

Introduction

This document serves as a guide to understand the Renewables Ready Communities Award (RRCA) grant offered through EGLE’s Energy Services Unit. With support from the legislature and Governor Whitmer’s Fiscal Year 2024 budget, the RRCA is now open to award Michigan municipalities that host and/or permit eligible renewable energy projects through a local permitting process on or after October 1<sup>st</sup>, 2023.

You will find answers to frequently asked questions related to the grant below. Not seeing your question? Please contact any of the RRCA Grant Managers for more information:

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## Eligibility Criteria

### Eligible Renewable Energy Project

#### What are the minimum megawatts needed to pursue the RRCA?

For a renewable energy project to be eligible, it must be a grid-connected solar, energy storage, or hybrid project of at least 50 MW, unless any wind energy is involved, in which case a project must be at least 100 MW. However, a host or permittees share of the “eligible project” does not need to reach these values—the project in total does. For example, a municipality which hosts 1 MW of a 50 MW solar farm would be eligible to apply. To provide more clarification, the minimum capacity threshold requirements for each possible scenario are listed below:

Solar OR Energy Storage: 50 MW

Wind: 100 MW

Solar + Energy Storage: 50 MW

Wind + Energy Storage: 100 MW

Solar + Wind: 100 MW

Wind + Solar + Energy Storage: 100 MW

All capacity values refer to nameplate capacity in alternating current and capacity totals may be a sum of all technology involved in a project. The portion of megawatts hosted or permitted by a municipality does not need to reach this threshold, the project in total must.

#### On average, how many acres does the minimum eligible project size equate to?

For solar, a rough rule of thumb is that 1 megawatt equals 10 acres. So, a 50 MW project (the minimum allowed under the RRCA) could be roughly 500 acres. For context, the largest current solar project in Michigan is 1,900 acres. This isn't a perfect estimate and should be viewed as a ballpark estimate.

For wind, things get more complicated. Unlike solar, the *footprint* of a wind project—the total distance from one edge of the park to another—almost always remains as functional agriculture land. As such, number of turbines may be a better indicator of size. A single turbine is roughly 2.5 megawatts, so the minimum threshold of 100 MW would be ~50 wind turbines. Each turbine has to be about 1,000-1,500 feet apart, so this could lead to a couple miles of visual presence. The physical space that one turbine tower takes up is about 15 feet in diameter.

#### Can the megawatts be spread around on various rooftops or parcels, or do they have to be all in one area?

If the megawatts on one piece of land shares or will share the same EIA Plant ID as other megawatts on another non-contiguous piece of land, those grid-connected megawatts could be

considered the same project and therefore able to be summed to one project's total capacity. However, if these non-contiguous pieces of land and/or rooftops do not or will not share the same EIA Plant ID, they would be considered separate projects and would not be able to be summed together for one total project capacity.

Are any technologies other than wind, solar, and storage eligible, like hydrogen, hydropower, nuclear, biomass, etc.?

No. The only eligible technologies are wind, solar, and energy storage. Hydrogen, hydropower, nuclear, biomass, and anything not in the above definition is not eligible for this grant.

If we currently host a wind project, and a developer is currently working on a co-located solar project, will only the solar be eligible, or will the megawatts from the wind project also be eligible?

*If* the wind farm was permitted on or after October 1<sup>st</sup>, 2023, and *if* the solar development will share the same EIA Plant ID as that wind farm, both developments would be considered one project for the RRCA. However, these *ifs* are quite unlikely. The operational wind farm and proposed solar farm would almost certainly be counted separately due to the time between them.

Can one municipality be both the permitter, host, and the project owner—for example, if a municipality wanted to establish a solar project for municipal facilities?

Only grid-connected renewable energy projects are eligible for the RRCA. If this solar project were producing energy for the municipal facilities' on-site use rather than generating energy for the grid, the project would not be eligible. If the municipality permits and/or hosts a project that is grid-connected and supplying energy for off-site use, then that project would be eligible for the RRCA, assuming it meets all other eligibility criteria like capacity, permitting date, and technology type.

## Hosting, Local Permitting, and Zoning

If an eligible project is located within a township that is located within a county, would both the township and the county be considered a host?

No. The definition of hosting is the future or current containment of eligible technology by the smallest involved municipality, without the possibility of being claimed by a larger municipality.

In this case, the township is the host. For example, if some solar panels were to be contained within a village's boundaries, then for that portion the village would be host, not the township. See the Example Scenario at the bottom of this document for more clarification on hosting.

