Solar Grant 2020. This program is under development. All information is subject to change.

For more information contact
EEandS@commerce.wa.gov

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Welcome everyone.
Copy of the recording is available on the webpage.
This presentation is about the Solar Grants, there is also a presentation on the Energy Efficiency Grants.
The program is being finalized – so some of 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.

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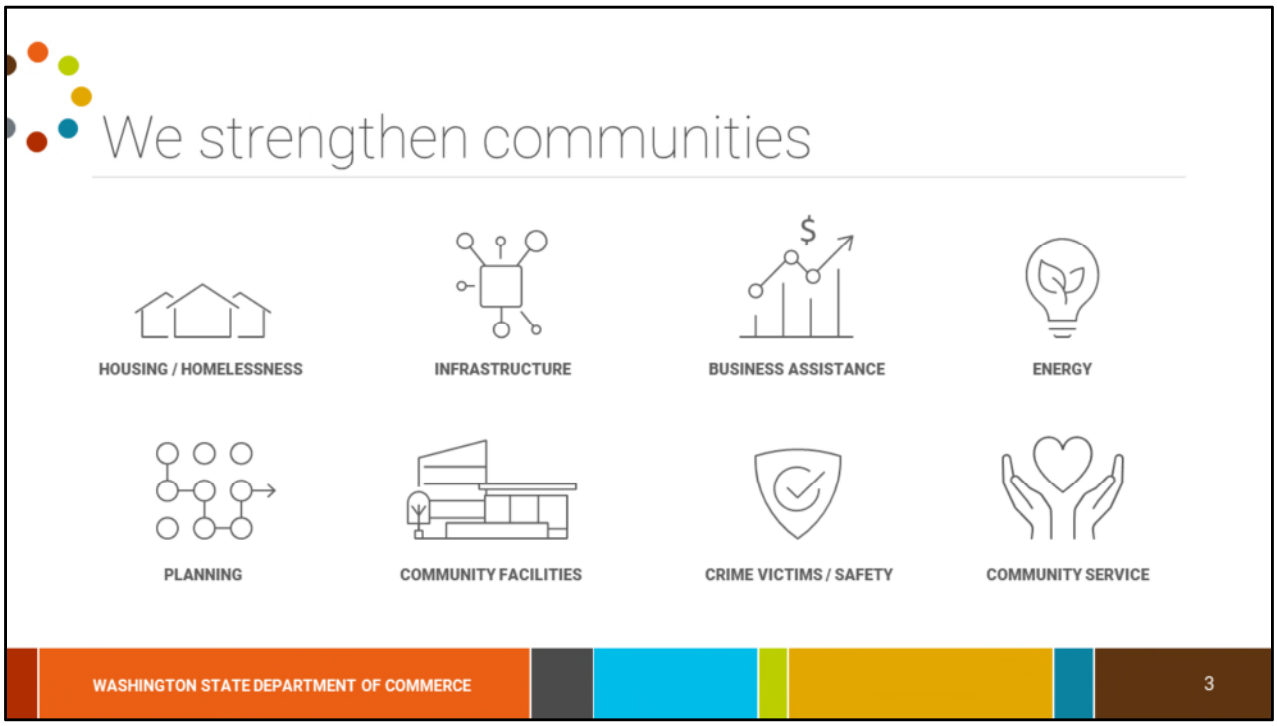

Dever:
The Department of Commerce touches every aspect of community and economic development. We work with local governments, businesses and civic leaders to strengthen communities so all residents may thrive and prosper. I love that the Energy Efficiency and Solar Grants program connects with so much 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.

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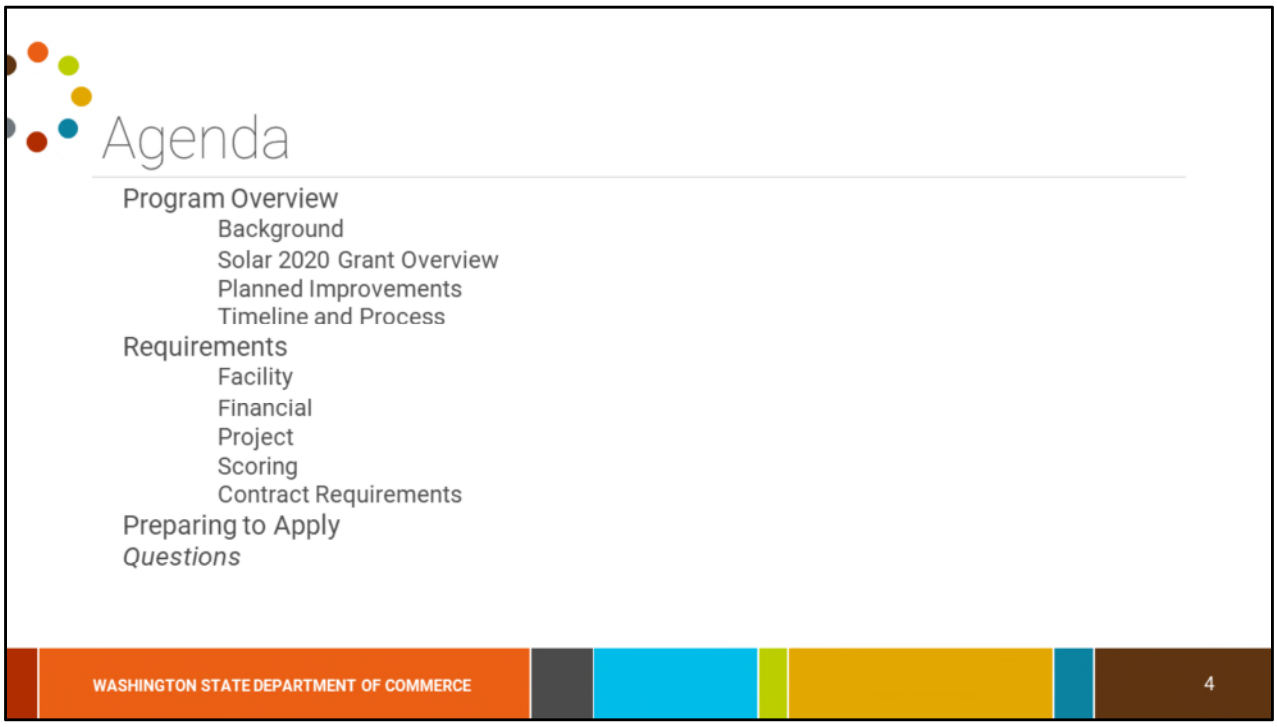

Dever:
There will also be another webinar once the application is available.

