



*IMPORTANT NOTICE*

*Requests for Grant Applications (RFA) AEA 2014-006 for  
Renewable Energy Grant Program (ROUND VII)*

**RFA ISSUE DATE: July 2, 2013**  
**APPLICATION DUE DATE: September 24, 2013, 5:00 pm**

**Two Applications:** For this Round of the Renewable Energy Grant Fund and Recommendation Program (“Renewable Energy Fund”), the Alaska Energy Authority (“AEA” or “Authority”) is requesting applications for two different categories of renewable energy projects: 1) projects with a primary purpose of producing heat, and 2) all other eligible projects, as defined in section 1.5 of this document. The project eligibility requirements have not changed from prior years. Please note that there are two different application forms for the two project categories. Both applications may be found at the Authority’s website at [www.akenergyauthority.org/REFund7.html](http://www.akenergyauthority.org/REFund7.html)

**Register to Receive Notification:** Interested applicants that want to be notified of updates or changes to the Renewable Energy Fund Request for Applications must follow the directions below; otherwise, we will be unable to notify applicants of possible addenda to this RFA.

To receive email notices regarding the Renewable Energy Fund Grant Program, click on the link to the State of Alaska List Server (<http://list.state.ak.us/>); scroll down until you find “Renewable.energy.fund.grants”; click ‘Join’ and follow the instructions.

**Public Records Notice to Applicants:**

- Alaska Energy Authority is subject to the Public Records Act, AS 40.25 and materials submitted to the Authority may be subject to disclosure requirements under the act if no statutory exemptions apply.
- In accordance with 3 AAC 107.630 (b) applicants may request certain information be kept confidential subject to review and approval by the Authority.
- All applications and information received will be posted on the Authority web site after final recommendations are made to the legislature.

**Return Completed Applications to:**

Grant Manager: Shawn Calfa  
Alaska Energy Authority  
813 West Northern Lights Blvd.  
Anchorage, AK 99503  
Phone: (907) 771-3031  
E-mail: [scalfa@aidea.org](mailto:scalfa@aidea.org)

**Deadline: Applications must be received at the Alaska Energy Authority office by 5:00PM on Tuesday, September 24, 2013.** Faxed and emailed applications will not be accepted. Per Section 1.7 of this RFA, applicants are reminded to submit one hard copy and one electronic copy of each application.

**Past Applicants:** The Alaska Energy Authority encourages applicants who were recommended but not funded in previous rounds to resubmit updated applications for reconsideration in the current round. If you have any questions regarding resubmittal of your previous application please contact the Authority’s Grant Administrator listed above.

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## 1. Introduction and Instructions

### 1.1 Purpose

Pursuant to Chapter 31 Session Laws of Alaska 2008 and as amended by Chapter 12 Session Laws of Alaska 2012 (referred to below as the program legislation), which establishes and amends the renewable energy grant recommendation program in Alaska Statute [AS 42.45.045](#), the Alaska Energy Authority (“AEA” or “Authority”) is soliciting competitive applications from qualified applicants for the purpose of recommending grants for renewable energy (RE) projects to be funded by the Alaska State Legislature. Applications will be accepted and evaluated in accordance with [AS 42.45.045](#), 3 AAC107.600 – 695 and this Request for Applications (RFA).

### 1.2 Introduction

This RFA sets out the purpose, instructions, requirements, evaluative criteria, and other information on submitting an application to the Authority for recommendation for grant funding.

This RFA is organized as follows:

**Section 1: Introduction and Instructions** – describes program and procedural requirements for preparing and submitting an application.

**Section 2: Project Requirements** – describes project information that is required to be discussed in each application.

**Section 3: Grant Requirements** - describes specific grant terms and conditions related to this program.

**Section 4: Application Evaluation Process and Criteria** – describes the criteria that will be used to evaluate and rank each application.

**Section 5: Appendices** – provides additional reference material to assist in application preparation, application forms, grant documents, and applicable law.

Accompanying this RFA are Application Forms and Instructions to use in preparing your application for a Renewable Energy Fund Grant.

