**State Project Improvement Grant
Questions and Answers**

**Send Questions to:** **EEandS@commerce.wa.gov**

*These questions and answers are provided in the order in which they were received.*

Includes questions received through 11/14/2019

Updated 11/14/2019

THIS IS A POST DEADLINE UPDATE. There have been two technical questions that may impact applications.

The following are questions were emailed to EEandS@commerce.wa.gov. Some edits may have been made to avoid project-specific details in the original question or correct errors, otherwise, questions are presented as submitted.

Questions received through August 29, 2019

1. Some minor works funding allocation can be for a specific project that might no longer exists (the project was completed with local money, need changed, etc.) and the state entity is allowed to move the funding to another building onsite as long as the scope of work is comparable for example roofing from building A to building B or HVAC from building A to building B. If we submit on an application that has this type of change of state funding allocation, how do we ensure that the grant application doesn’t get tossed out because of miscommunication around the state allocation of funds i.e the Capital Budget had it listed for Building A but now our project description is for Building B
	1. The applicant will need to reach out to the Office of Financial Management to ensure the project list is up-to-date and documented.
2. If a customer has two separates projects one for HVAC and another for Controls but they are touching the same building/systems .... can we turn in our application as one project?
	1. HVAC and HVAC controls on the same system would be considered 1 project.

**2b.** To clarify .....So I can turn them in as one project which means one application, correct? I also have the option to turn them in as different projects/applications (if the customer decides that’s what they want?)

1. Yes, however, if this project is submitted on two applications, be sure that each application matches the requirements for the program.

Questions received through September 2, 2019

1. I participated in the 8/14 webinar and have some questions about what might be considered acceptable projects for the SPI grants. I don’t want to waste your time or ours on applications if they don’t have a chance to gain approval. (Project descriptions removed).
	1. Thank you for your question. I’m sorry to say that we cannot provide guidance on individual projects at this time. Please let me know if you have any questions on the Notice of Funding Opportunity or program requirements.

Questions received through September 3, 2019

1. Just to check, will attached DES Agreement qualify under Section 2.05 of the State Project Improvement Grants Phase I application?
	1. With apologies, we not able to provide specific technical guidance, such as requested, to applicants. However, please note that question 2.05 is for informational purposes, and answering “yes” is not a requirement.
2. Is a smaller grant ask more likely to be funded?
	1. No. The size of the grant request will not be a deciding factor, assuming the amount meets the requirements outlined in the Notice of Funding Opportunity. However, the cost of the project may influence other criteria, such as the Net Present Savings.
3. On page 7 of 13, 7th bullet point, it says Answers provided on the application form must be submitted in Arial font. We’ve noticed that depending on which PDF reader application we open the file (Adobe Reader, Bluebeam Revu, etc.), the font is either Arial or Helvetica, and the font type does not appear to be editable. Will either of these fonts be acceptable?
	1. Thank you for letting us know about this limitation. We will accept fonts that are comparable to Arial, such as Helvetica.

Questions received through September 4, 2019

1. If an entity has multiple SPI applications to submit, how should they title each application to avoid naming conflicts?
	1. This hasn’t been prescribed in the requirements. Adding a differentiation (such as “SPI APP 1” or including the site name in the title like “Commerce Olympia\_ SPI App would be appreciated).
2. If an entity has multiple SPI applications to submit, can they send all applications under one email?
	1. Yes, multiple applications can be submitted in one email.
3. Does the SPI grant trigger any Federal funding requirements such as Buy American?
	1. No, the SPI grant does not have any Federal Funding, this grant is state funded.