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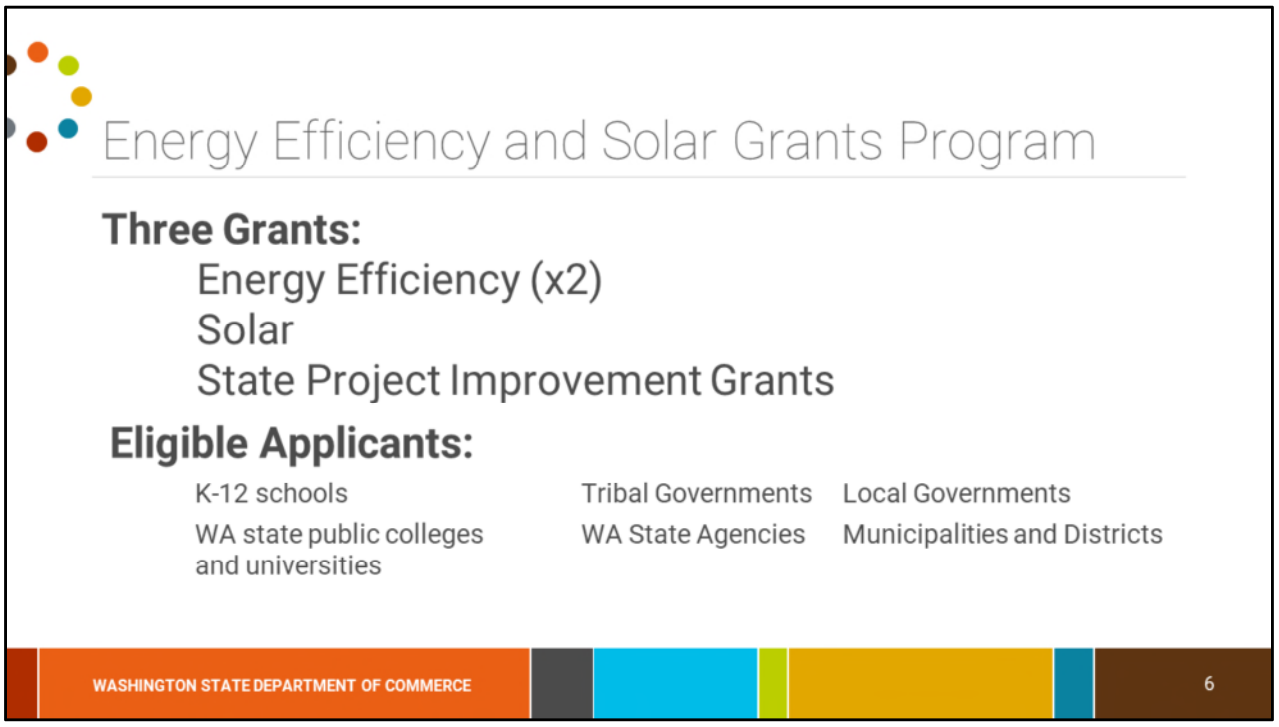

The energy efficiency and solar grants program is part of the capital budget. There are currently 3 grants in the program:
Solar – is what we are talking about today.
Energy Efficiency- Application planned to open in May 2020. If you missed the Energy Efficiency webinar it was recorded and will be posted in the EE&S webpage.
And the state project improvement grant – which we will be announcing awards in February 2020.
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.

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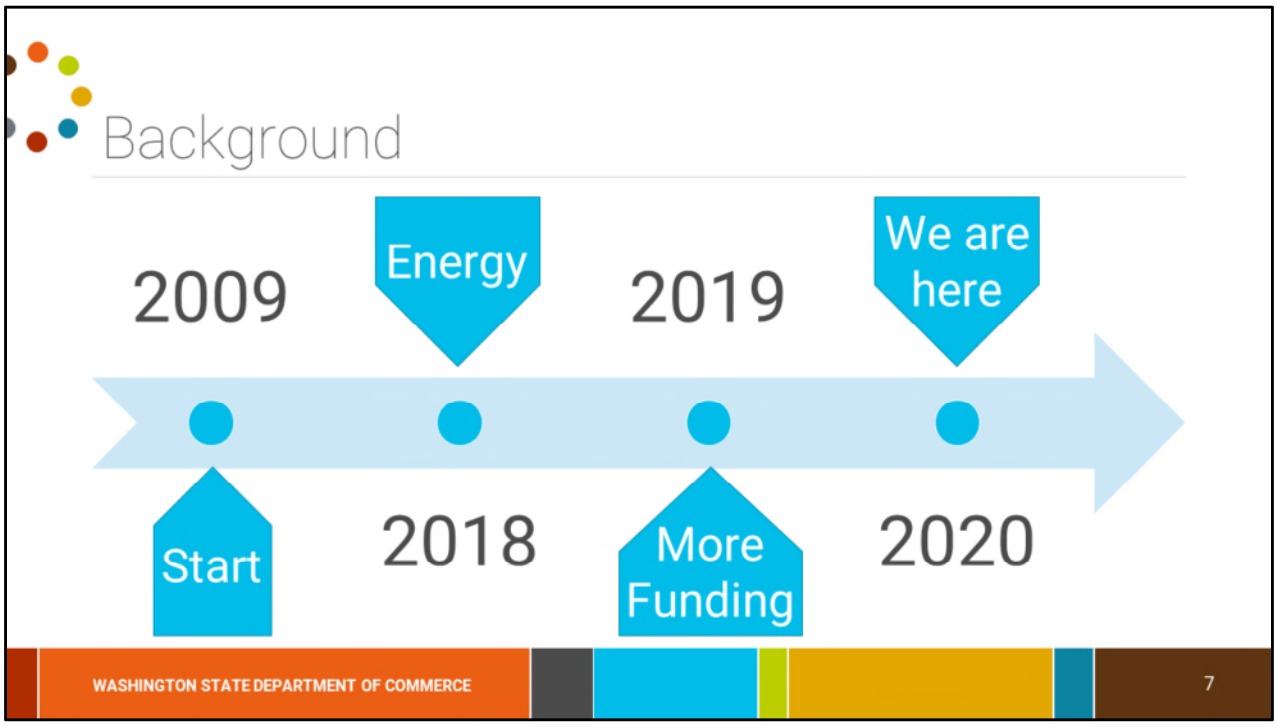

I'm currently working on building a history of the program –
Started around 2009 as a grant for energy efficiency projects at schools.

The program moved to the Energy Division of Commerce in 2018 which is when I started running it. 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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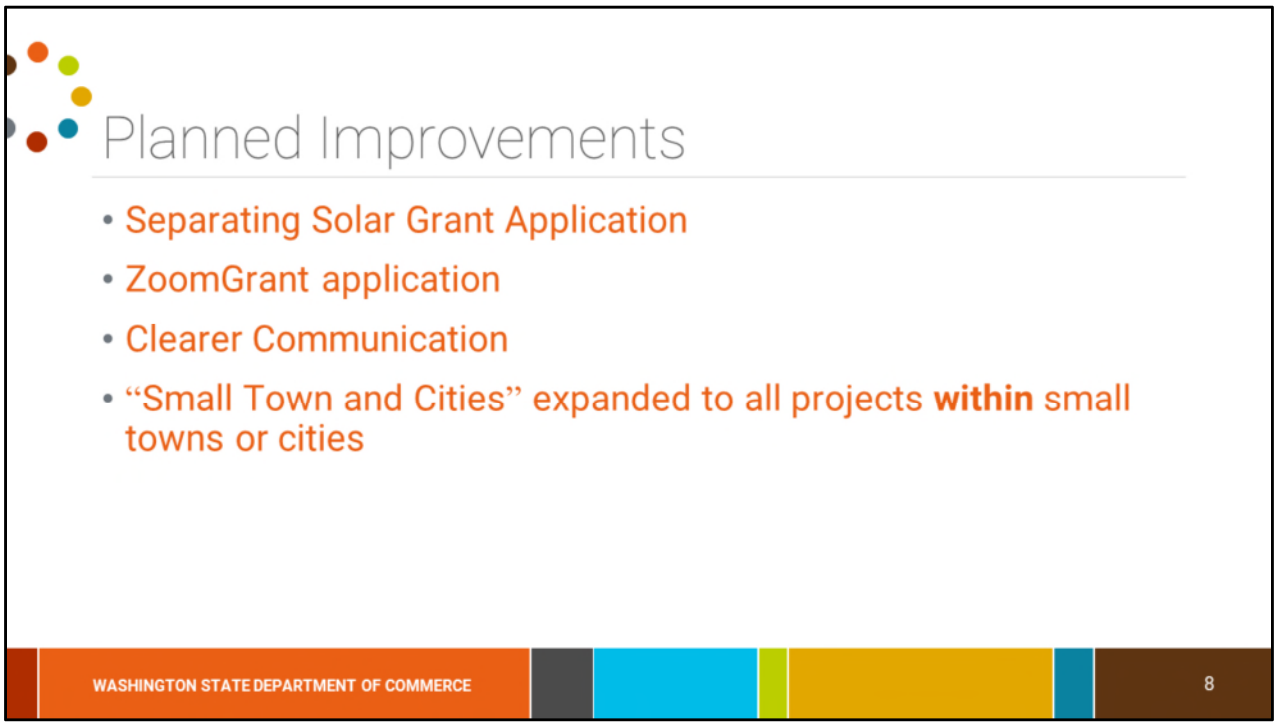

