Energy Efficiency Grant 2020. This program is under development. All information is subject to change.
Dever:
• Welcome everyone.
• Reminder that this is being recorded.
• Copy of Presentation and recording available on the webpage in about 2 weeks.
• Raise hands – who is familiar with the program?
• Will provide background for those who aren’t familiar, highlight improvements for those who are familiar with the program – but mostly I’m focusing on what we have planned for the 2020 Energy Efficiency Grant.
• Info Session on Solar Tuesday the 28th at 1:30.
• Tight schedule so please hold questions.
• What we are sharing is what we are planning to do
• Program is being finalized – so this information may be subject to change. Nothing is final until the application is announced.
• I will specify what things are new or under development – and would love your feedback on those! Please send any comments or questions to eeands@commerce.wa.gov.

For more information contact
EEandS@commerce.wa.gov
Dever: The Department of Commerce touches every aspect of community and economic development. We work with local governments, businesses and civic leaders to strengthen communities so all residents may thrive and prosper. I love that the Energy Efficiency and Solar Grants program connects with so much of the work that Commerce does – and will hopefully help some of your communities reduce costs and achieve their energy goals- while helping the environment and supporting our state economy.

For more information contact EEandS@commerce.wa.gov
Dever:

*Review agenda.*

I hope to be done with all of this by 3:00 pm. Then we will have until 3:30 for questions. Again, questions and comments can be sent to EEandS@commerce.wa.gov. There will also be another webinar once the application is available.

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### Agenda

**Program Overview**
- Background
- Energy Efficiency 2019-2021 Grant Overview
- Planned Improvements
- Timeline and Process

**Requirements**
- Facility
- Financial
- Project
- Federal Funding
- Contract Requirements

**Scoring**
- Preparing to Apply
- Questions

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The energy efficiency and solar grants program is part of the capital budget. There are currently 3 grants in the program:

Solar – the application is planned to open in summer/fall of 2020. There is an informational webinar on Tuesday January 28th.

Energy Efficiency – which we are talking about today.

And the state project improvement grant – which we will be announcing awards for next month.

For updates on all of these programs – you can sign up for the new Energy Efficiency and Solar Grants Program email list on the program webpage.

Eligible applicants are:

For more information contact EEandS@commerce.wa.gov
I’m currently working on building a history of the program –
Started around 2009 as a grant for energy efficiency projects at schools.

The program moved to the Energy Division of Commerce in 2018 which is when I started running it. Federal funding was added, applicants requested a longer application period than originally planned, the old application platform that we used was unavailable, and we ended up with many more applications than management planned for.

Helping applicants, awardees, and stakeholders navigate these changes has also taken time – so thank you for your patience with my response time.

In addition to these complicating factors, the transition to the Energy Division revealed that some of our agency and state requirements were not being enforced on this program. As the Energy Division, we also looked at these projects from an Energy perspective and made some changes accordingly. A few more changes are planned for this year so I will make sure to highlight those.

This biennium we have $3.4 million for solar, two rounds of Energy Efficiency at $1.7 million each, and we are announcing $6.5 in awards for the state project improvement grant next month.

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Where are we now:
I am continuing to work at getting the 2018 award contracts executed. There were several surprises with solar projects needing to change panels and the new sales tax exemption.

I’m excited to share I now have help, Maria Shattuck has joined our division in a temporary role, and 75% of her time is helping me with Energy Efficiency and Solar. She is fantastic and is already helping me keep up with emails.

We also have a new Managing Direction in our division, as the result of a reorganization. Jennifer Grove is now the managing Direction of both the ECAP team that I am on and the weatherization section. She has an extensive background in the Northwest Energy sector, so I am personally very excited to have her as a resource and leader.

In addition to working on completing the 2018 award contracts, we are about to announce the SPI grant awards, and are finalizing the 2020 Energy Efficiency grant ground. While the final program is a few months away, my hope is that this information session will help all of you begin to identify and develop potential projects.

