

FOA #EN-07082010
Renewable Energy Round 2

Please see below for answers to all questions regarding Round 2 of the Renewable Energy program received by the Mississippi Development Authority – Energy Division (MDA-ED) through the deadline of 12:00 p.m. June 18, 2010.

NOTE: All Applicants must read and follow the Funding Opportunity Announcement (FOA) and complete the Application in full to be considered. This is a highly competitive program and not all Applicants will receive funding. The FOA and Application are available at www.stimulus.mississippi.org.

1. QUESTION

Please address how a proposer can obtain information or guidelines on whether a component meets ARRA “Buy America” standards?

ANSWER

All iron, steel, and manufactured goods being used in an ARRA-funded project involving the construction, alteration, or repair of a public building or public work must be made in America. A “manufactured good” is defined as a good brought to the construction site for incorporation into the building or work that has been processed into a specific form and shape; or combined with another raw material to create a material that has different properties than the properties of the individual raw materials. For additional information on the Buy American Act 2009, please visit the following link:

<http://www.management.energy.gov/documents/ARRAGuideAttachment10v1.pdf>

2. QUESTION

Does “Buy America” apply only to public entities?

ANSWER

Buy American only applies to construction, alteration, or repair of a public building or a public work. Public building or public work means a public building of, and a public work of, a governmental entity (the United States; the District of Columbia; commonwealths, territories, and minor outlying islands of the United States; State and local governments; and multi-State, regional, or interstate entities which have governmental functions).

Private companies or non-profit organizations located in publically-owned buildings (i.e. “incubators”) will be subject to Buy American provisions.

3. QUESTION

TVA has net metering; the rest of Mississippi does not. Just to clarify, interconnection agreements are only for areas not covered under net metering, correct?

ANSWER

An interconnection agreement and net metering are not the same thing. An interconnection agreement is a contract that binds two parties into set terms, which will allow a customer to tie into the electrical grid. A customer cannot tie into the grid, regardless of location in the State of Mississippi, without an interconnection agreement. Net metering is a service; it measures the difference between the electricity supplied by the electric grid and the electricity generated by an eligible customer generator that is fed back to the electric grid over a billing period.

As stated on page 6 of the FOA, "If the proposed project will require tying into the electrical grid, Applicant must provide an interconnection agreement with the local utility provider."

4. QUESTION

Regarding Payback Period (Total Cost of Project/ Estimated Energy Savings per year), please explain what is considered total cost, i.e., cost after 75% reduction and 30% ITC or before. Why is depreciation not included?

ANSWER

MDA understands that depreciation and tax credits will impact the payback of these projects. However, because reviewers must evaluate a broad range of projects and this program can fund multiple types of renewable systems, not all of which benefit from tax credits and would have different depreciation schedules, MDA will use the simple payback method (Total Cost of Project/ Estimated Energy Savings per year) when evaluating projects.

5. QUESTION

Explain in-kind contributions, especially third party.

ANSWER

In-Kind Contributions are defined under federal guidelines as "contributions other than cash." While they usually add real value to a project, they do not require an actual cash outlay. Examples of in-kind contributions are indirect costs not charged to the grantee and donated labor, materials, and services. In-kind contributions are valued at the fair market value of the item or service.

Third-Party Contributions - Cash and in-kind contributions (use charges, donated labor, services, materials, equipment, space, indirect cost) of a third party, (for example, a sister institution collaborating on the grant) may properly be listed as an in-kind contribution. The only requirement is that the value can be documented for an audit.

6. QUESTION

Can I submit multiple 5.5 ton geothermal projects?

ANSWER

As stated on page 7 of the FOA, “All projects funded under ARRA are subject to review under the National Environmental Policy Act (NEPA). It is the responsibility of MDA-ED to ensure that projects funded with ARRA funds do not conflict with NEPA regulations.”

MDA has received a categorical exclusion for geothermal projects with the following size restriction: Geothermal/Ground Source Heat Pumps: **5.5 ton** of capacity or smaller, horizontal/vertical, ground, closed-loop system. This is the limit on the total ARRA-funded project.