As I said, we know that the 2018 round could have both gone smoother. The most significant feedback we received was that the timeline being pushed out was challenging. One way we plan to improve the review process is by separating the solar grant from the Energy Efficiency grants – so that will be held 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.

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.

Lastly, I'm excited to that the reduced match is now for 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.

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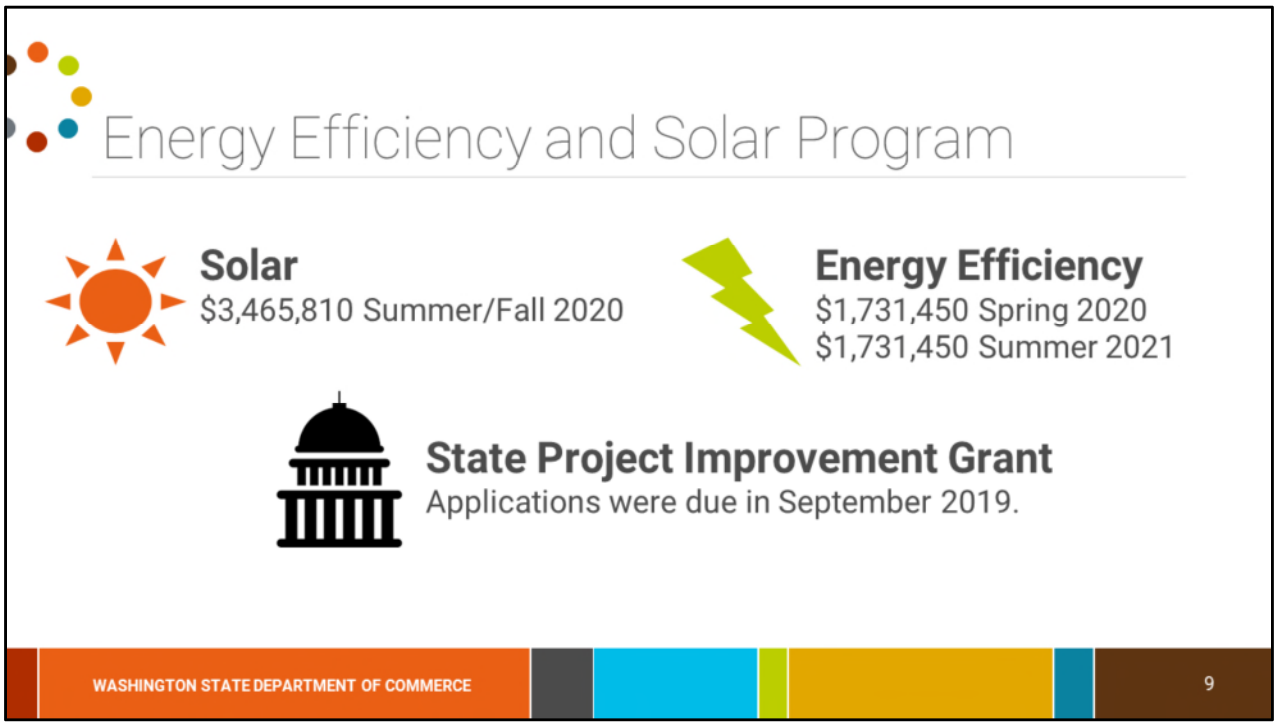

For this biennium, there will be 3 grant application rounds:
Round 1 of the energy efficiency grant in May, with $1.7 million in state funding and about $800k in federal funding.
Then we will do the solar grant – most likely around September 2020 – which has $3.4 million in state funding available.
And 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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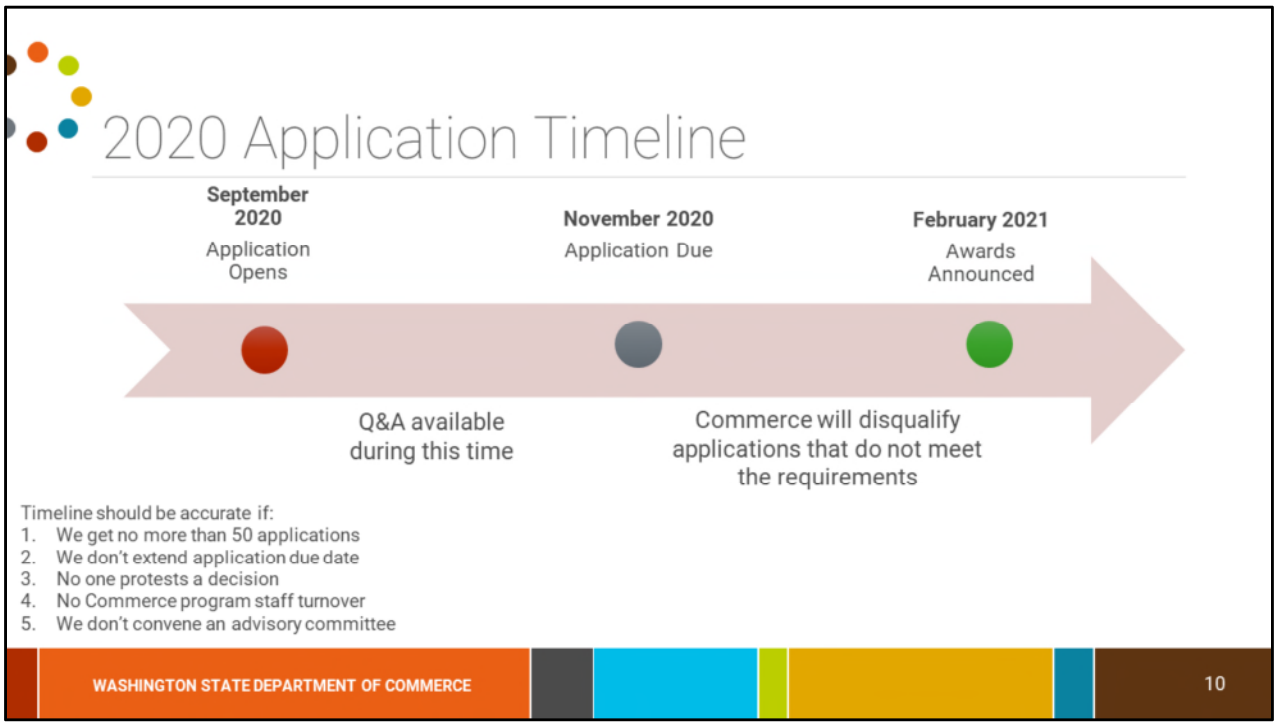

So, now we are focusing on the Solar Grant round planning for September 2020.