How would the eligibility work if a community does not have a compatible renewable energy ordinance (as per PA 233, 2023) and a developer chooses to utilize the state process to permit their project? In short, do communities need a compatible renewable energy ordinance (a "CREO") from PA 233 to be eligible for the RRCA?

If, after PA 233 comes into effect, a developer chooses to utilize the state process to obtain a certificate for their renewable energy project, the municipality would not be eligible for the RRCA. However, affected local units of government are eligible for the \$2,000 per MW provided by the developer through a Host Community Benefits Agreement in the MPSC's permitting process. The RRCA is specifically intended to work with this to add an incentive to both sides of the process, so as to not disincentivize local permitting.

The RRCA also applies to local permits that were reached through an *incompatible* ordinance. If an incompatible ordinance is perceived as generally favorable enough for development, developers are still encouraged to go through a local process first, utilizing state siting only when necessary. The RRCA empowers this route by encouraging communities to find common ground with potential developments, thereby allowing developers to avoid the costly MPSC certification process.

Municipalities are eligible for the RRCA if they approve and or host a project through *any* local permitting process, regardless of what their zoning ordinance looks like. Any locally permitted agreement between developers and municipalities is acceptable, meaning a project approved with a CREO is just as eligible as a project approved with an incompatible ordinance that the developer accepts. However, a municipality risks losing the opportunity to approve a project locally if they do not enact a CREO and the developer is unwilling to work with the municipality's incompatible ordinance.

Can your land use ordinance be limited to storage or solar, eliminating wind?

The contents of your zoning ordinance are irrelevant to the eligibility criteria for the RRCA. If the eligible renewable energy project is permitted through any local process, the megawatts are eligible. There are no stipulations to the circumstances surrounding this agreement between developer and municipality.

If a developer obtained a special use approval and then had to go back to get a final site plan, so long as the special use permit remained and the nameplate capacity didn't change, will there be any issue in the application?

If the special land use permit remains approved, final site plan approval wouldn't need to be submitted to the application and there wouldn't be any issues with a developer going back to the municipality later to receive that approval. If the municipality's host share changes by more than 10%, or the total project's capacity decreases to where the project goes below the eligible capacity thresholds, the grant managers would need to be alerted to the changes to amend or terminate the grant agreement, and that applies to the applicant's grant agreement up to the date of operation.

Would a municipality be eligible if they submitted a land use permit or site use plan that is pending approval?

The definition for permitting is the acquisition and **approval** of one of those documents. If the document is pending municipality approval, it is not a valid document for the RRCA.

If one township permitted a portion of a project *prior* to October 1<sup>st</sup>, 2023, and the other involved municipalities permitted *on or after* October 1<sup>st</sup>, 2023, who would be eligible?

Most published language around the RRCA says *each individual application's permit* must be from on or after October 1<sup>st</sup>, 2023, but if this rule specifically excludes a few proactive municipalities who were involved in a project *that is otherwise eligible*, defer to the following language: *An eligible project must involve at least one permit from on or after October 1<sup>st</sup>, 2023.* If your application is invoking this exception, please clearly indicate it in your Intended Use Plan. This is a scenario we would be happy to work with.

What is a "reasonable alternative" to a permitting document for unzoned communities?

A reasonable alternative to a land use permit or approved site use plan is any document that demonstrates a project was built with the applicant's approval and input, with this approval occurring on or after October 1<sup>st</sup>, 2023. There is no specific document type required for this purpose. Submission of a document inherently communicates the applicant's approval of the document (and that of the developer as well, given their role in the application.) Then, the grant team will review the document and determine on a case-by-case basis whether a different document is needed. A written narrative with proof of date is generally encouraged in order to make the grant team's review of the document as streamlined as possible.

If no clear document is available, a written narrative alone is acceptable, so long as it contains proof of approval by the municipality on or after October 1<sup>st</sup>, 2023.

(As with the rest of the RRCA, prior to PA233, there can be no eligible projects that didn't go through a local process. After activation of PA233, local permitting for an unzoned community will be clearly evident by the absence of an MPSC certificate. This is why any document is acceptable as long as it has the applicant's approval.)

## Application Responsibilities

Can one municipality submit multiple applications if they host and/or permit for multiple eligible projects?

Yes. If a municipality is involved with multiple projects, they should submit individual applications for each project to receive funding for all permitted and/or hosted megawatts.

While there is a limit of 3 million per project, is there a limit to the amount of projects/funding one municipality can collect?