Although MDA will likely only fund those projects that are categorically excluded from further NEPA review, Applicants may submit requests for larger projects. These will be reviewed by MDA on a case-by-case basis, and if selected for award, individually submitted to DOE for further review under NEPA.

7. QUESTION

When computing Lifetime Revenue Generation estimates, what amount should be used for estimated base utility rate for systems over the lifetime for consistency purposes, i.e., a proposer may project \$0.50/kWh and another \$0.10/kWh?

ANSWER

Please use the cost/kWh associated with the project site and/or the current rate charged by your utility provider.

8. QUESTION

Regarding “benefit of the applicant”, does this imply that the prime applicant is normally the building or adjacent land owner; not the equipment provider? Does the prime applicant need to be the end receiver of recurring energy or grid sales?

ANSWER

Funds under this grant program will be awarded to eligible applicants. See page 3 of the FOA for the list of eligible applicants. The applicant must own or lease the property where the renewable energy technology is being installed, and should be the beneficiary of any positive results of the installation. Awardees will contract with equipment providers to obtain equipment authorized under their award from MDA.

9. QUESTION

If a grant is awarded, how will the reporting for the grant be performed?

ANSWER

The approved grantee will be required to submit monthly project and jobs reports, no later than the 5th day following the close of the month. MDA will work with awardees to ensure all reports are submitted correctly. Reports will include financial (obligations and expenditures), programmatic (status reports, total capacity of renewable systems installed, energy conserved/produced, etc), and jobs (number of hours worked that were paid for with ARRA funds) information.

10. QUESTION

Explain the variance on timelines i.e. award notification, grant agreement execution and grant contract execution.

ANSWER

Award notifications will be made prior to the issuance of a grant agreement. After July 8, applications will be reviewed according to the process listed on pages 11-13 of the FOA. All Applicants will either receive an acceptance or rejection letter, and awards under Round 2 of this program are anticipated in mid-August. Several state and federal requirements must be met after the award is made but prior to the execution of a grant agreement and MDA will work with awardees on meeting those requirements. Work on the project cannot begin until after a grant agreement has been fully executed. A grant agreement is the same thing as a grant contract.

11. QUESTION

I've seen the list of Round 1 winners. Can you also provide Round 1 non-identifying statistics for all proposals received (total number, types, dollar value, etc...)?

ANSWER

Round 2 is a separate and distinct round with different guidelines, a different application process, and a different application. Interested Applicants are well served to focus on Round 2 and not Round 1 when developing their applications. MDA has taken several steps to ensure interested Applicants have the information needed to develop competitive applications. The Funding Opportunity Announcement (FOA) describes in full all requirements and scoring parameters. The Best Practices document outlines elements that will help Applicants improve the quality of their application as well as negative characteristics to avoid. Finally, MDA hosted a webinar on June 15 to provide guidance on the FOA and application. These documents and the archived webinar can be found at www.stimulus.mississippi.org.

12. QUESTION

Can a ground-mounted solar array be installed on city-owned land if no building is present? The ground-mounted array of approximately 150 kW would be installed on a closed landfill owned by a city; with no building present on the property.

ANSWER

The FOA states that eligible projects are only for the purchase and installation of renewable technologies on, in, or adjacent to facilities in Mississippi. In addition, because this solar array is far larger than the 60kW size that has been categorically excluded from further NEPA review under this program, it is possible that the environmental process for such an array could be long and costly before an award could be made. DOE has informed MDA that, as stated on page 7 of the FOA, "Some activities, such as large projects on green field sites, or sites of special interest (ecological, historical, cultural), wind farms, large solar arrays, refineries, power plants, pipelines, etc. would likely require further review."

13. QUESTION

It's clear that federal funds are only for purchasing equipment and installation. What are the limitations additional tasks that matching funds can be used for; program management is one that has been specified, but are there others?

ANSWER

As stated on pages 5-6 of the FOA, "The non-federal match may be leveraged through a cash match or in-kind contribution, including third party in-kind contributions, from the Applicant. In-kind contributions are non-cash contributions to a project that satisfy the following:

- They are verifiable from the recipient's records;
- They are not included as contributions for any other federally-assisted project or program;
- They are necessary and reasonable for proper and efficient accomplishment of the project or program objectives;
- They are not paid by the Federal Government under another award;
- They are provided for in the approved budget; and
- They conform to other provisions of this program, as applicable."