This application is scheduled to open in September 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 November 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 February 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.

- The second reason for extension was that we needed more time for technical review of the Energy Efficiency applications. Separating the two grants from each other will help avoid this in the future.

This timeline assumes we receive no more than 50 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, 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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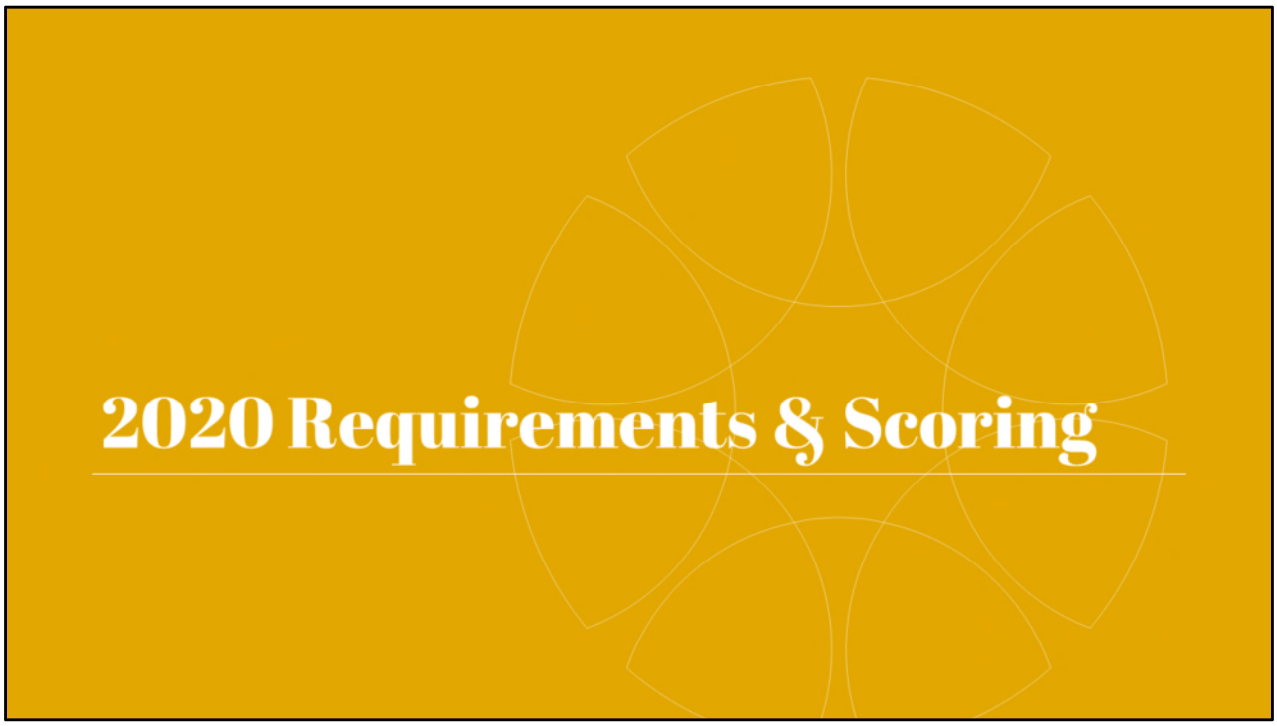

Many of the requirements and scoring are based on the proviso language – House Bill 1102, section 1039.

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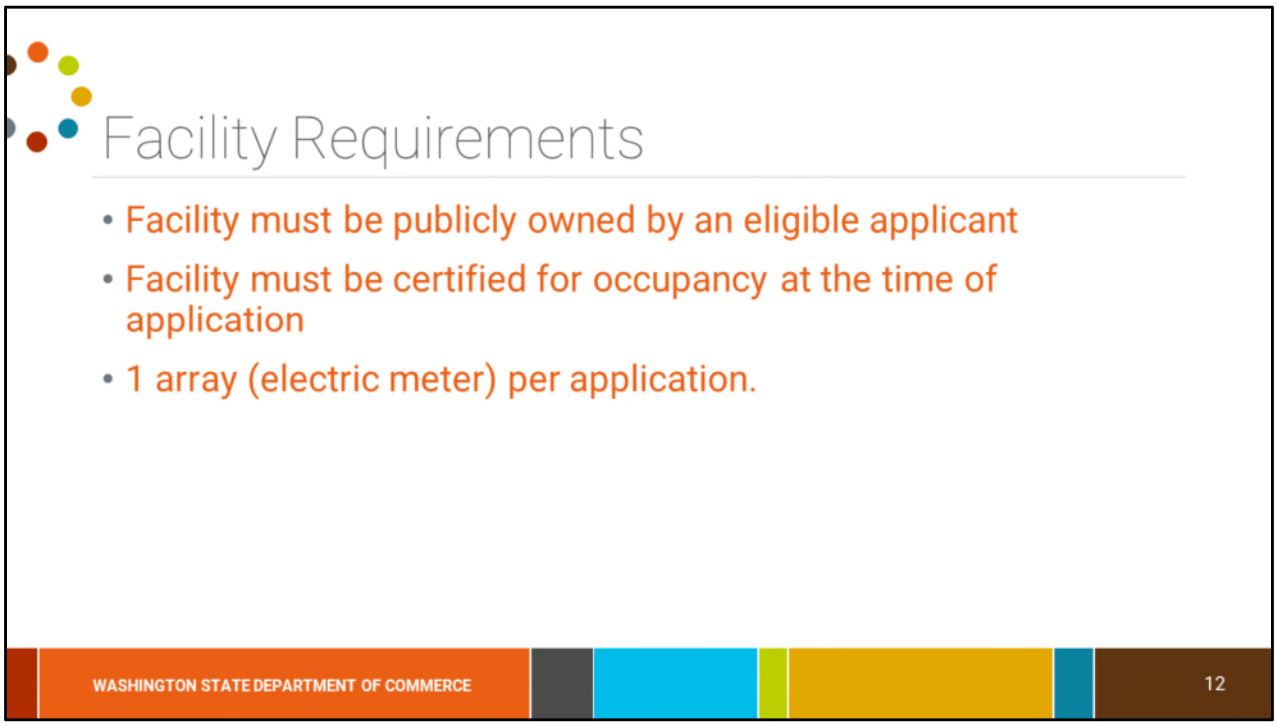

We develop the program requirements based on the capital budget requirements.
I'll go over the basic requirements for application. There will also be requirements for projects that are awarded funds.

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 certified for occupancy (or equivalent) by the application due date.
And a clarification: Limit your applications to 1 array per application. Any applicant can submit as many applications as they like, however the total maximum award is $350,000.