No. The \$3,000,000 limit applies only to the total project itself. There is no limit to the amount of money a municipality may be eligible for.

In cases of the \$3,000,000 maximum being reached for a single project, how are additional unawarded megawatts handled?

Once a single project reaches 600MW awarded, the remaining megawatts will not be awarded. This means there could be a scenario in which two municipalities permit and host megawatts of a project over 600MW and one community loses out on their award. For example, for an 800MW project with 600MW belonging to one municipality and 200MW belonging to another, the municipality that hosts 600MW could apply for the RRCA first and claim the total amount of megawatts that can be claimed for that project, causing the other municipality to not be able to claim any megawatts for themselves. This is also a rare circumstance that could be handled on a case-by-case basis if all parties wished to pursue an alternate arrangement. For example, applicants could collaborate with their neighboring municipalities and negotiate the number of megawatts each will apply for.



## Application Materials

### Developer Questionnaire

#### What is the purpose of the Developer Questionnaire?

Developer collaboration is needed in an RRCA application to numerate the exact megawatts hosted or permitted in each municipality. A township may have a reasonable estimate, but this could potentially be contrary to a neighboring township's claim. As such, to ensure every host and permitter claim for a given project will balance to its total nameplate capacity, a developer submits this data in total for a project.

#### If applications are done individually but the Questionnaire applies to a total project, will the developer be asked multiple times to hand over an identical document?

Yes, and this is by design. We want as many eligible municipalities as possible to apply, so with each individual application requiring a Questionnaire, EGLE and all applicants will receive a full picture of their project, allowing them to contact other municipalities about the RRCA if necessary. This process also encourages the developer to send an RRCA Questionnaire to every municipality involved prior to being asked, therefore streamlining the process.

### Intended Use Plan & Award Use Plan

#### Once an Intended Use Plan is submitted, can it be changed?

The Intended Use Plan (IUP) is a non-binding document that you submit with your application to show the grant managers how your municipality is generally planning to use the award. Due to the long potential period between grant agreement and energy project construction (and, therefore, the first 50% of funds), this plan *can* change and is meant to serve as a guide for the binding Award Use Plan (AUP) that will be submitted two weeks before the start of construction. No revisions to the Intended Use Plan need to be shown to the grant management team; these can be presented all at once through the Award Use Plan! Technically, the AUP can be totally different than the IUP, because a lot can change in the period between application and energy project construction, but ideally it would follow the blueprint laid out in the IUP.

#### What level of detail should be in the Intended Use Plan versus the Award Use Plan?

If, for example, you are a township who would like to use some of the RRCA on surging road improvements in your community, the Intended Use Plan table could simply read: "Road Improvements, \$X, beginning in ~2025 and concluding in ~2030." [If you are seeking more clarity on allowed award uses from the RRCA, please read the "Award Use Rules" section below!]

Will revisions to the Award Use Plan be acceptable? How large can the changes be? Specific AUP details (like road selection, dollar amount shifts, time period of construction, etc.) are inherently malleable and won't require constant revisions. These changes will be captured by keeping EGLE in the loop through biannual progress check-ins. If, due to this, an item ends up more or less costly and therefore changes the distribution of award use, the original AUP can be edited and sent to EGLE for a quick approval. *Switching one award use for another*, however, (like removing road improvements and adding a new use) would be discouraged and may be subject to disapproval. This will be handled on a case-by-case basis.

## Award Use Rules

I'm looking for more detail on allowed and disallowed uses. How can I be certain whether a given award use is allowed or not?

The allowed uses for the RRCA are intentionally open-ended. Any award use that is additional, not substitutional (i.e. replacing a current cost), and does not fall into a narrow list of disallowed uses, is allowed. Any project, service, repair, etc. that adds or enhances something for the municipality is acceptable; from a public park, to repairs, to a new staff member, to increased trash pickup frequency. This shows that the money is being spent, not stored. Essentially, the RRCA shouldn't be used to supplant or substitute existing costs, effectively leaving the municipality the same as it was before the RRCA, albeit with more money stored.

*Disallowed uses* are either from a specific list of administrative costs: sick pay, holiday pay, paid vacation time, payroll taxes, real property, parking costs, vehicle allowance, car rental, subscriptions, dues, memberships, etc.; **OR** a use that could be described as *supplanting an existing cost*—for example, if an intended award use was, “Pay for the township’s ongoing trash pickup service.” This leaves the township largely the same as it was before. If your award use, however, was “*Increase the frequency of the trash pickup service,*” this would constitute an improvement and therefore be allowed.