Cash contributions can be defined as either the value of someone's time dedicated to the project (the salary, paid by the grantee, of the employee working on the project), in-house engineering or project management, or additional funds in addition to grant funds to purchase or install equipment (75% grant; 25% match).

In-Kind contributions are defined under federal guidelines as "contributions other than cash." While they usually add real value to a project, they do not require an actual cash outlay. Some examples of in-kind contributions are lecturer replacement, indirect costs not charged to the sponsor, third-party contributions, and donated labor, materials, and services. In-kind contributions are valued at the fair market value of the item or service.

Third-Party contributions - Cash and in-kind contributions (use charges, donated labor, services, materials, equipment, space, indirect cost) of a third party, (for example, a sister institution collaborating on the grant) may properly be listed as an in-kind contributions. The only requirement is that the value can be documented for audit.

14. QUESTION

If an entity that is applying for the Market Transformation grant has received grant funds from other projects, i.e. MS Job Protections is that entity still eligible to apply for funds with Round 2 of Renewable Energy?

ANSWER

Yes. Eligible entities that were awarded under a different MDA ARRA-funded grant program are eligible to apply for funding under Round 2 of the Renewable Energy Projects program. Please note that, as stated on page 11 of the FOA, "MDA-ED reserves the right to distribute funds in an equitable manner that ensures, to the greatest practicable extent, that qualified Applicants from all parts of the state and in all types of sectors are awarded, subject to availability of funds."

15. QUESTION

- (1) Will applicants have an opportunity to ask questions after this webinar?
- (2) Is an indirect cost eligible in the budget?

ANSWER

- (1) Questions concerning the Renewable Energy Round 2 FOA should be submitted in writing to: Mississippi Development Authority, Attn: Mike McCollough/Lynn Johnson, ARRA Renewable Energy Round 2 FOA #EN07082010, 501 North West Street, Woolfolk Building, Suite 1500, Jackson, MS 39201, via fax at (601) 359-5042 (Attn: Mike McCollough/Lynn Johnson) or via e-mail at renewableR2.foa@mississippi.org . **Questions will be received through June 18, 2010 at 12:00 P.M. Central Time.** No question received after this deadline will be answered.

- (2) Indirect costs are not eligible under Renewable Energy Round 2.
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16. QUESTION

Can I get a copy of today's recorded webinar?

ANSWER

An archived version of the webinar is available on the MDA website. Please see the following link, <http://www.mississippi.org/index.php?id=589>. To view a recording of this event select [Market Transformation & Technology Deployment - Renewable Energy Projects Round 2 Funding Opportunity](#).

17. QUESTION

Will salaries be considered as cost share?

ANSWER

A portion of a salary of an individual could possibly be considered eligible cost share. As stated on pages 5-6 of the FOA, “The non-federal match may be leveraged through a cash match or in-kind contribution, including third party in-kind contributions, from the Applicant. In-kind contributions are non-cash contributions to a project that satisfy the following:

- They are verifiable from the recipient’s records;
- They are not included as contributions for any other federally-assisted project or program;
- They are necessary and reasonable for proper and efficient accomplishment of the project or program objectives;
- They are not paid by the Federal Government under another award;
- They are provided for in the approved budget; and
- They conform to other provisions of this program, as applicable.”

If the salary in question meets the requirements listed above, it could be counted as cost share. Applicants must fully describe and justify match contributions in the Budget Justification. MDA reserves the right to accept or reject that element of the cost share.

18. QUESTION

Can the expense for the project which comes from the Applicant’s 25% match start before the awarding of the Grant (i.e. engineering work to submit the application)?

ANSWER

As stated on page 4 of the FOA, “Grants will not be awarded or paid for projects that began or were completed prior to the grant award date. The Applicant must not begin work on the proposed project unless in receipt of a fully executed grant contract.” Furthermore, as stated on page 14 of the FOA, “MDA-ED accepts no responsibility for any expense incurred by the Applicant in the preparation and presentation of a proposal. Such expenses shall be borne exclusively by the Applicant.”