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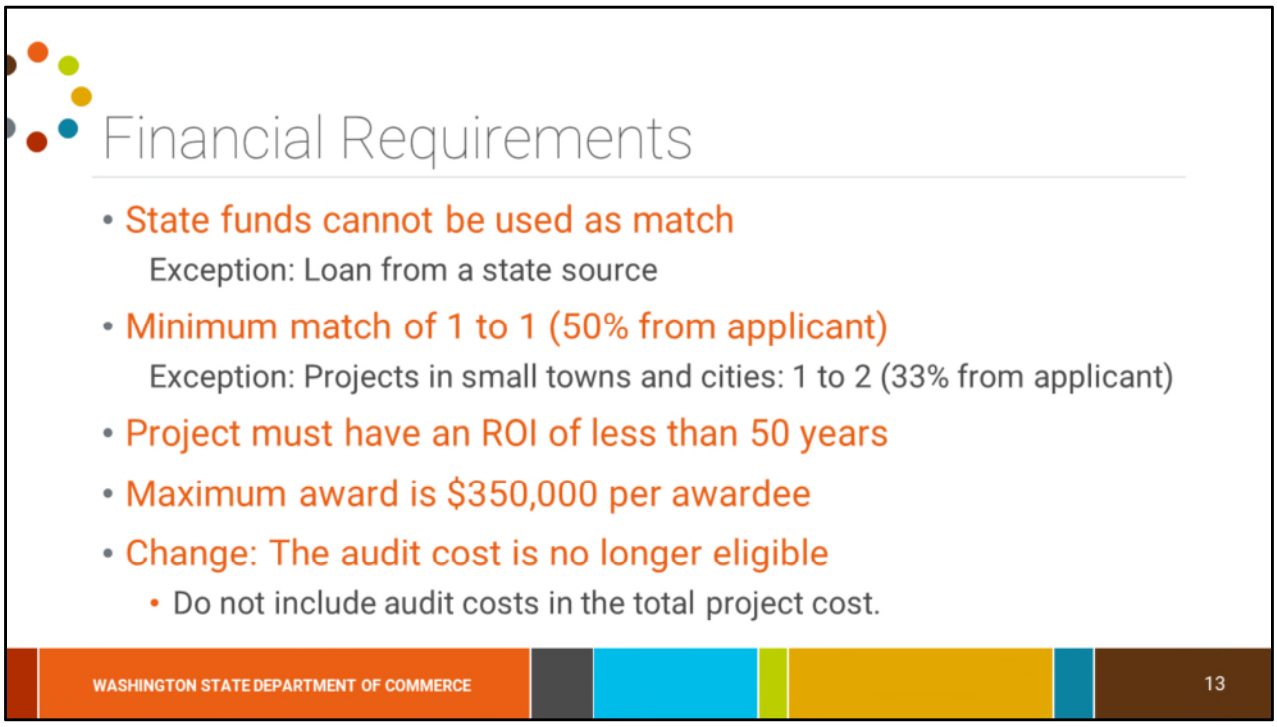

Minimum match is 1 to 1, or the applicant paying at least 50% of the project cost.

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 50 years. This is a reduction – it used to be 100 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.

Note that energy audits are not required, and solar feasibility studies tend to be free or low cost. As such, audit and feasibility costs are no longer eligible costs under the program. Do not include these costs with your total project cost. Just make sure the audit process you use follows procurement laws and rules.

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The maximum Energy Efficiency Grant award is $350,000 to any entity.

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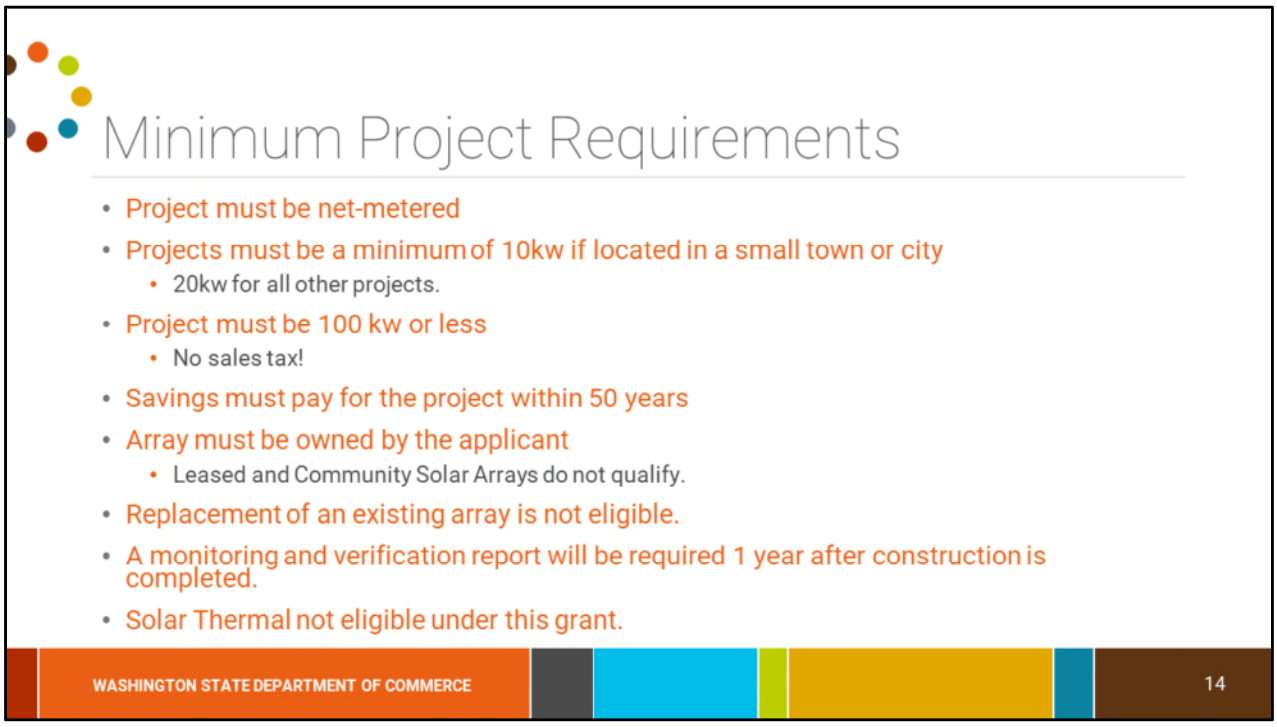

Projects must be net metered, with the energy production feeding the publicly owned facility.

Projects must be a minimum of 10 kW if located within a small town or city (5,000 population or less) or 20kW for everyone else. Maximum array size is 100kW – with means it is sales tax exempt!

We will provide a state wide average cost for electricity to make sure we are evaluating use more than regional power cost. At these state wide average rate, the savings must return the investment of the total project cost within 50 years.

The array must be owned by the applicant. Community solar and leased solar does not qualify. Replacement of an existing system also does not qualify. Solar thermal can be applied for under the Energy Efficiency grant.

1 year of minoring and verification is required.