### 1.3 Government Roles and Responsibilities

The Alaska Legislature established the Renewable Energy Grant Fund and the associated Renewable Energy Grant Recommendation Program in Chapter 31 SLA 2008, which the legislature enacted in 2008. This bill included a new statute, [AS 42.45.045](#), outlining the program and giving the Alaska Energy Authority responsibility for administering the program.

The legislature is responsible for final approval and funding of all grant projects, with the Governor’s approval.

The Authority is a public corporation of the State of Alaska with the purpose to promote, develop, and advance the general prosperity and economic welfare of the people of the State by providing a means of financing and operating power projects and by carrying out the powers and duties assigned to it. [AS 42.45.045](#) gives AEA the authority to solicit applications for projects, develop and implement regulations, and recommend grants for renewable energy projects to the legislature. The Authority has adopted regulations under 3 AAC107.600 – 695 for the purpose of implementing this program. These regulations are available at AEA’s web site: [www.akenergyauthority.org](http://www.akenergyauthority.org).

The AEA Grant Manager is responsible for accepting applications, coordinating any communications with grantees, and posting any changes or clarifications to the application process. AEA's Deputy Director of Alternative Energy and Energy Efficiency is responsible for coordinating the evaluation of all applications, and developing the lists of grant projects to be recommended to the Legislature.

The Authority consults with the Renewable Energy Fund Advisory Committee in establishing the final ranking of recommended applications.

An AEA Project Manager will be assigned to assist each grantee whose application is selected for grant funding. Tasks and level of the Authority project management will vary according to the project management plan developed under the grant agreement. At a minimum, the AEA Project Manager will clarify grant requirements, review reports and billings, and track progress of the grant project. Applicants may self-manage the awarded project or request that AEA manage the project.

The Executive Director of AEA or their designee will approve the final grant and carry out all other duties as defined in statutes, regulations, and this RFA.

#### **1.4 Eligible Applicants**

To be eligible for a grant recommendation the applicant must demonstrate formal approval and endorsement of its project by its governing authority (such as board of directors or executive management if it does not have a governing board) and be one of the following types of entities:

1. An electric utility holding a certificate of public convenience and necessity under AS 42.05;
2. An independent power producer as defined under 3 AAC 107.695 (a) (1);  
*"independent power producer" means a corporation, person, agency, authority, or other legal entity or instrumentality, that is not an electric utility and that owns or operates a facility for the generation or production of energy entirely for use by the residents of one or more municipalities or unincorporated communities recognized by the Department of Commerce, Community, and Economic Development for community revenue sharing under AS 29.60.850 - 29.60.879 and 3 AAC 180.*
3. A local government; or
4. A governmental entity (which includes tribal councils and housing authorities).

In accordance with 3 AAC 107.610 an applicant must also be able to demonstrate that they will take ownership of the project; own, lease, or otherwise control the site upon which the project is located; and upon completion of the project operate and maintain it for its economic life for the benefit of the public.

Applications whose applicants do not meet these requirements will be rejected without further evaluation.

#### **1.5 Eligible Projects**

The Authority may recommend grants for feasibility studies, reconnaissance studies, energy resource monitoring, and/or work related to the design and construction of an eligible project. Applications for projects that are not within the scope of eligible projects will be rejected without further evaluation

**To be eligible for a grant recommendation the applicant's project must:**

1.5.1. Be a new project not in operation on August 20, 2008 or an addition to an existing project made after August 20, 2008.

and

1.5.2 Be a project that generates energy from or involves the direct use of:

- wind, solar, geothermal, waste heat recovery, hydrothermal, wave, tidal, river in-stream, hydropower; or
- low-emission nontoxic biomass based on solid or liquid organic fuels from wood, forest and field residues, or animal or fish products; or
- dedicated energy crops available on a renewable basis; or
- landfill gas and digester gas.

“Direct use of energy” means that it either uses renewable energy to generate energy or to make fuel used to generate energy. (3 AAC 107.615)

Or

- be a facility that generates electricity from fuel cells that use hydrogen from renewable energy resources or natural gas.