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As I said, we know that the 2018 round could have both gone smoother. The most significant feedback we received was that the timeline being pushed out was challenging. One way we plan to improve the review process is by separating the solar grant from the Energy Efficiency grants – so that will be held as a separate application round. This will allow us to focus on one project type at a time, and streamline the administrative review process.

We are also able to use the ZoomGrant application platform again this year. In 2018 the volume of applications crashed our email and required manual data entry and processing. Using the ZoomGrant platform avoids these processes, and should also streamline the administrative review.

Additionally, we are working on developing standard forms for much of the information we need for review. Because each consultant uses a different template and format, it complicates the review process and takes more time. By providing a standard template, it will help the technical team complete reviews more efficiently.

Another key thing is Communication – while many things were included in the Notice of Funding Opportunity, I realize that is a detailed document. To help ensure clear communication we will make sure that the terms of the awards are included in the award.
letters so that awardees are aware of the full process. Debrief and protest processes will be included in the rejection letters.

Lastly, I’m excited to share that the 20% carve out has been expanded. Previously, only small towns and cities were eligible for the carve out. Now, any eligible project located within a small town or city is eligible for the carve out. This would be a small town or city with a population of 5,000 or less.
For this biennium, there will be 3 grant application rounds:
Round 1 of the energy efficiency grant in May, with $1.7 million in state funding and about $800k in federal funding.
Then we will do the solar grant – most likely around September 2020 – which has $3.4 million in state funding available.
And last will be the 2nd round of Energy Efficiency funding, with $1.7 million in state funding will be in the first half of 2021.

The team I work on also manages the Clean Energy Fund. One grant opportunity is about to be open to local governments and utilities for the installation of Electric Vehicle charging infrastructure. Check out the Electrification of Transportation Systems webpage for more information - commerce.wa.gov/ets

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So, now we are focusing on the Energy Efficiency Grant round planning for May 2020.

This application is scheduled to open in May 2020, with materials available by the application opening date. The exact date is not yet decided.

There will be a question and answers process while the application is open.

Applications will be due in late August or early September 2020.

As we evaluate applications, we will let you know if you’re disqualified so that you can decide on the next steps for your project.

In January 2021 we will announce the awards.

As I said before, feedback was that the 2018 application round being extended was problematic. This extension was for 2 reasons that we are planning to mitigate in 2020:

- Application due date was extended by request. This was because applications needed more time to develop their projects. This ended up postponing the award date. This information webinar is to help prevent this. I am hoping that we are providing enough information that you can begin to identify and develop potential projects for application.

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- The second reason for extension was that we needed more time for technical review. This was due to the volume of applications and the variation in the information provided. Lots of applications are good. We want that! So we are working on developing standard forms to report the energy and project information, so that the technical reviewers can easily locate the information needed.

This timeline assumes we receive no more than 40 applications. If demand is high, we may require additional review time. Additionally, we are not planning an advisory committee—which can add 3 months to the development process. And if a protest of a disqualification is found to be with merit, it can cause delays to the whole program, as would staff turnover.

Now that we have an approved contract template for the program and direction on the Federal funds from Department of Energy, the contracting process should be able to begin much sooner after award. With some changes, we should be able to have the contract template available at the time of the award letter. There will be requirements that you have to complete prior to executing the grant contract and receiving your first grant payment. We will go over this in the requirements. So be prepared to not have grant funds immediately.

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Many of the requirements and scoring are based on the proviso language – House Bill 1102, section 1039.

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We develop the program requirements based on the capital budget requirements. I’ll go over the basic requirements for application. There will also be requirements for projects that are awarded funds.

Starting with the facility requirements:
Two changes:
1. The Facilities need to be owned by the applicant. Leased facilities are no longer eligible.
2. The facilities must also be a minimum of 13 years old – we got a lot of questions about the age of the building so decided that a number would be helpful. 13 years is typically the lifespan that OFM requires for capital assets, so we have decided to be consistent with this.
Same as before: Expansions and add-ons are not eligible, the intent is to retrofit existing facilities.
And a clarification: Limit your applications to 1 facility per application, unless there is a connected system between facilities – such as a shared steam heating system – this is part of the proposed project. Any applicant can submit as many applications as they like, however the total maximum award is $500,000.