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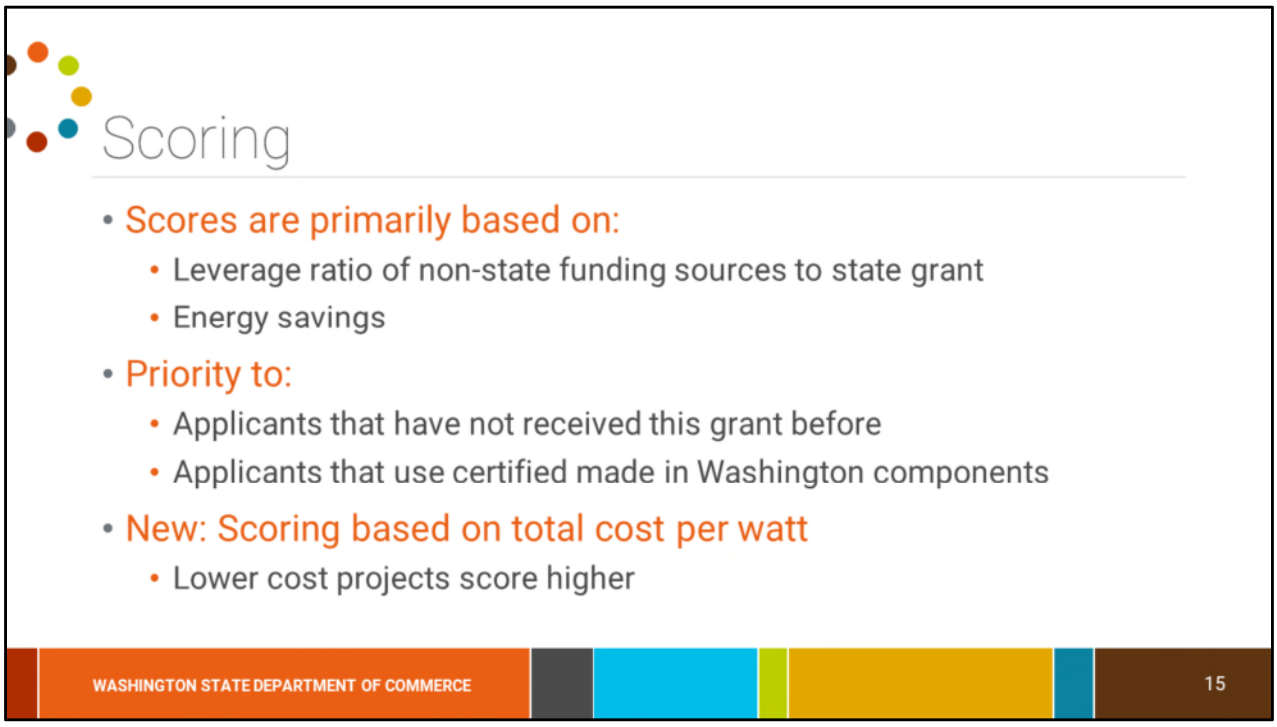

Because this is required to be a competitive program, we have to compare the projects. To do this, we start with the proviso language.

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.

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

Additional points are awarded to applicants that have not received these funds before and to projects using made in Washington components.

We are also going to be evaluating the cost per watt of the project, with lower cost per watt projects receiving more points under this category. In 2018 we had some projects that were as high at $9/watt. To compare, the state-wide average for commercial scale solar is $2.80/watt. While we know that state dollars add complexity and therefor costs, we also want to be sure we are maximizing the grant dollars.

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

First, because this grant is state dollars, we have to follow all state capital dollar requirements. This includes:

- Prevailing Wages
- Executive order 05-05 tribal contact and historic preservation review
- Funding disbursement policies

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 now 1 year for solar grants. 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, then the grant award amount is adjusted – proportional of the reduced costs and the percentage of funding 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.

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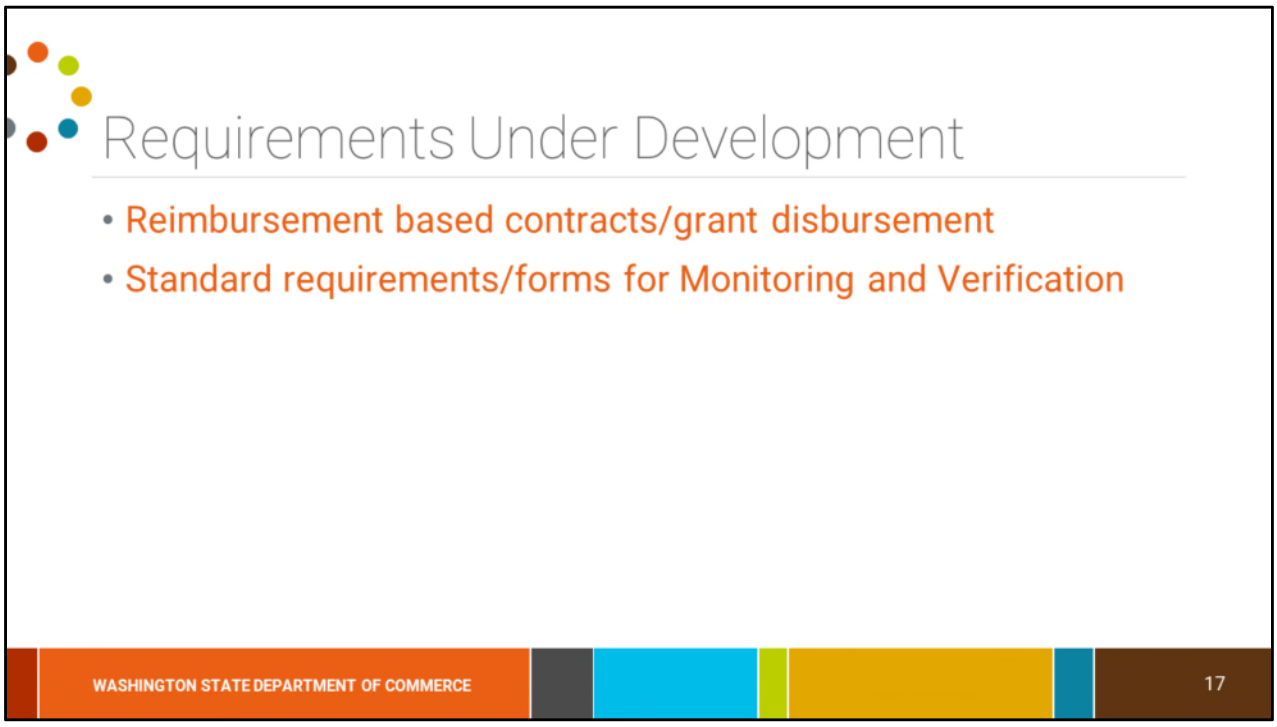

As I said before, I am working on a proposal to management to allow reimbursement based grant payments, as I know many of your projects could benefit from this. The idea is to allow an option for grantees between performance based and reimbursement based. One thing to note about reimbursement based,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