Questions received through September 5, 2019

1. In the grant application it says not to submit any other documents but the grant application. Yet in section five we are told that we can attach an excel file with additional rows for that section if needed. I’m assuming that additional document would be ok. Does it need to be submitted in excel or pdf? I’m assuming it doesn’t matter. How should that document be titled.
	1. Yes, applications that require more space for section 5 may include an Excel spreadsheet for additional space. The naming should follow the application format: Applicant Name\_SPI App. A notation can be included, such as “Section 5” or “Additional Comparison”.
2. I am trying to figure out if our project is able to apply for the Improvement Grant. We have capital funds from the state to rebuild our pool and community center. I am not sure, since we are building a new center, if we want to put in even more efficient elements, (HVAC, Solar, etc.) would this be eligible for grant funds? I have read that section numerous times, and since our build is replacing a current old, non-efficient center, that was why I didn’t know if it would fit the qualifications for this grant or not. It does not specifically say, new builds are not included.
	1. The project must repair or replace existing building systems. New construction, including rebuilding, is not considered existing building systems and is not allowable under the program.
3. The baseline project includes private donations, a couple of state grants, and part of a capital appropriation. Is including the capital appropriation information sufficient for the baseline project information or should we be including information on the state grants as well? Not sure what the link to the other project is for, so any help on this would be appreciated.
	1. For the Phase 1 application, only include information requested about the state capital budget funding. Phase 2 applications will request more detailed information on the funding for the project.

Questions received through September 6, 2019

1. We are assisting some of our clients fill out and review their grant applications and we have a question on section 4.01:“What is the total estimated cost of the alternative project:” Is this estimated cost the delta between the base project and the proposed project, or is it the total project cost of the proposed project.
	1. This is the total cost of the alternative project. However, listing the delta between the alternative and the baseline will not cause Phase I disqualification.

Questions received through September 17, 2019

1. We submitted two Phase 1 applications for the current round of SPI Grants. Will successful applicants that are eligible to apply for Phase 2 be required to partner with a Pre-Qualified Energy Service Company through the State’s DES Energy Program? If not, will there be specific certifications or qualifications the submitting team must meet? What will they be?
	1. No, there are no consultant or submitting team requirements for the application or successful projects. Projects will be required to meet the standard state contracting requirements.

**NEW:**

**14A.** Will there be a second round of SPI grants in this biennium?

1. No, there will only be one round of funding this biennium. However, if there are funds left at the end of this round, they will be awarded on a first come, first served basis.

Questions received through September 30, 2019

1. Do the SPI grants have federal requirements?
	1. No, the SPI program does not have any federal funding or requirements.
2. Are three years of M&V required for SPI grants?
	1. No, there are no M&V requirements beyond the completing of the scope.
3. Three months seems like a lot of time for Commerce SPI phase 2 review and the grant award announcement date of February 17th does not leave a lot of time to do construction the Summer of 2020. Please consider shortening the Commerce review time or at least do not let the schedule slip.
	1. Thank you for the feedback. This timeline was developed in conjunction with the program advisory committee and based on the availability of reviewers – overlapping with the holidays and the beginning of the legislative session limits availability.

We always strive to not extend timelines in a way that negatively affect projects/applicants, and will always announce as soon as possible.

1. Will the Commerce SPI grants pay for the additional design cost associated with the project improvements?
	1. Yes, increases to design cost that are required to execute the alternative project will be allowed.
2. Would you consider using DES as a “sounding board” to review how and when you plan to roll out these grant programs?
	1. A member of DES was on the SPI advisory committee, acting as a sounding board and providing input on the development of the program. We anticipate asking for similar representation in the future. .
3. There is confusion related to the SPI grant funding 100% of the baseline project when that is funded by the capital budget. I thought it was the incremental cost of the improvement. What does the SPI budget fund?
	1. The SPI grant funds the incremental cost for the alternative project. The maximum grant amount is 100% of the baseline project cost.
4. I am in the process of filling in the Phase II application and would like to know what I should fill in for the amount requested. Our baseline project was $755,000 and the proposed alternative project is $960,000. Do I request for the $205,000 difference?
	1. Yes, exactly. The grant funds the difference between the alternative project and the baseline – so the request would be $205,000.

However, if the difference amount exceeds the cost of the baseline, other funding will be needed. The maximum grant is 100% of the baseline project cost.

