

Low Carbon Energy Infrastructure Enhancement and Development Grant
RFP Questions (Round One)
November 4, 2022

Project Eligibility:

- 1) Are electric vehicle charging stations considered "low carbon infrastructure"?**
 - a. Yes, Part I-A (Statement of Purpose) of the RFP does not limit the types of low carbon energy facilities eligible for this grant. The MPSC welcomes all technologies, project sizes, and locations to apply, consistent with the language outlined in Public Acts 53 and 166 of 2022.

- 2) Is solar panel installation eligible for funding?**
 - a. Yes, Part I-A (Statement of Purpose) of the RFP does not limit the types of low carbon energy facilities eligible for this grant. The MPSC welcomes all technologies, project sizes, and locations to apply, consistent with the language outlined in Public Acts 53 and 166 of 2022.

- 3) Section I-A (b) states, "Facilitate the largest number of end-use customers achieving access to low carbon energy facilities at the lowest total cost." How will the end-use customer base be determined? Is that a percentage of an entity's total customers? Is that a percentage of all Michigan customers? Is the basis the quantity of customers rather than the percentage, or another metric? Since the largest energy providers in the state have the most customers, does this requirement preclude grant awards to entities with a smaller number of customers? Is an entity with 100,000 customers achieving a 10% reduction in carbon emissions a better awardee than an entity with 3 million customers achieving a 1% reduction in their carbon emissions? Which entity better meets the criteria cited above?**
 - a. The MPSC welcomes all technologies, project sizes, and locations to apply, consistent with the language outlined in Public Acts 53 and 166 of 2022. The amounts awarded will be at the discretion of the MPSC.

- 4) We have a number of Carbon neutrality projects underway or planned as part of a Carbon neutral/negative program. If the scale of the program exceeds the planned grant awards would MPSC award grants to projects within the program or select projects within the program to support and others not to support? In other words, if a portfolio of candidate projects is submitted that exceeds the grant funding will MPSC pick and choose projects to support and projects to not support?**
 - a. The MPSC reserves the right to award funds for an amount other than that requested and/or request changes to, or clarification of any and all proposals received as a result of this RFP.

- 5) Are the examples provided, “which may include, but not limited to, natural gas facilities, combined heat and power facilities, renewable natural gas facilities, and electrification programs,” indicative of a ranking or prioritization on the part of MPSC as types of projects to support?**
- a. No, the MPSC welcomes all technologies, project sizes, and locations to apply, consistent with the language outlined in Public Acts 53 and 166 of 2022.
- 6) Can we use electrification grant funds to combine converting natural gas heated homes to air source heat pump technology, incorporate solar, battery storage, and smart electric panels to manage loads?**
- a. The MPSC welcomes all technologies, project sizes, and locations to apply, consistent with the language outlined in Public Acts 53 and 166 of 2022.
- 7) Are solar and storage eligible if they can add to the overall energy resilience of Michigan customers?**
- a. The MPSC welcomes all technologies, project sizes, and locations to apply, consistent with the language outlined in Public Acts 53 and 166 of 2022.
- 8) In the context of electrification program planning and analysis, is it appropriate to include the integration of solar, and potentially battery storage and other technologies?**
- a. The MPSC welcomes all technologies, project sizes, and locations to apply, consistent with the language outlined in Public Acts 53 and 166 of 2022.
- 9) Are zero emissions technologies (e.g., renewable energy), eligible under this opportunity?**
- a. Yes, Part I-A (Statement of Purpose) of the RFP does not limit the types of low carbon energy facilities eligible for this grant. The MPSC welcomes all technologies, project sizes, and locations to apply, consistent with the language outlined in Public Acts 53 and 166 of 2022.
- 10) Is there a target or goal in terms of the number of grants to be issued from this funding source?**
- a. No
- 11) If an applicant is requesting grant funding for a limited and finite scope within a larger, more complex project, please confirm that the budget details outlined at Section V-B, Budget Templates at Attachments 1 and 2, and the Personnel qualifications at V. 7 are applicable only to that specific scope for which grant funding is requested.**
- a. Yes
- 12) Is it possible to submit a proposal for a Low Carbon Energy Planning Grant that funds the Phase 1 planning project initially (estimated one-year timeframe; 2023-24) and additionally incorporates a set-aside amount from the Low Carbon Energy Facilities or Program Grants area for Phase 2 Implementation of the planned project (estimated at two years; 2024-26) based upon milestone accomplishment and outcomes achieved as part of**