19. QUESTION

Specifically for the Stimulus SEP, some states have allowed match to be from federal sources. This is not normally allowed for SEP in other years. What is MDA’s policy for this solicitation?

ANSWER

As stated on pages 5-6 of the FOA, “The non-federal match may be leveraged through a cash match or in-kind contribution, including third party in-kind contributions, from the Applicant. In-kind contributions are non-cash contributions to a project that satisfy the following:

- They are verifiable from the recipient’s records;
- They are not included as contributions for any other federally-assisted project or program;
- They are necessary and reasonable for proper and efficient accomplishment of the project or program objectives;
- They are not paid by the Federal Government under another award;

- They are provided for in the approved budget; and
- They conform to other provisions of this program, as applicable.”

20. QUESTION

Could you explain the statement on page 5 of the FOA “The rules associated with what is allowable as cost share are specific to the type of organization that is receiving funds under the grant, though are generally the same for all types of entities.”? (i.e. non profits).

ANSWER

The Code of Federal Regulations (CFR) includes specific language related to allowable cost share for different types of entities (i.e. for-profit, state and local government, non-profit organizations). Please see page 5 of the FOA for the CFR sections applicable to each entity.

21. QUESTION

The US Dept. of Energy has recently funded “smart grid” technology under the Market Transformation and Technology Deployment national program.

- a. Is smart grid technology eligible for this MDA State Energy Program FOA?
- b. In most federal grants, waiver of federally approved indirect rate is considered cash match. Is waiver of a federally-approved indirect rate considered cash or in-kind match for this FOA?
- c. Can a non-profit 501 C 3 serve as the fiscal agent for an application from a local government-owned public electric utility if awarded a grant under this FOA?

ANSWER

To the question – Is smart grid technology eligible for this MDA State Energy Program FOA?

Per page 4 of the FOA, “Commercially-available systems that supplant the use of fossil fuels, including solar energy, wind energy, solar thermal water heating (except for swimming pools), hydrogen fuel cells, hybrid solar lighting, geothermal energy, biomass, waste heat recovery systems, Combined Heat and Power (CHP), or hydro (water) power.” The Smart Grid initiative is the modernization and optimization of the power grid; this program specifically calls for the deployment of fossil-fuel reducing, commercially-available renewable energy equipment displayed on buildings within the State. Smart Grid technology is not eligible under this program.

To the question – In most federal grants, waiver of federally approved indirect rate is considered cash match. Is waiver of a federally-approved indirect rate considered cash or in-kind match for this FOA?

This grant will fund the purchase and installation of equipment. Only those costs that are directly related to the purchase and installation of equipment but covered by the Applicant in cash or in-kind

may be included as a match. The 25% required match is subject to the conditions listed on page 5 of the FOA, “The non-federal match may be leveraged through a cash match or in-kind contribution, including third party in-kind contributions, from the Applicant. In-kind contributions are non-cash contributions to a project that satisfy the following:

- They are verifiable from the recipient’s records;
- They are not included as contributions for any other federally-assisted project or program;
- They are necessary and reasonable for proper and efficient accomplishment of the project or program objectives;
- They are not paid by the Federal Government under another award unless authorized by Federal statute to be used for cost sharing or matching;
- They are provided for in the approved budget; and
- They conform to other provisions of this program, as applicable.

To the question – Can a non-profit 501 C 3 serve as the fiscal agent for an application from a local government-owned public electric utility if awarded a grant under this FOA?

In order to appropriately answer this question, MDA would need to know how the organization is defining a “fiscal agent.” A fiscal agent could potentially perform many duties for an organization.

A grantee could hire a non-profit 501(c) 3 to perform certain accounting functions associated with the grant, but grant payments would only be made to the grantee, not the fiscal agent. Also, these services would not be considered a reimbursable expense under the guidelines of this FOA. Fiscal Agent services may be considered in the total cost of the project. The fiscal agent services could count toward the 25% cost share/match requirement. Again, it is impossible to fully answer this question without further information.

Please note: per page 3 of the FOA, Eligible Applicants: “For-profit organizations, non-profit organizations, Institutions of Higher Learning, community and junior colleges, public school districts, and state and local units of government. Only applications from Eligible Applicants will be reviewed. Applications from third parties vendors will not be reviewed.”