Questions received through October 3, 2019

1. Unfortunately, we are having trouble documenting their historical utility usage. We receives one campus wide utility bill and the building that needs the new RTU does not have submeters. Is it possible for us to use an energy model for the baseline energy usage case?
	1. Yes, in cases were metered data is not available a model is the next best option. Please be sure to note in your application that metered data is not available and why.

Questions received through October 14, 2019

1. We have an OFM line item allocation in our 19-21 budget that is intended steam plants/boiler systems renewal. As a result, we are planning to tackle a few different renewal needs with this particular budget line item. One of those needs would benefit greatly from an energy savings enhancement and associated SPI grant. My question to you is how should we report the proposed project baseline vs. alternate? Does the baseline need to include details for the full OFM line item allocation or should it be specific to the work that would be directly associated with the energy savings enhancement?
	1. The baseline can be specific to the cost and scope that will be enhanced. Do not include the entire cost and scope association with the budget line item.
2. I am wondering where I can view the recording of last week’s SPI Grant Phase II webinar?
	1. The recorded webinar and presentation slides have been sent to the eligible Phase I applicants. Please email EEandS@commerce.wa.gov if you did not receive these materials.
3. Will an applicant have to wait for the announcement of the SPI phase 2 awards before contracting for any scope associated with the baseline capital budget? Or can they contract for parts of the scope that are not part of the higher efficiency budget request prior to grant award announcements? For instance, our customer has a $8M capital allocation to fund cooling upgrades to building HVAC systems. This upgrade requires electrical service and building transformer replacements to accommodate the new load. Can we contract to do the electrical scope, call it $1-2M of work, while waiting for the SPI awards and then do the HVAC, minimum code or higher efficiency, system after the February announcement?
	1. Baseline work does not need to wait for the SPI award to begin. The SPI scope/alternative cannot be underway until the award is made – however this can be incorporated through a change order.

Questions received through October 18, 2019

1. Are the project energy and costs an estimate or a guaranteed value? This can make a big difference on projects since an estimate of either the price or the energy savings can have a +/- factor of 15% or more. The guaranteed values are more accurate and ensure projects meet the intent of the program carbon reduction goals. Please provide clarification on this question so that all applications have a common ground of how these values are generated
	1. The grant does not require that savings or costs be guaranteed, however it is expected that these estimates be as accurate as possible, with all due diligence and research completed.
2. If the Alternate scope leads to energy savings in building, can these energy savings be used directly to finance or fund an additional interconnected energy conservation measure?
	1. This grant does not have any requirements about how the applicant uses the resulting savings.
3. Can the energy/carbon reduction from the financed measure still be used in the Lifecycle tool as part of the overall project? If an HVAC project saves energy can we use the energy savings from the HVAC system to finance a photovoltaic solar system that is directly connected to the power load of the HVAC system? This can ensure the project’s measure now has a source of clean energy to power the HVAC system.
	1. No, only energy data directly related to the grant scope of work can be included in the calculations.
4. I want to make sure we understand that projects first must qualify, and are subsequently scored:

**29A**. Making the project qualify: a project qualifies if the improvements will pay for themselves over the life of the equipment, taking into consideration both the internal project savings such as energy costs, and also the value of carbon abated at the price defined in the LCCA tool. If the project has a positive net present value, it qualifies and will be scored. Project qualification has no impact on scoring, except in the case of a scoring tie, where payback will be used as a tie breaker.

* 1. To qualify, the project must have a Net Present Savings (NPS) (LCCT: Executive report, Cell E29). This calculation is based on the cost and savings of the project, and does not factor in the value of carbon. Projects that have a positive NPS will be ranked by the percentage of CO2 the alternative reduces from the baseline project. In the event of a tiebreaker, NPS value will be used (LCCT: Executive report, Cell E29).

