

Low Carbon Energy Infrastructure Enhancement and Development Grant
RFP Questions (Round Two)
November 23, 2022

- 1) I am seeking clarity regarding the definition of “electrification” in the context of the Low Carb EIED Grant RFP. For this purpose, is “electrification” limited to things like facility upgrades (i.e., conversion to heat pumps and other upgrades to rely on electricity as a fuel source), or would it also include the development/installation of a solar array to prepare for powering those upgrades? If eligible, would a solar array project need to be tied to concurrent building electrification upgrades (part of the same funded project), or could a municipal solar array be considered as a standalone project, as it would be a source of “low carbon energy infrastructure development”?**

 - a. 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 there a maximum amount that can be awarded for a project? Is there a cap on amount per application/project?**

 - a. There is no predetermined cap on individual grant award amounts. The amounts awarded will be at the discretion of the MPSC.

- 3) What is the total amount available in the fund? I see the appropriation listed at \$25,000,000 but the FAQ page says the fund has a maximum amount of \$50,000,000 – can you please clarify that?**

 - a. \$25,000,000 was appropriated to this grant program in Public Act 53 of 2022. An additional \$25,000,000 was appropriated to this grant program in Public Act 166 of 2022. Therefore, up to \$50,000,000 awarded in one or more tranches may be available. The amounts awarded will be at the discretion of the MPSC.

- 4) Attachment 3 of the RFP states, “Applicants should utilize a cost of \$0.04/kwh (or \$1.17/therm) for non-energy benefit assumptions.” Please explain the derivation or cite the provenance of this amount. Please also address whether \$0.04/kWh is a net amount (i.e., net value of the costs and benefits listed below it) or something else.**

 - a. The non-energy benefits value of \$0.04/kWh (or \$1.17/therm) is based on the [Environmental Protection Agency’s Health Benefits per Kilowatt-hour of Energy Efficiency and Renewable Energy](#). Applicants may choose to utilize a different non-energy benefits cost and provide a detailed calculation including all assumed components and their applicable costs.

- 5) Are there any limitations to the changes that can be made to our modified proposals due on March 14, 2023?**

 - a. No.

- 6) Does availability of matching funds affect how competitive an application is?**
- a. No. Evaluation and scoring of the applications will only be based on the criteria outlined in Part VI: Evaluation and Selection Criteria.
- 7) What qualifies as a nonprofit organization under this program? I.e., nonprofit like Hope Network and/or Wastewater Treatment Plant i.e., Municipal WWTP?**
- a. A nonprofit organization will have filed nonprofit Articles of Incorporation with the Michigan Department of Licensing and Regulatory Affairs.
- 8) Are there specific best practices that applicants should follow?**
- a. The MPSC expects the applicant will determine best practices consistent with the guidelines provided in the RFP.
- 9) If awarded, when will the funds be distributed?**
- a. Payment for any grant entered into as a result of this RFP will be made according to the following schedule: An initial advance of 10% of the total grant award will be made to the selected applicant after a Grant Agreement is fully executed. Reimbursements will be made on a monthly basis pending approved Monthly Financial Status Reports (FSR) as outlined in Section IV-B Monitoring and Reporting Program Performance. Sufficient documentation must be provided for the initial 10% advancement within the first submitted monthly FSR. Twenty-five (25) percent of the total grant award will be held back pending approval of the Final Grant Report.
- 10) How firm do costs need to be? Are you asking for budget numbers or firm fixed pricing? With inflation and costs change as much as they do, will the award be revised based on actual costs that come in?**
- a. Award amounts will be based on the information provided in the applicant's grant proposal submission and therefore should accurately reflect project costs – to the extent possible. Reimbursements will be made based on proof of actual spending.
- 11) Are development costs reimbursed even if the grant is not awarded?**
- a. No.
- 12) Are application development costs reimbursed after the grant is awarded?**
- a. No. Funds spent prior to receiving a grant award are not eligible for reimbursement.
- 13) Based on the response provided to Round One Inquiry #19, stating that the Social Cost of Carbon may be used to quantify emission reduction benefits, is a specific Social Cost of Carbon value required? If not, can the applicant provide the proposed value and basis/source of the value in the cost-benefit analysis?**
- a. The MPSC expects the applicant will determine what social cost of carbon is appropriate for their analysis and provide justification for their determination.

14) Based on the response provided to Round One Inquiry #11, stating that budget information should reflect only those items for which grant funding will be applied, can applicants assume the same is true for administrative costs? In other words, if zero grant dollars will be used to cover administrative costs, can those specific sections of the budget templates and narratives be left blank or marked as “not applicable”?

a. Yes.

15) When using the Total Resource Cost Test and Societal Cost Test models, please advise what discount rate should be used when quantifying benefits.

a. The MPSC expects the applicant will determine what discount rate is appropriate for their analysis and provide justification for their determination.