22. QUESTION

- a. Would an approximately 150 kW ground-mounted solar array on a closed landfill owned by a city, county, or school be eligible? This project would fall under EDQ’s jurisdiction, so we understand that the EPA will defer to them.
- b. For-profit organization, non-profit organizations, Institutions of Higher Learning, community and junior colleges, public school districts, and state and local units of government. Only applications from Eligible applicants will be reviewed. Applications from third party vendors will not be received.

Could you give some examples of for-profit organizations that would be eligible to apply for installing a ground-mounted solar array on a closed landfill?

- c. Can a city/county receive a loan from a commercial financial source for the 25% cost-matching requirement? When would the loan have to be finalized?
- d. Under the feasibility study, on our ground-mount solar landfill project, do we need a professional engineers stamp on the plans? How detailed must the plans be?
- e. State Procurement Requirements
Please be aware that public sector Applicants (municipalities, school districts, etc) are required to adhere to applicable procurement law when selecting vendors for goods and services. Applicants are encouraged to consult with their legal counsel to ensure full compliance with state procurement law.

Being that this a competitive grant, can a municipality or school consult with and select a consultant /contractor to help with the application and perform the actual construction?

ANSWER

To the question – Would an approximately 150kW ground-mounted solar array on a closed landfill owned by a city, county or school be eligible? This project would fall under EDQ’s jurisdiction, so we understand that the EPA will defer to them.

The FOA states that eligible projects are only for the purchase and installation of renewable technologies on, in, or adjacent to facilities in Mississippi. In addition, because this solar array is far larger than the 60kW size that has been categorically excluded from further NEPA review under this program, the environmental process for such an array maybe long and costly before an award could be made. DOE has informed MDA that, as stated on page 7 of the FOA, “Some activities, such as large projects on green field sites, or sites of special interest (ecological, historical, cultural), wind farms, large solar arrays, refineries, power plants, pipelines, etc. would likely require further review.”

To the question – Could you give some example of for-profit organizations that would be eligible to apply for installing a ground-mounted solar array on a closed landfill?

Eligible applicants, as listed on page 3, include the following, “For-profit organizations, non-profit organizations, Institutions of Higher Learning, community and junior colleges, public school districts, and state and local units of government.” Furthermore, as stated on page 4 of the FOA, “This grant program will only fund the purchase and installation of renewable technologies on, in, or adjacent to facilities in Mississippi owned or leased by the Applicant.”

To the question above: the eligible applicant would be the owner or lessee of the property described; however, it appears that the landfill is not “on, in, or adjacent to” a facility. It is unclear if this property would be eligible based on the information provided.

To the question – Can a city/county receive a loan from a commercial financial source for the 25% cost-matching requirement? When would the loan have to be finalized?

As stated on Page 9 of the FOA, a bank loan is an acceptable source for the 25% match. The FOA also states that applicants must provide funding commitment letters from all other project funding sources, if applicable. Letters should include the term, rate, and collateral conditions, and must be signed and dated.”

To the question – Under the feasibility study, on our ground-mount solar landfill project, do we need a professional engineers stamp on the plans? How detailed must the plans be?

Per page 6 of the FOA, “A Feasibility Study, Design Analysis, and/or Site Survey of the project must be performed by a qualified individual using Life Cycle Cost Savings methodology. This should include as much detail as possible on all elements of the project, including engineering plans. Include with these plans a representation of the property, either through drawings or aerial photos, depicting where the system will be installed.”

To the question - Being that this a competitive grant, can a municipality or school consult with and select a consultant /contractor to help with the application and perform the actual construction?

MDA requires that all Applicants follow applicable state procurement procedures. MDA does recognize that the technical nature of this program will require consultation with industry professionals. Please contact your municipal or county attorney for legal counsel on the procurement of professional services prior to grant application submission and following award, if the project is funded.

Please note that per page 14 of the FOA, “MDA-ED accepts no responsibility for any expense incurred by the applicant in the preparation and presentation of a proposal. Such expenses shall be borne exclusively by the Applicant.”