**29B.** Project scoring: all projects that qualify will be scored. Scoring is based on total tons of CO2 abated with the SPI grant project vs. the baseline project. Scoring is not based on dollars spent per ton of CO2 abated, and is not based on percentage reduction of CO2 when comparing the baseline project to the SPI grant project. Grants will be awarded first to the project that abates the most total tons of CO2. Is that correct?

1. Applications will be ranked by the percentage reduction of CO2 compared to the baseline project. Applications with the greatest reduction (%) in carbon emissions compared to the baseline will be ranked highest.

Example:

Application A: The baseline project would emit 10,000 tons CO2 over the study period (LCCT: Executive report, Cell D33). The alternative project would emit 9,000 tons CO2 over the study period (LCCT: Executive report, Cell E33) The % CO2 reduction vs baseline would be 10% (Calculated in the LCCT: Executive report, Cell E34).

Application B: The baseline project would emit 1,000 tons CO2 over the study period (LCCT: Executive report, Cell D33). The alternative project would emit 500 tons CO2 over the study period (LCCT: Executive report, Cell E33) The % CO2 reduction vs baseline would be 50% (Calculated in the LCCT: Executive report, Cell E34).

Application B would be ranked higher than Application A, based on the percentage of CO2 the alternative reduces from the baseline project.

1. Our baseline project was funded to renovate an entire building. In “Section 5: Baseline and Alternative Comparison” of our Phase I application, we included two lines: exhaust heat recovery, and improved HVAC. Will these or can these be considered one project in the Phase II application in order to score higher on total tons of CO2 abated? Or, if I have misunderstood the project scoring, can we make the exhaust heat recovery and improved HVAC separate applications if we want to emphasize the scoring for one?
	1. The best approach would be to submit these as a single Phase II application. However, you can submit them separate standalone Phase II applications – as long as the link to the phase 1 application is clear, and no alternative project data overlaps between the two applications.

Questions received through November 3, 2019

1. I have another question for you on the SPI grant regarding appropriate annual utility information. Our project baseline scope includes replacing (3) force draft combustion air fan motors at our campus steam plant while the alternate includes replacing the motors and installing VFDs. Both scenarios will affect the electrical utility usage in the building. Electrical utility cost at the steam plant is very small compared to natural gas and diesel oil (which account for roughly 96% of the utility cost at the plant). Therefore, we are thinking that it would be best to omit the natural gas/oil data and only include electrical data for the purpose of comparing energy savings potential between our baseline and alternate projects. Otherwise, the results will be extremely skewed due to the significant natural gas cost associated with a steam plant serving an entire campus. Please confirm that it is appropriate to omit natural gas/oil data for this work at our campus steam plant building?
	1. In this case, please include all energy use for the facility. The detailed inputs on the life cycle cost tool will allow us to distinguish between the total energy and energy specific to this project.
2. Our firm is not well-versed with the C-100 form; as an ESCO we are used to working with a Guaranteed Maximum Price (GMP or Gmax), as opposed to a MACC format. Do you know of any resources to help us with this form? A contact at Commerce maybe?
	1. Please contact the office of Financial Management with questions about the C-100 form. Please note that they will only be able to answer questions about the form and not about this grant.

Phone: 360-902-0560

Email: ofm.budget@ofm.wa.gov

1. I have a question regarding Alt 2 costs in the LCCT tool.

Our scope is mechanical equipment. My question is regarding equipment life cycle for the existing building: the work already funded (Baseline) is routine fan replacement/upgrades. How do we articulate the lifespan of the existing equipment (Alt 2) if there is no Installed Cost? To explain a bit more:

|  |  |  |
| --- | --- | --- |
| Baseline Input (funded work) | Alt 1 Input (funded work + grant work) | Alt 2. Input (existing building) |
| Routine fan replacement, includes useful life of new equipment, and costs associated with that new equipment being replaced in the future | Routine fan replacement + heat recovery replacement/upgrades. Includes costs associated with replacing that equipment (already replacements) in the future. | Existing (no installed costs). No new equipment, so no equipment replacement, no tracking of useful life of existing equipment and no associated costs. |

If that narrative is correct, then the existing building is clearly likely to have the greatest NPS. Should Alt 2 include costs associated with replacing existing equipment? If so, how is that articulated in the LCCT?