the Phase 1 planning grant? This would include the Phase 1 achievement of the cost/benefit and other metrics required of a Facilities/Program Grant.

- a. Interested entities should submit an application for either a Low Carbon Energy Planning Grant or a Low Carbon Energy Facilities or Program Grant for a particular project. An entity may only receive grant funding for one identified type of grant during this round of grants for a particular project. Should there be opportunities for additional grant funding in the future, an entity may apply for additional funding at that time.

13) If an entity gets awarded a planning grant, can they get funding for a program grant as well?

- a. Interested entities should submit an application for either a Low Carbon Energy Planning Grant or a Low Carbon Energy Facilities or Program Grant for a particular project. An entity may only receive grant funding for one identified type of grant during this round of grants for a particular project. Should there be opportunities for additional grant funding in the future, an entity may apply for additional funding at that time.

Modeling and Methodologies:

14) The expectations for the impact study and cost benefit analyses are extensive and presumably follow established methods used by utilities. Can you provide the methodology that utilities use for the required impact studies and cost benefit analyses to interested applicants who are not familiar with them?

- a. No, the MPSC expects that applicants will determine which methodologies are most appropriate for completing an impact study and cost benefit analysis for their proposed project. Please see Attachment 3 to the RFP.

15) Can you provide the formulas used to estimate the number of jobs created, the impact on the local and state economies, and impact on community health?

- a. No, the MPSC expects that applicants will determine which formula(s) are most appropriate for estimating the number of jobs created, the impact to local and state economies, and the impact on community health. Please see page 21 of the RFP where the use of the Jobs and Economic Development Impact (JEDI) Models developed by the National Renewable Energy Laboratory (NREL) models and the US Environmental Protection Agency's CO-Benefits Risk Assessment (COBRA) screening model are discussed.

16) Can you provide detailed instructions for completing Appendix 3 - Cost Benefit Tests?

- a. No, the MPSC expects that applicants will research and determine suitable models for the Total Resource Cost (TRC) test and Societal Cost Test (SCT). Included in Attachment 3 of the RFP are typical costs and benefits that may be used in the applicants' calculations. The MPSC maintains an avoided cost fact sheet on its website which includes a brief avoided cost summary and links to cases where the

most recent avoided costs are determined. https://www.michigan.gov/-/media/Project/Websites/mpsc/consumer/info/tips/Avoided_Cost_Fact_Sheet.pdf?rev=10d1e796cb99493aa6e33ea0a4da7152

17) I want to ensure that all factors that apply for our project are included in the Total Resource Cost Test and the Societal Cost Test. We do not have access to the capacity cost information and additional resource cost information for our utility. Can you or our utility provide that information to us?

- a. See RFP Attachment 3. Avoided Cost – Applicant should state the Michigan utility service territory where the project will be located and utilize the avoided cost for capacity and energy found in the most recently approved Integrated Resource Plan (IRP) filing for that utility for electric projects, and avoided costs of natural gas commodity, transportation, delivery and any storage costs for natural gas projects. If the project is to be located in a service territory of a utility company that is not regulated by the MPSC, the applicant should utilize the avoided cost for the nearest regulated utility provider to the project or provide a detailed avoided cost calculation for capacity and energy, including all components and their applicable cost assumptions.