**Rule of thumb:** When in doubt, include any hypothetical uses in your application’s Intended Use Plan and we’ll respond with suggested improvements if necessary. Your application will not be denied due to this—which is why the Intended Use Plan is an intentionally vague showcase of a municipality’s eventual award use!

(Reminder: 2 weeks prior to renewable energy project construction, applicants will adapt this into a binding Award Use Plan, which will be subject to the terms above through biannual

reporting to EGLE. Questions about IUPs, AUPs, and revising either document over time are answered above under Application Materials.)

**Award Use that could be covered by another Grant:** For example, a public building receiving structural, electrical, or HVAC rehab work.

As stated above, if the use of the award is being used as new or additional expenditures and not supplanting current municipal costs, the use is eligible. So, this example of spending the award to replace or repair a municipal facility would be eligible. However, it should be noted that this type of repair would also be eligible under the [Community Energy Management grant](#) opportunity. Because RRCA allowed uses are broad compared to other grant programs, we'd recommend thinking strategically about all the available funding sources to claim as much money as possible for your community. In this case, we'd suggest applying for CEM to repair your county courthouse's HVAC and electrical issues and use the RRCA for a use that would not be eligible under another grant program. However, this isn't *required*—if your municipality decides to just use the RRCA and not pursue another opportunity, this is allowed. Please refer to [EGLE Energy Unit Funding Opportunity](#) webpage for all available energy funding resources.

**Can you clarify any Michigan labor standards would apply? With passage of the recent energy legislation the inclusion of labor standards only applies to projects of a certain size approved via the MPSC. Is this funding considered a state project and so prevailing wage would be required?**

The RRCA is funded by the State of Michigan, so EGLE requires grantees to comply with the Employers Engaging in Unfair Labor Practices Act, 1980 PA 278, as amended, MCL 423.321 et seq. The RRCA does not stipulate any additional state level requirements for projects funded through the award. More information on grantee responsibilities will be provided upon the offering of a Grant Agreement.

## Grant Agreements and Funding Rules

**Are there any operational requirements applicants must adhere to after receiving funding?**

After the first installment of the award upon the date of construction, the grantee will be subject to grant monitoring which includes biannual reporting check-ins to ensure the grantee is following their Award Use Plan and staying on track to complete the planned use of funds.

How long do awardees have to deploy their award use plan after receiving funds?

A municipality's planned award use does not have a deadline. However, the municipality is subject to monitoring and reporting through the Grant Agreement, and if the grantee is not displaying any effort to work to complete the projects outlined in the plan, the grant managers may intervene or amend the grant agreement to impose stricter deadlines.

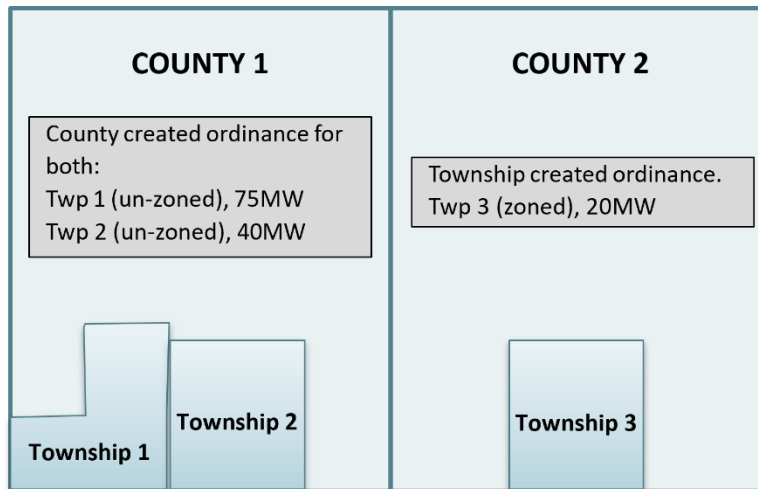
Can applicants get reimbursed for work or funds used prior to the grant award; i.e. prior to the renewable energy project's construction? What about for work done between the two installments that exceeds the currently disbursed award amount?

No, applicants will not be reimbursed for work completed before the first installment of the award. Plan through the Intended Use Plan and Award Use Plan how your municipality will spend the award and wait until the first installment to act on any of those plans. Additionally, between the first and second award installments, work which exceeds the amount of the first installment *will not* be reimbursed. Awardees should ensure that award use expenditures based on the first installment do not exceed the first installment's amount.