Or

- be a natural gas project (other than landfill or digester gas) that benefits a community that:
  - has a population of 10,000 or less; and
  - does not have economically viable renewable energy resources that it can develop.

Or

- be a transmission or distribution infrastructure located in Alaska that links an eligible renewable energy project or eligible natural gas project to other transmission or distribution infrastructures. For electrical projects, distribution from the grid to end users is not an eligible use. (An applicant requesting a grant for transmission or distribution infrastructure is not required to be involved in the financing or construction of the renewable energy project or natural gas project it may be connecting.)
- For waste heat recovery systems, if the waste heat is currently being wasted, then the project is eligible. However, Renewable Energy Fund grant funds will be allocated only to the portions of existing fossil fuel systems that are required for the capture and distribution of heat.

As mentioned on page 1 of this document, two application forms are available this year. One for heat projects, one for all other projects. Heat projects are those with a primary purpose to produce thermal energy via renewable energy source. These include but are not limited to: biomass or biofuels for heat generation; geothermal for heat; geothermal heat pumps; wind to heat; hydro to heat; heat recovery; and solar thermal. Applicants proposing heat projects as defined above should complete the heat project application form. All other projects should complete the standard application form. If the proposed project generates heat *and* electricity, the applicant should complete the standard application form.

## 1.6 Public Benefit

In accordance with 3 AAC 107.605, an application for a grant from the Renewable Energy Fund has to be for the greatest public benefit. Therefore, an independent power producer must provide power based on a cost-based rate, rather than an avoided-cost rate.

During the economic evaluation and scoring of applications, only the economic benefits to the public, direct and/or indirect will be included in the benefit/cost analysis. For example, if 50 percent of the energy produced is for the purpose of private industry, that portion of the energy will not count as a public benefit in the economic evaluation.

Projects proposed to generate energy from renewable energy (RE) resources whose primary markets are private sector businesses (such as sawmills, cruise ships, mines, etc.) are required to provide additional information to demonstrate the public benefit of the project. Private market sales can increase the public benefit of the RE project if they are accounted for correctly and Alaskans purchase the remaining RE power. For the purposes of the economic evaluation of projects submitted to the Renewable Energy Fund, the RE energy price Alaskans pay is calculated as the total cost of the RE generation divided by the total expected lifetime electric sales to Alaskans. Revenue from private sector sales can be used to offset the total cost of RE generation so Alaskans pay a price based on a smaller total cost. Using this approach, an RE project will still need to sell some power to Alaskans in order to produce a net benefit.

The additional support information needed includes: (1) define the available renewable energy resource (in kWh) by month and (2) to estimate sales (kWh) and (3) revenue (\$) for displacing diesel generation for use at these private sector businesses and (4) to estimate sales (kWh) and (5) revenue (\$) for displacing diesel generation for use by the Alaskan public. The benefit-cost ratio calculated during the evaluation of the project application will take into account solely the savings to the general public through reduced unit power sales costs after project completion.

## 1.7 Filing an Application

Applicants must submit one (1) hard copy of their complete application, double sided preferred with minimal binding, including appendices that can be duplicated, and one (1) electronic version on an electronic storage device (i.e. CD or jump drive) in a searchable PDF or other word searchable electronic format. Provide the above in a sealed envelope(s) clearly labeled:

From: Applicants Return Address

To: Alaska Energy Authority  
**AEA 2014-006 Renewable Energy Grant Application**  
813 West Northern Lights Blvd  
Anchorage, AK 99503  
Phone: 907-771-3000

## 1.8 Application Deadline

**All applications must be received by the Authority no later than 5:00 pm September 24, 2013.**

The Applicant is solely responsible for complete and timely submission of its application. The Authority accepts no responsibility for submission of applications or for applications that are received after the application deadline, whether because they were misdirected, delayed, erroneously addressed, or for any other reason.

Failure to meet the deadline will result in the application being rejected.