The MPSC maintains an avoided cost fact sheet on its website which includes a brief avoided cost summary and links to cases where the most recent avoided costs are determined. https://www.michigan.gov/-/media/Project/Websites/mpsc/consumer/info/tips/Avoided_Cost_Fact_Sheet.pdf?rev=10d1e796cb99493aa6e33ea0a4da7152

18) We would like to have the formulas used to calculate monetized environmental and non-energy benefits as well as non-monetized benefits (and costs) such as cleaner air and health impacts. Can you provide them?

- a. See RFP Attachment 3. Non-Energy Benefits – Applicants should utilize a cost of \$.04/kWh (or \$1.17/therm) for non-energy benefit assumptions. If the applicant chooses to utilize a different non-energy benefits cost, a detailed calculation should be provided including all assumed components and their applicable costs.

19) Are applicants allowed to use a social cost of carbon as part of their calculations of impact?

- a. Yes

20) For non-utility applicants, a great deal of the required methodologies are going to be challenging if not impossible to use for calculating the C. As such, can you provide sample calculations or methodologies to help applicants calculate:

- Energy waste reduction for various measures
- Avoided cost for capacity and energy
- Avoided cost for transmission
- Distribution O&M
- Distribution voltage

- **Capacity transmission**
- **Distribution capacity**
- **Distribution system losses**
 - a. The MPSC notes that similar methodologies to those stated in the RFP but tailored for unique cases are also acceptable. Applicants should be able to obtain this information from publicly available documents and MPSC filings. The MPSC maintains an avoided cost fact sheet on its website which includes a brief avoided cost summary and links to cases where the most recent avoided costs are determined. https://www.michigan.gov/-/media/Project/Websites/mpsc/consumer/info/tips/Avoided_Cost_Fact_Sheet?rev=10d1e796cb99493aa6e33ea0a4da7152

21) How should applicants estimate life cycle impacts for current utility operations when they don't have access to the data (aka, the utilities don't disclose enough information for us to be able to calculate the true life cycle costs and greenhouse gas emissions of their operations). This makes it nearly impossible to calculate the baseline of life-cycle emissions and costs from which to compare our interventions. How should we proceed in this situation to ensure that our project metrics are robust enough to be considered?

- a. See RFP Attachment 3. Avoided Cost – Applicant should state the Michigan utility service territory where the project will be located and utilize the avoided cost for capacity and energy found in the most recently approved Integrated Resource Plan (IRP) filing for that utility for electric projects, and avoided costs of natural gas commodity, transportation, delivery and any storage costs for natural gas projects. If the project is to be located in a service territory of a utility company that is not regulated by the MPSC, the applicant should utilize the avoided cost for the nearest regulated utility provider to the project or provide a detailed avoided cost calculation for capacity and energy including all components and their applicable cost assumptions.

22) The required modeling in the RFP is not designed to accommodate all project types that qualify for grant funding, most notably those projects which involve conventional natural gas or renewable natural gas. Neither of these models address the scenario where these low carbon fuels are used for space heating. Please define expectations within these models, so that projects of similar scope or type can be compared accurately.

- a. The MPSC notes that similar methodologies to those stated in the RFP but tailored for unique cases are also acceptable.

23) Please indicate, for the CO-Benefits Risk Assessment (COBRA), which "Sector" is expected to be utilized for evaluating natural gas combustion for residential and commercial space heating.

- a. The MPSC expects the applicant will determine which sector is most appropriate for this analysis.