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For the purpose of this grant, state funds are not eligible match. The one exception is state funds which are a loan to be paid back. Again, the nonstate match requirement comes from the proviso language.

Minimum match is 1 to 1, or the applicant paying at least 50% of the project cost.

For projects in small towns and cities, this is reduced to a 1 to 2 match, which the applicant paying a minimum of 33% of the project cost.

Incentives and rebates are not considered match, as they are not guaranteed or available for the initial capital costs. Apply for incentives and rebates! But you will need to guarantee funding for construction.

And watch the overall project costs, project energy savings must pay for the project within 35 years.

As a note, these are the minimum requirements. Match and ROI are both also scored compared to the other applications. So just meeting the minimum requirements may not be enough to be competitive.

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The maximum Energy Efficiency Grant award is $500,000 to any entity.
Projects must be to save energy, increase efficiency, and reduce costs. We include water under this in addition to...

and then if there is another resource that will be saved, you can include that too. We will provide a state wide average cost for these resources to make sure we are evaluating use more than regional cost. At these state wide average rates, the savings must return the investment of the total project cost within 35 years.

One change: Lighting retrofits are no longer eligible, meaning that the grant application cannot include the cost or the energy savings of lighting. The only excepting is lighting projects at schools that remove PCBs.

We still encourage lighting retrofits, and they can be included in the project for project management and efficiency purposes. However, these costs and energy savings must be separated out in the support documents and not included in the application.

Why? Great question. We have less funding than we had in the past, about half as much. Lighting projects bring a fantastic ROI and have many incentives and rebates available. By removing lighting as an eligible expense, the grant will benefit projects with more investment and fewer funding options required. The original program language specified

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“deep” energy retrofits, which lighting is not considered.

And one other change: If a project is not going through the DES/ESCO process, then the energy audit must meet ASHRAE level 2 standards. I would recommend that all energy consultants ensure that they are familiar with and that their planned audits comply with this standard. Also, audits up to 12 months old are allowable. So as long as it meets the requirements, you can apply with that information.
We will have federal funds left over from the previous round. Again, applicants will have the option to “opt in” for federal funding. If you aren’t able/comfortable meeting these additional requirements, please do not indicate that you can accept these funds.

- No percentage based costs – This means that the DES and ESCO fees must be flat fees, and not documented on your contract as based on a percentage of the cost.
- Active Registration through SAM.gov
- Buy American Provisions of the Recovery Act
- Presidential Executive Order on Buy American and Hire American
- Davis Bacon Prevailing Wages
- Historic Preservation
- National Environmental Policy Act (NEPA) environmental review

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Federal prevailing wages is that payroll must be issued weekly. Otherwise, it’s very similar to state prevailing wage. And note that State prevailing wage still applies, so you must follow the stricter version of any given requirement. For example, the state requires overtime over 8 hours per day, while the feds only look at weekly overtime. So the state requirement still applies to the project.

• Historic Preservation – this is similar to the state review, however requires a slighting different review by Department of Archeology and Historic Preservation.
• National Environmental Policy Act (NEPA) environmental review – Similar to the DAHP review, we need to ensure that your projects don’t have negative environmental impacts.

Please look into these requirements and read the CFR 200 for more information on the Federal requirements.

We only want to give federal dollars to those that are able to comply.

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Now, let’s assume your project was awarded funds, what’s next?

Commerce requires a contract for the grant funding, this is an agreement to ensure that the terms of the grant are met. We break the grant contract into two phases – construction and monitoring. During the construction phase, a quarterly report is required. This includes quarterly updates about the project, job information, and financial/timeline updates.

The monitoring and verification phase is 3 years. We will be including more specific guidelines about the M&V that is required and developing a standard reporting form.