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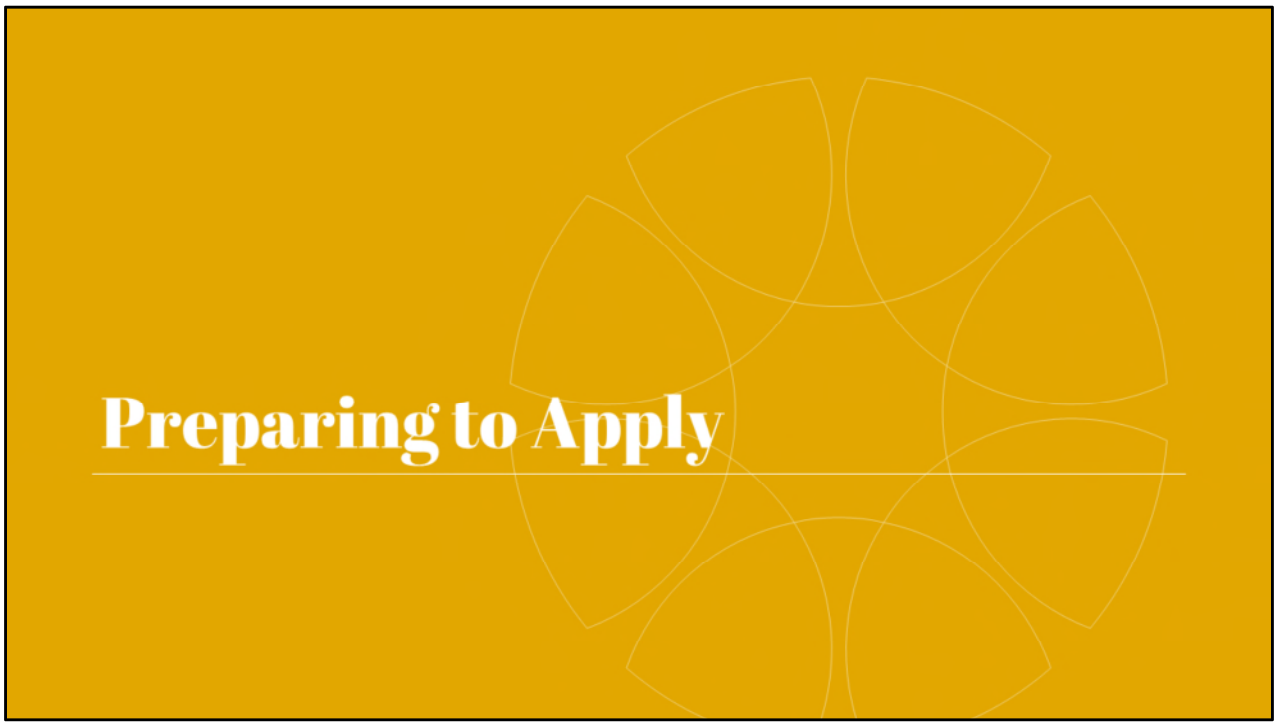

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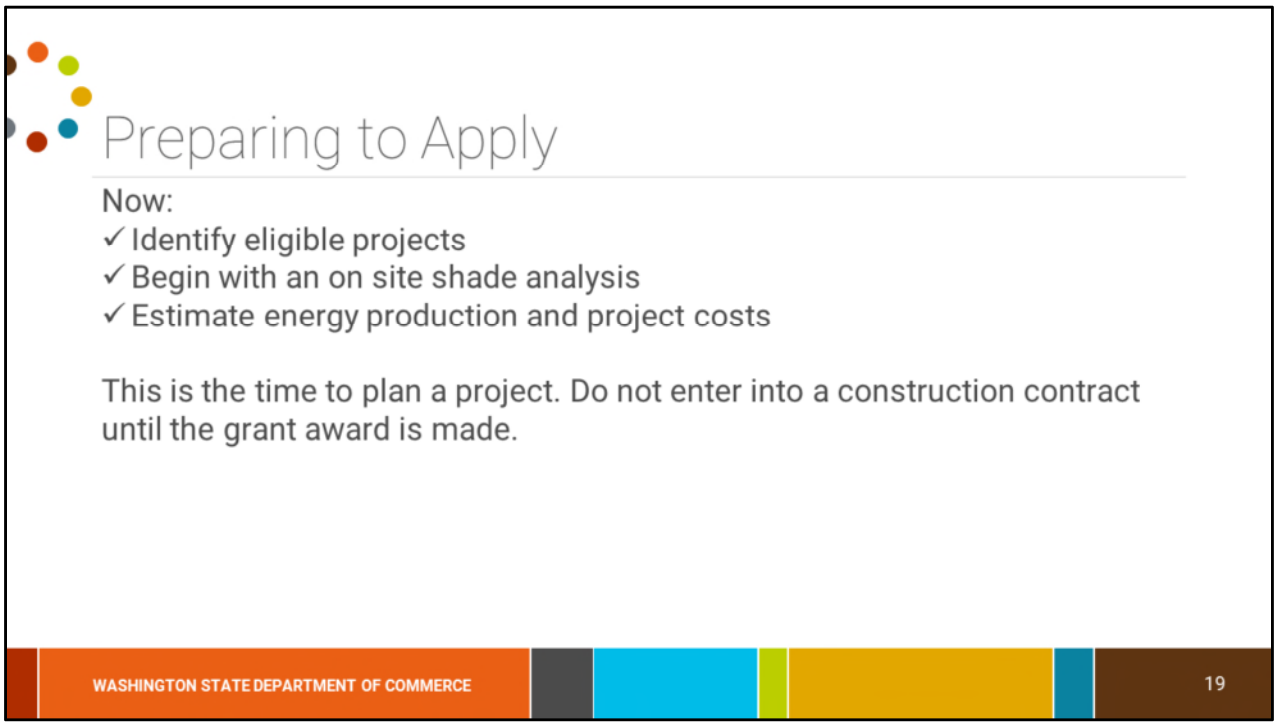

So, my goal today was to provide enough information to begin developing potential projects for application. Right now, applicants can begin to identify potential projects and facilities they would like to apply for us to fund.
Start with an onsite shade analysis. This is required for the application and the best way to ensure you have a good site for solar. It also allows the installer to asses the structure of the building, shading that might not be visible, and the required electrical infrastructure.

This will allow the initial estimation of energy production and project costs.
Also, be aware of the utility incentives available for your project.

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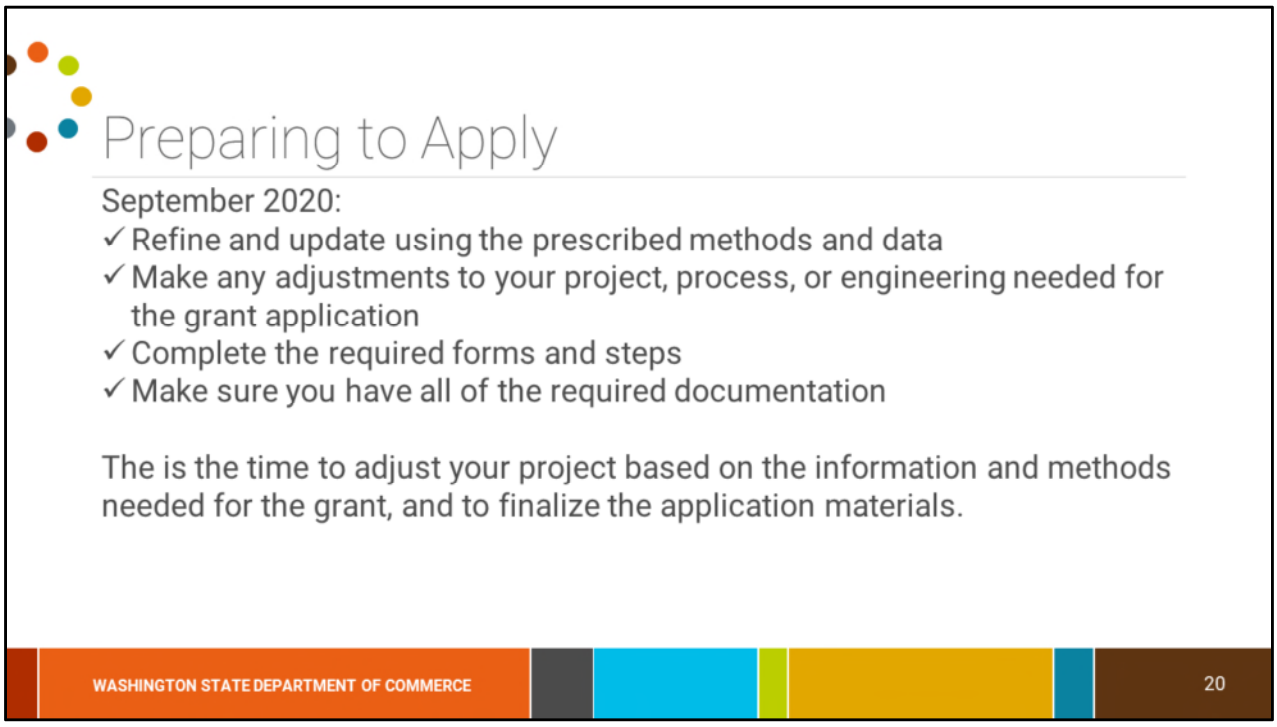

