may push this project past the deadline. We cannot extend the deadline past December 31, 2011.

Question:

1. If a business were to receive grant funds can they also qualify for tax credits like the federal 30%?

Answer: Yes. The ARRA legislation addressed the issue of government subsidies, and allows grant or loan recipients to also take the federal tax credit applicable to their technology.

2. You will not support projects that provide pass through funds for smaller projects: Q. Can multiple small projects qualify if they are all owned and operated by the applicant?

Answer: Yes. DEQ is not looking to exclude projects. The evaluation team will score all applications based on the evaluation criteria in the RFA.

Question: Will this grant be available next year?

Answer: Not unless there is another stimulus bill. This was a one-time-only program.

Question: Can we have a copy of the presentation?

Answer: Yes—it will be available on the program website.

Question: Please explain the “independent review” referenced in RFA.

Answer: This will depend on the kind of project being proposed. If it is a new type of equipment, where was it tested? Who tested it? What were the results? If it is a system used other places, but this is a new application for Montana, where else was it installed and who has monitored it? Projects should be reviewed by someone with credentials in the appropriate field.

Question: Will applications be partially funded, fully funded, or a mixture? If we request \$500,000 is there a possibility of receiving \$250,000 instead?

Answer: If we have several projects that score equally well, we will try to make the funds go as far as possible. We will negotiate directly with applicants in that situation, to ensure the best outcome for the amount of money we have available.

Question: What will be the make-up of the evaluation committee? Technical folks? Business? All DEQ?

Answer: Right now we have identified program, technical and management staff from DEQ, the Governor’s Office of Economic Development and the Dept of Commerce Energy program. We have a professional engineer for the technical elements.

Question: Define “underutilized.”

Answer: Technologies that are effectively being used elsewhere but not in Montana. Such as pumped storage for firming wind or solar generation, or concentrating solar collectors. These are technologies that have been proven elsewhere but are not currently being used in Montana. This is not a complete list, but a couple of examples.

Question: Would you consider geothermal (ground source) heat exchange as a facility energy system in a commercial application a ‘unique’ application?

Answer: No. There are many examples of commercial gshp systems in Montana.

Question: Would you describe geothermal projects generally as underutilized?

Answer: There are no examples of geothermal electricity generation in Montana, nor direct use for process heating, but there are many examples of direct uses for heating buildings.

Question: Related to “greenhouse” question, what about educational equipment that is part of the marketing plan?

Answer: Purchase of renewable energy producing equipment is an eligible expense. Computers and power point projectors would not be considered eligible expenses.

Question: Will you score educational components as “marketing” elements?

Answer: If they are presented as such. Points will be awarded on how well the concept is presented and defended.

Question: Clarify: If part of the marketing effort is a job-training program that includes practical application training for tradespeople and others interested in investing in alternative technology, could we include technology equipment for classroom setting connected to a project?

Answer: This was envisioned as a program to invest in shovel ready renewable energy projects. An education program would have to address all the facets of the narrative requested to score well. As indicated previously, renewable energy equipment would be an eligible expense.

Question: How about geothermal as a facility energy system?

Answer: It would depend on the innovative nature of the proposal. Geothermal is a recognized, eligible form of renewable energy.

Question: Are the scope of work, timeline, environmental checklist and budget narrative part of the page limit?

Answer: No. The budget narrative may be included on the budget form, or may be on a separate sheet. The environmental checklist is separate. The timeline and scope of work will not be included in the page limit.

Question: Does the review from another party have to be submitted with the application, or can it come later?

Answer: It needs to be submitted with the application to receive points.

Question: Will the review panel consider a mix of alternative energy sources for a project an “innovative” use?

Answer: If that mix has not been used before, or features a strategy not used before.

Question: Our project is fairly large commercial scale and cannot be completed by the deadline. However, it meets all the other criteria. Is there anything to be gained by submitting a proposal, or should we pursue other avenues?

Answer: We cannot extend the deadline for completion, as these are stimulus funds and have to be spent by our deadline.

Question: Is there a file that will allow the applicants to type directly on the attachments?

Answer: The application can be typed on but not saved, so you have to print things as you finish. I'll ask if we can post word documents. The reason they are pdfs is so they cannot be altered. Please check back to the website to see if we have been able to post word docs.

Question: Can grant administration by a subcontractor be covered by the grant itself?

Answer: Those would be allowable expenses, and should be explained in the budget narrative.