What happens after September 30, 2024? Will the RRCA team announce subsequent rounds or will it be an open subscription until all funds are gone?

September 30<sup>th</sup> is the deadline to apply for this grant. If there is still money left over, the Energy Services Unit intends to open a new RFP for FY 2025. We expect this grant to have the same eligibility requirements (same capacity thresholds and local permitting date of October 1, 2023) with the purpose of continuing where the FY 2024 grant left off. Any applicants that miss the first deadline of September 30 will be able to apply for the next RFP. Expect there to be some buffer time in between the deadline and the publishing of the next RFP where there is no application open due to administrative processes.

## Example Scenario: Multiple Municipalities



**The entire solar project is 135MW with permitting managed in County 1 for Townships 1 and 2, who are hosting 75MW and 40MW respectively. Township 3 permitted and hosted 20MW which is located in County 2.**

Which entities can apply for what?

Firstly, and most importantly, ensure that at least one portion of the project was secured on or after Oct 1, 2023. Let's assume this is so for the rest of the example. If a single municipality secured their permit on Sept 30, 2023, for example, their megawatts would not be eligible. 4 municipalities (County 1, Twp 1, Twp 2, and Twp 3) are eligible for the RRCA. As County 2 neither permitted nor will host, it isn't eligible.

Within County 1, would the County, Twp 1, and Twp 2 need to file individual applications?

Every municipality must file their own application, as grants cannot be split between parties. However, every applicant would submit an identical copy of the Developer Questionnaire (see next Q) which details these values for them.

(Continued on next page)

Since entities apply individually, how do these municipalities know exactly how many megawatts they are host or permitters for?

Through developer partnership via the Developer Questionnaire. You can view a copy of this document on our webpage by clicking “Application” at the bottom. A developer would send a copy of this document in advance to all eligible parties and encourage them to apply for the RRCA. It will say exactly how many megawatts a given applicant can claim.

Which ones can apply for \$2,500/MW and which ones can apply for \$5,000/MW? What is the MWs that count for each entity?

- County 1 permitted for 115 MW, so it may claim  $\$2,500 * (75 + 40) = \$287,500$ .
- Twp 1 hosts 75 MW, so it may claim  $\$2,500 * 75 = \$187,500$ .
- Twp 2 hosts 40 MW, so it may claim  $\$2,500 * 40 = \$100,000$ .
- Twp 3 permitted for and hosts 20 MW, so it may claim  $\$5,000 * 20 = \$100,000$ .
- County 2 has no eligible megawatts and therefore cannot apply.

If only one entity has a Land Use Permit or an Approved Site Use Plan, but the project’s other involved municipalities have not yet approved their permits, can that entity apply?

Yes. Their megawatts are eligible. Even if it’s 1 MW of a 100 MW project and the remaining 99 MW are still unpermitted, that 1 MW is eligible. However, if all other municipalities end up vetoing the project, the awardee will never receive their first installment due to the project never initiating construction. The grant agreement would be voided upon notification of this situation. Along similar lines, if a project of 50 MW ends up losing a single township that, say, intended to host 1 MW, causing the project to therefore dip below eligibility (to 49 MW), all other awards for that project would unfortunately no longer be valid.

If County 1 *zones* but Township 1 is responsible for *approving* a permitting document, who can apply for what? What about if Township 3 approved a permitting document, but County 1 hasn’t—would Township 3 or County 2 apply?

It would be a rare arrangement in which County 1 performs zoning but not site use plan approval or permit approval for its townships. Keep in mind that our definition of “permitting” does not include site plan reviews or extraneous reviews/studies. As such, this question has a niche answer that isn’t largely applicable to other scenarios: If the County only performed *zoning*, but its *townships* approved site use plans and/or land use permits, according to our definition, the county would not be eligible as permitter (as enacting a zoning ordinance is not

considered “permitting”). The Townships would claim all megawatts as the host and permitter for their technology. If a given Township in this scenario had not yet approved a permit, they would not yet be eligible. Township 3 can apply whenever it secures its own permit, regardless of the status of the project’s other megawatts. In most cases, however, the zoning authority is responsible for approving permitting documents.

In any situation, defer to the overall principle that each municipality applies for their own megawatts and their own situation, regardless of what other municipalities are doing. If a given batch of megawatts belongs to a project of eligible capacity and those megawatts were permitted after Oct 1, 2023, the RRCA can be pursued.