Commerce cannot disburse funds until a contract is in place and the grantee has delivered a milestone. We do not issue funds up front. The energy division always uses performance based contracts – with deliverables tied to chunks of grant funds. This year I am working on a proposal to allow a reimbursement based contract, which is based on costs incurred, however this is not finalized.

The award amount is based on the match ratio. If the total project costs change, like if contingency isn’t needed or the project is now sales tax exempt, then the grant award amount is adjusted – proportional of the reduced costs and the percentage of funding.

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Committed by Commerce.

Additionally, under the program, the application is what the grant was awarded for. Any changes between the original application submission and the final project might have changed the outcome of the grant awards. Changes that would have affected eligibility, scoring, project costs, site, scope, energy savings, etc., must be approved by Commerce.
Based on last year’s review process, we are considering standardizing additional aspects of the process. Because each ESCO and proposal is a little different, we are considering creating a standard set of metrics, calculation formulas, and documentation for each application to use to submit the estimated energy savings.

This will ensure all projects are evaluated based on equivalent information. The feedback I received from the technical review team was that, in many cases, they did not have enough information to compare the different projects or they could not find the information needed to verify assumptions. Please make sure you clearly state your energy assumptions and data, and are using information relevant to the project. Energy use data from outside the Pacific NW will not be considered a reasonable assumption.

We are also developing instructions for what to do if a facility is not individually metered, as there is less information available. We will provide direction on this with the final program documents.

As I said before, I am working on a proposal to management to allow reimbursement based grant payments, as I know many of your projects could benefit from this. The idea is to allow an option for grantees between performance based and reimbursement based. One thing to note about reimbursement based, the review invoices often becomes more

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intensive with more documentation required to establish allowable costs. If this becomes an allowable process, my hope is that grantees will be able to choose which method they prefer.

And lastly, similarly to standard application data and information, we are looking at developing a standard form and requirements for monitoring and verification.

For more information contact EEandS@commerce.wa.gov
Because this is required to be a competitive program, we have to compare the projects. To do this, we start with the proviso language.

First, projects in small towns and cities with populations of 5,000 or less will be awarded funds, up to 20% of the available amount.

Then we will evaluate based on the match ratio. While the minimum ratio required is 1 to 1, or 1 to 2 for projects in small towns or cities, projects bringing more match to the table will be scored higher. There will be a maximum match ratio scope for the purposes of scoring.

Energy savings is evaluated by taking the projected energy savings, and calculating the dollar value based on a state wide average cost. The total project cost is then divided by the annual savings value. The years to pay back is then scored.

Additional points are then awarded to projects at k-12 schools that eliminate PCBs – most commonly through lighting retrofits. Again, this is the only lighting that will be allowable under the grant.
And additional points are awarded to applicants that have not received these funds before.

For more information contact
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We are currently considering providing additional points/funding to projects that are adding a sub meter to a building over 50,000 square feet for electricity or gas. This will be decided by the time the application is open.

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Preparation to Apply

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So, my goal today was to provide enough information to begin developing potential projects for application. Right now, applicants can begin to identify potential projects and facilities they would like to apply.

You can either work with DES and one of their ESCOs, or use your organization’s state-compliant procurement method to have an ASHRAE level 2 energy audit of the facility.

This will allow the initial estimation of energy savings and costs.

Also, be aware of the utility incentives available for your project.

Do not enter into a construction contract. Project cannot begin construction until the awards are announced. Entering into a construction contract prior to applying implies that the project is fully funded and that grant funds would supplant- something that is not allowable.

For more information contact
EEandS@commerce.wa.gov
Once we release the application materials and requirements, work with your consultant to refine the project based on the grant requirements and evaluation criteria.

The idea is to provide enough time to complete the whole energy audit process, however if you’ve already completed it, that you can use that.

Be prepared that the consultant may need to update the calculations based on the metrics or calculations required for the grant.

When the application is released, we will have all of the requirements, metrics, and forms available.

For more information contact EEandS@commerce.wa.gov
Now we have time for questions until 3:30. You can also email questions and comments to EEandS@commerce.wa.gov.

Thank you!
Thank you!

Program/Grant Questions:
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