- 24) Please indicate, for The Jobs and Economic Development Impact (JEDI) model, which “model” is expected to be utilized for evaluating natural gas combustion for residential and commercial space heating. The “Biofuel” model only contemplates biofuel production related to ethanol, biorefinery sugars, or pyrolysis, but does not address Renewable Natural Gas (RNG). The “Natural Gas” model only contemplates natural gas use in power plants.**
- a. The MPSC expects the applicant will determine which model is most appropriate for their analyses. The MPSC notes that similar methodologies to those stated in the RFP but tailored for unique cases are also acceptable.
- 25) If the MPSC is unable to define these requirements, will MPSC exempt projects that do not meet the intent or design of these models, including RNG production and conventional natural gas use in space heating and non-generation end uses?**
- a. No
- 26) As JEDI and GREET models do not fit Electrification Program modeling, what parameters should we model for an electrification submittal?**
- a. The MPSC expects the applicant will determine which model is most appropriate for their analyses. The MPSC notes that similar methodologies to those stated in the RFP but tailored for unique cases are also acceptable.
- 27) Please provide an example of a calculation of displaced energy in MJ or alternative ways to express displaced energy.**
- a. The MPSC will not provide example calculations.
- 28) [Redacted] has attached a model that [Redacted] uses to calculate customer cost savings. Please review and accept this as a means to demonstrate the cost savings to the customers.**
- a. The MPSC will not predetermine suitability of particular models or methodologies.
- 29) Please supply a detailed example of scope 1, 2, and 3 emissions reduction analysis through previous lines of work to provide guidance on what is expected to be included as part of the grant application.**
- a. The MPSC will not provide example calculations.
- 30) Please provide examples of test analysis through previous use specific to a natural gas investment example.**
- a. The MPSC will not provide example calculations.
- 31) Please provide a populated example of the TRC and SCT calculations used in previous lines of work to ensure that [Redacted] appropriately and accurately fulfills this requirement to the extent possible. Please see attachment for how [Redacted] estimates cost savings for customers. We would like to know if this is adequate support for the TRC and SCT calculations to demonstrate energy related costs avoided.**

- a. The MPSC will not provide example calculations or predetermine suitability of particular models or methodologies.

32) We have attached two documents to demonstrate exactly what [Redacted] submits to the MPSC in a general rate case. [Redacted] recommends allowing the attached budget submission for the grant.

- a. The MPSC will not predetermine suitability of particular models or methodologies.

Other Grant Questions:

33) The RFP indicates that “applications for this grant will be prioritized and approved based on the following criteria: a) Are supported by a cost-benefit analysis; b) facilitate the largest number of end use customers achieving access to low carbon energy facilities at the lower cost level; c) reduce customer energy burden; and d) support the reduction of emissions.” Can you please clarify how these criteria will be used to evaluate projects given that the evaluation criteria listed on page 30 do not mirror these criteria? And, can you please indicate how much weight each of these criteria will have on scoring, to the extent they will influence scoring of proposals?

- a. See page 30 of the RFP “Program Priorities and Impact” which states that proposals will be evaluated on the incorporation of the criteria outlined in Section III-C (pg.19). Section III-C includes the criteria you have mentioned. Weighting of these criteria will be done individually by MPSC staff evaluators to arrive at their score for the “Program Priorities and Impact” portion of the evaluation, which carries a weight of 35 points out of 100 total.

34) Part I-E indicates that “the proposal cannot be funded in part or whole by another entity without the MPSC’s consent.” If we have matching funds to bring to a proposal and disclose them as part of our application, does that constitute sufficient disclosure and consent?

- a. If the funding source is disclosed as part of the application, and MPSC accepts the application, that would constitute sufficient disclosure and consent.

35) Does section II-X “Disclosure of Litigation, or Other Proceeding” apply to local governments when the issue is not materially related to the project? I ask because local governments almost always have “proceedings” underway and I’m wondering if their disclosure is truly required when those “proceedings” are in no way, shape, or form related to local carbon technologies or this project.

- a. The MPSC does not believe disclosure is necessary if not related to the project. Disclosure is necessary when such Proceeding either (a) might reasonably be expected to adversely affect Grantee’s ability to perform the work under the Grant; (b) is against any of the Grantee’s or subgrantee’s employees or staff who are performing work on the Grant; or (c) involves any license that Grantee is required to possess in order to perform under this Grant.