* 1. Alt 2 (existing building) is for comparison only, and the NPS of the existing building will not be part of the evaluation criteria. You are only required to include current energy cost and quantity on the alt-2 page. We understand there are other O&M cost associated with continuing to run the facility as is, but we are not asking for this information. The base case is now the facility with the state capital fund upgrade, which is what we will compare the alternative project to.
1. One of our customers was working with another ESCO and they submitted a Round 1 application that was approved to move into Round 2. This customer would now like to work with a different ESCO for the Round 2 application. Is this allowable?
	1. Yes, the applicant can change consultants and contractors during the application phase.

**35A.** In addition to my question below, I’m wondering if there’s a list of projects awarded from the previous SPI grant, their dollar amounts, and % carbon reduction scores.

1. No, not in the way that you are asking. The SPI grant is essentially new. The only previous round of funding (the Minor Works grant) used different scoring criteria and was not competitively awarded. Carbon reductions were not criteria in the past. For copies of past applications and records, please submit a public records request to: publicdisclosure@commerce.wa.gov

**35B.** I’m also wondering if you can confirm my hypothetical project list/scoring/awards below. I used a round $6.5m as total grant funds. In the first example, our alternative project is $1.15m, and in the second example, our alternative project is $1.5m. Do I understand the scoring and project awards correctly?

Project scoring with other hypothetical projects, $ project value and % carbon reduction of alternative project over baseline with our alternative project requiring $1.15m:

$2.6m, 42% reduction - FUNDED

$2.4m, 40% reduction – FUNDED

$1.15m, 37% reduction (our project) – FUNDED

$1m, 35% reduction – NOT FUNDED, INSUFFICIENT FUNDS IN GRANT POOL

$350K, 32% reduction – FUNDED

Now let’s say we ask for $1.5m

$2.6m, 42% reduction - FUNDED

$2.4m, 40% reduction – FUNDED

$1.5m, 37% reduction (our project) – NOT FUNDED, INSUFFICIENT FUNDS IN GRANT POOL

$1m, 35% reduction – NOT FUNDED, INSUFFICIENT FUNDS IN GRANT POOL

$350K, 32% reduction – FUNDED

1. Because projects are ranked compared to other projects, it is not feasible to confirm potential outcomes. In terms of the awarding of limited funds, a higher ranking projected would not be “skipped” for insufficient funding; instead, the project would receive a partial award.

Questions received through November 6, 2019

1. In the SPI Zoom grant application, the utility incentive amount will increase the total project cost over the true total project cost, I’m assuming that is ok, Since the utility incentive is not a guaranteed source of funding.
2. Yes, this will be accounted for during review. Per the Notice of Funding Opportunity, “If the total value of incentives and rebates exceeds the cost of the baseline project, Commerce will use the total incentives and rebates to calculate the gap in funding. This method ensures that Commerce does not overfund the project.”
3. Some utilities can’t provide an incentive amount until they are done with their calculation and metering, they will still provide us with a letter of incentive availability for the project. For these scenarios should we enter an estimated utility incentive amount into the Zoom grant utility incentive box.
4. Yes, use the best data that you have available for the anticipated incentive/rebate amount.

Questions received through November 14, 2019

1. I’m noticing the excel file of the LCCA document ( for all projects) is too large 8MB to upload into zoom grant, max upload file allowed is 4MB. Is a PDF file ok to submit? Which pages of the LCCA would you want in the PDF? I think a full conversion of the Excel sheet to PDF provides a sloppy document, but everything should be there.
2. If your file exceeds this requirement – send only the file that exceeds the size via email to EEandS@Commerce.wa.gov by the deadline. Make sure to include the Application ID in the email.

Also, saving the file as an .xls file other than .xlsx may help reduce file size.