## 1.9 RFA Project Web Site

The Alaska Energy Authority web site at: [www.akenergyauthority.org/REFund7.html](http://www.akenergyauthority.org/REFund7.html) has been set up to make information available to the public regarding the program. The site contains the following Round VII information and documents:

- The RFA
- Application and Grant forms
- A summary of relevant questions received regarding the RFA and responses
- Clarifications and addenda to the RFA
- A list of all applications received upon completion of the review process
- Status of applications received (upon completion of the review and ranking process)
- PDF versions of all applications received (upon completion of the review and ranking process). Applicants are reminded that all information submitted with an application will be posted to the web; unless it is determined to be confidential. Resumes that are submitted as separate electronic files will not be posted to the web. **Please submit electronic copies of resumes in a separate electronic file from the application.**

## 1.10 Questions about the RFA

Applicants should carefully review all documents and the Authority web site prior to contacting the Grant Manager with questions. Any questions regarding the RFA or grant documents should be directed to:

Grant Administrator: Shawn Calfa  
Alaska Energy Authority  
813 West Northern Lights Blvd  
Anchorage, AK 99503  
Phone: (907) 771-3031  
Fax: (907) 771-3942  
E-mail: [scalfa@aidea.org](mailto:scalfa@aidea.org)

Questions that require clarification or interpretation of this RFA that the applicant cannot answer by careful review of the RFA should be submitted in writing (letter or e-mail) no later than **10 business days before the September 24, 2013 application due date.**

The Grant Manager may contact the applicant directly by phone or e-mail to respond to non-material questions. The Grant Manager will post the answer to material questions on the Project website.

### Technical and Grant Assistance

Technical and grant assistance is available on a time-available basis to any potential applicants. AEA encourages potential applicants to contact AEA's grant manager listed above if technical assistance or grant application assistance is needed. The Grant Manager will direct applicants to the correct project manager or technical assistance provider.

## 1.11 Modifications of the RFA

Applicants may submit written requests for modifications to this RFA to the Grant Manager no later than September 13, 2013. Please be advised that the Authority cannot modify requirements of Statutes [AS 42.45.045](#) or regulations 3 AAC107.600 – 695 as it relates to the solicitation.

Acceptance or denial of the request is solely at the discretion of the Authority. The Grant Manager has 10 calendar days to respond, but not later than 4 calendar days prior to the application deadline. Failure of the Grant Manager to issue a written modification within 10 days from submittal of request shall be considered a denial of the request.

Modifications to this request for applications may be issued at any time prior to the deadline for receipt of applications at the Authority’s option. If modifications are issued within 10 days of the deadline for applications, the application deadline may be extended to allow time for applicants to respond to any changes. All modifications to this RFA will be in writing and posted to the program web site at [www.akenergyauthority.org/REFund7.html](http://www.akenergyauthority.org/REFund7.html) and the Authority will provide e-mail notice to those registered as described on the cover page of this RFA.

**1.12 RFA Schedule**

Below is a schedule of critical dates related to this request and award of grants. Actual dates after the application due date are tentative and may vary depending on the number of applications received, the complexity of applications, and the timing of the final state budget.

| <b>Task</b>   | <b>Target Dates</b>    |
|---|------------------------|
| Deadline for <b>wind projects only</b> to submit conceptual design if applying for Phase III (final design) project, and to submit final design if applying for Phase IV (construction) project. For non-wind projects, these reports from previous phases are due by application due date (see Section 4, Stage 1 Review). | 8/26/13                |
| Application Due Date  | 9/24/2013              |
| Complete Evaluation of Applications   | 1/15/2014              |
| AEA Submit Recommendations to Legislature   | 1/24/2014              |
| Projects Approved for Funding by Legislature and Signed by Governor   | 4/20/2014<br>6/1/2014  |
| Finalize Award Documents (Contingent upon the Authority receiving all documentation needed for award)   | 7/1/2014 to<br>7/30/14 |

Actual award dates may vary depending on timing of legislative approval and any modifications that may be required to the grantee’s proposal prior to grant award.