Once we release the application materials and requirements, work with your consultant to refine the project based on the grant requirements and evaluation criteria.

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.

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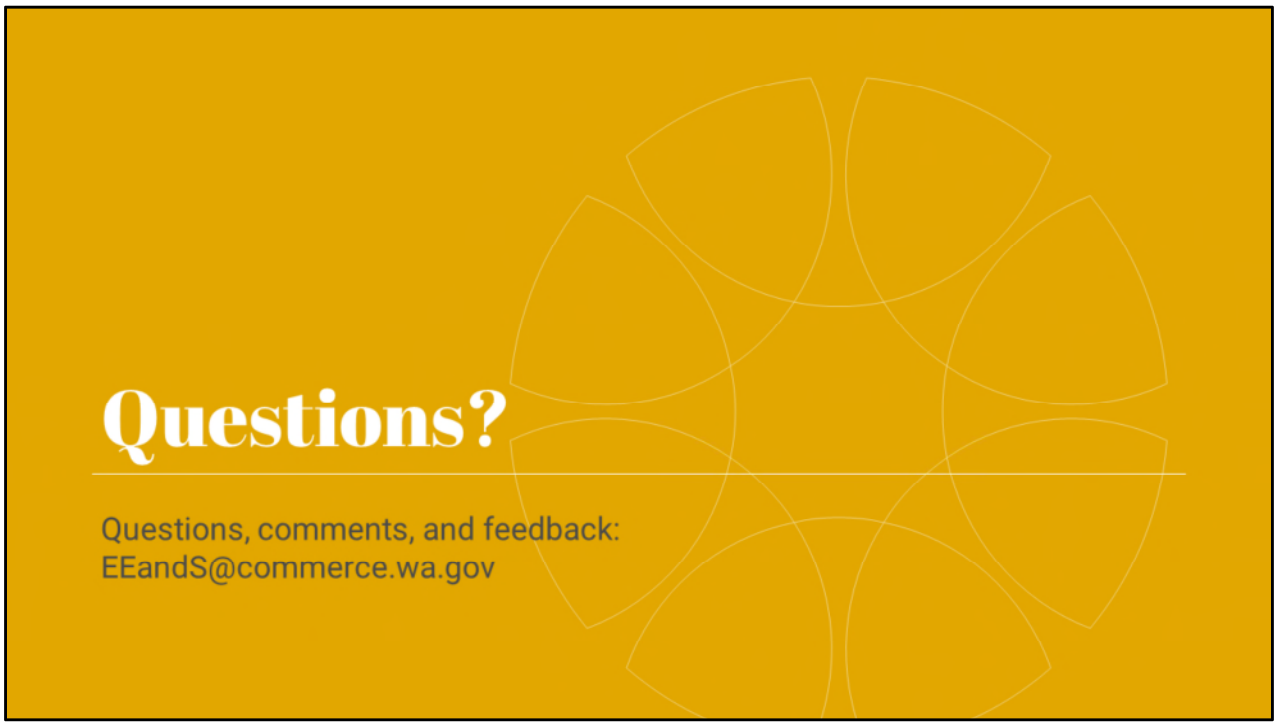

The questions and answers session was recorded and is included in the online recording. You can also email questions and comments to EEandS@commerce.wa.gov.

Thank you!

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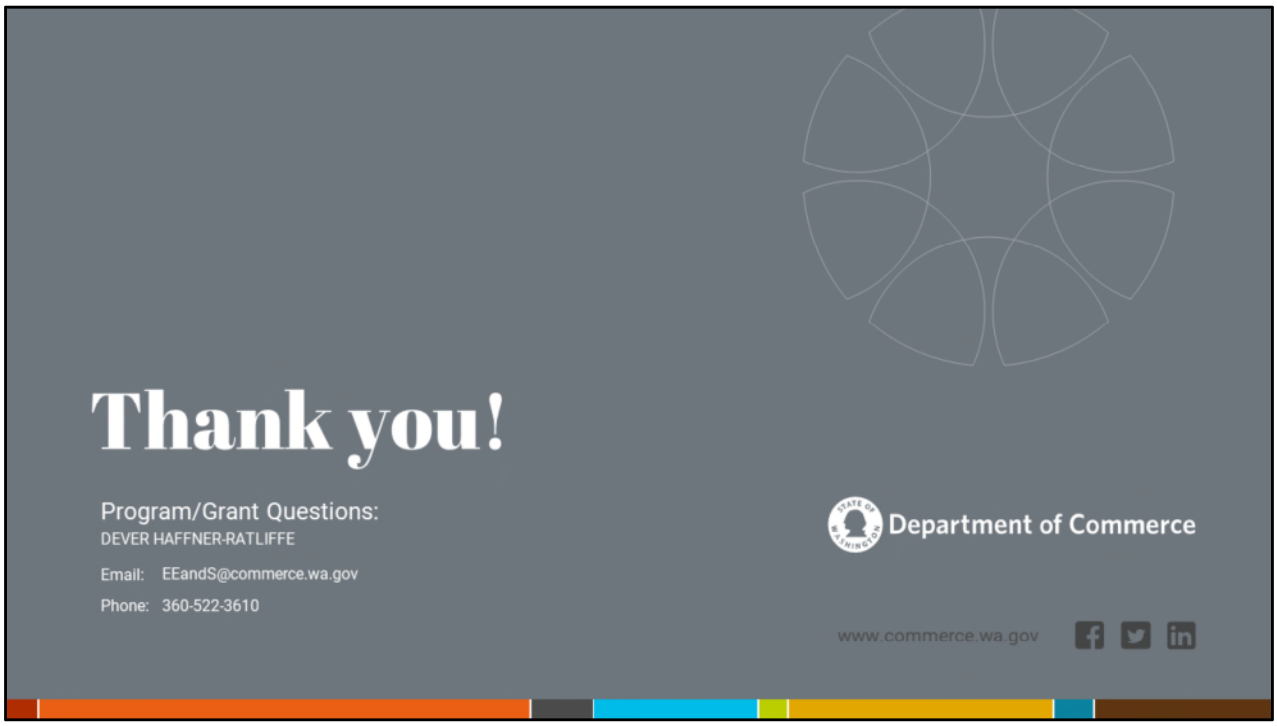

Dever: Lead close out – everyone else feel free to chime in at any point.