- 36) Do you have a preferred audit format that you'd like to see integrated into proposals to ensure compliance with the requirement: "No less than annually, selected applicant must conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to the MPSC." Do you have a sample audit you can share?**
- a. The format your third-party CPA firm provides to you at year end should be sufficient. If not, the MPSC will ask for additional data or clarifications.
- 37) Part I-B Grant Award, states, "Funds from the first tranche must be expended by September 30, 2026." Part I-O Grant Payment Schedule states, "An initial advance of 10% of the total grant award will be made to the selected applicant after a Grant Agreement is fully executed." Public Act 53 of 2022 Section 401 part 9(d) states, "The tentative completion date is September 30, 2026." Public Act 166 of 2022 Section 302 part 9(d) states, "The tentative completion date is September 30, 2027." Is the requirement stated in Part I-B in reference to the 10% initial advance in Part I-O? In other words, is it the initial advance of 10% which must be expended by September 30, 2026? If not, which funding does it apply to?**
- a. The requirement stated in Part I-B is not in reference to the 10 percent initial advance outlined in Part I-O. The requirement in Part I-B refers to the awarded grant amount.
- 38) Section I-N Prime Applicant Responsibilities references section 2.2 of the Grant Agreement. Is a copy of the referenced Grant Agreement available?**
- a. Any grant agreement(s) resulting from this RFP will be developed at a later date and are not available at this time.
- 39) Regarding grants for planning; the Objectives shown in III-C part II Low Carbon Energy Planning Grants list the same criteria as Low Carbon Energy Facilities or Program grants. Is the expectation that applications for planning grants will require the same information as grant applications for projects? Since the purpose of most planning grants is to explore the feasibility of a project and present comparative options inclusion of the cost-benefit analysis in the application for a planning grant is confusing and seems premature. Please provide additional clarification on if grants and projects will be scored/awarded differently. Can a single applicant submit unrelated planning grant and project grant requests? Or is the intent that the project request would be supported by the planning grant request so there should be an intrinsic relationship between the planning and project requests?**
- a. Interested entities should submit an application for either a Low Carbon Energy Planning Grant or a Low Carbon Energy Facilities or Program Grant for a particular project. Some entities may have already completed planning for their proposed project and are only seeking funding to support the project itself. Other entities may require funding to complete the planning for an identified future project. Please reference Section III-D Tasks for information applicants must submit as part of their proposal. Scoring for the grant proposals is outlined in Part VI: Evaluation and

Selection Criteria. A single applicant may apply for multiple grants, in either or both the planning and project category, for unrelated projects.

40) If contractors and subcontractors have not yet been selected at the time that the grant application is made, may applicants provide information required at Section I-N as a revision when that information is available?

- a. To the extent known, detailed subcontractor budgets must be submitted as part of the grant application. If subcontractors are not yet secured at time of the application, provide the anticipated costs associated with all subcontracting. A budget revision can be submitted related to updated subcontractor information; however, the overall project budget cannot be increased after the award has been made.

41) For salary and benefit information, this may not be known at the time the application is submitted. Is it acceptable to submit the name of the role needed (project manager, project engineer, accountant) with industry standard rates?

- a. Yes, however it should be noted that award amounts will be based on the information provided in the grant application. The applicant may submit a project organizational chart and information and qualifications of key personnel included in the application, as requested in Part V: Information Required from Applicant. Regarding the Budget Form, the applicant may omit the names of the employees and identify them generically with "Manager 1", "Engineer 1", etc. to match each employee's title without disclosing their name. The applicant must include project costs, including salaries and/or wages, in the application. Selected grantees may be asked to provide a greater level of detail regarding personnel after the award is granted.

42) [Redacted] recommends not supplying wages of personnel as this information becomes publicly available and is intruding on personnel privacy. [Redacted] may submit an org chart, key personnel working on the grant and contracted labor.

- a. The MPSC understands the privacy concerns related to salaries and wages. The applicant may submit a project organizational chart and information and qualifications of key personnel included in the application, as requested in Part V: Information Required from Applicant. Regarding the Budget Form, the applicant may omit the names of the employees and identify them generically with "Manager 1", "Engineer 1", etc. to match each employee's title without disclosing their name. The applicant must include project costs, including salaries and/or wages, in the application. Selected grantees may be asked to provide a greater level of detail regarding personnel after the award is granted.