**1.13 Grant Regulations**

Grant regulations, 3 AAC107.600 – 695, effective 10/16/2009, have been developed and are available for review at: [www.akenergyauthority.org](http://www.akenergyauthority.org)

**1.14 Grant Funding Program Targets**

A grant resulting from this RFA is subject to legislative appropriation. The program legislation indicates that the legislature intends to provide \$50 million per year from State fiscal year 2009 through 2023 for Renewable Energy Projects under this program. The actual amounts available for the program and for any particular grant are subject to legislative appropriation. Through FY 2013, the Legislature has authorized over \$227.5 million in grants that are being awarded as a result of the Authority’s past Requests for Applications.

The Authority must receive approval from the legislature prior to award of any grant.

AEA has established funding allocation targets by project phase as indicated below as goals in its selection of projects to recommend. The targets are preliminary and subject to adjustment based on the available funding and the type, number, and quality of projects submitted.

| <b>Project Phase</b>  | <b>Target Allocation – Percentage of Grant Funds Recommended</b> |
|---|--|
| I. Reconnaissance Study   | 20%  |
| II. Feasibility/Conceptual Design or Energy Resource Monitoring |  |
| III. Final Design and Permitting                                | 80%  |
| IV. Construction and Commissioning                              |  |

### **Heat Project Goal**

Additionally, and new in Round VII, AEA has established a target allocation for heat projects at 30 percent of the total funding recommendation. This percentage is only a target and may be exceeded or not met depending upon the availability of funds, the quality and number of projects proposed. AEA will recommend two prioritized lists of projects to the legislature, one from the group of heat applications and one from the group of standard application. This new target indicates AEA's and the Renewable Energy Fund Advisory Committee's interest in recent years to fund more heating projects. Heating represents 70 to 80 percent of non-transportation energy use in Alaska, while only approximately 10 percent of the Renewable Energy Fund grants have supported heat projects in rounds I through VI.

### **Eligibility of Reconnaissance and Feasibility Stage Projects for RISEC, Wave and Tidal Power Technologies**

AEA recognizes that River In-Stream Energy Conversion (RISEC), wave, and tidal power technologies are rapidly maturing and approaching commercial viability and that Alaska holds a large share of the country's natural resources in these areas. Although a critical precursor to construction, Reconnaissance and Feasibility stage proposals supporting demonstration projects of these technologies have not been considered eligible for funding under the Emerging Energy Technology Fund program.

To address this gap in funding eligibility, AEA will consider Reconnaissance or Feasibility stage proposals for River In-Stream Energy Conversion (RISEC), wave, and tidal power projects eligible for funding under the Renewable Energy Fund, so long as the eligibility criteria in sections 1.4 and 1.5 are met. Projects of this type will be scored using the same criteria as any other renewable energy project and be subject to the same minimum Stage 2 (technical and economic evaluation) score threshold for funding eligibility.

In rare instances, AEA may make a recommendation to the legislature to fund one or more of these projects -not to exceed 4 percent of the total recommended REF funding- even if it does not rank as highly as other projects. It is not expected that such a recommendation would be given if a similar project is already underway. In order to receive a recommendation for funding ahead of its rank, an application must demonstrate:

1. A high degree of importance of the proposed resource area, as compared with other potential resource locations
2. Evidence that the proposed technology shows potential for economic deployments in Alaska in the future

AEA will also consider the potential availability of other funding mechanisms when weighing a recommendation beyond a project's rank.

### **1.15 Grant Funding Project Limits**

In addition to the above program targets, the Authority intends to impose limits on the amount of funds that will be available for individual grant projects. The purpose of these limits is to be able to fund more projects statewide and encourage financial participation on the part of the grant applicants. Applicants should take these limits into account when preparing their application as

it is expected that the grantee will be responsible for any project costs beyond the grant funds available to complete the project.

| Phase                                       | Grant Limits by Location   |   |
|---|--|---|
|   | Low Energy Cost Areas*   | High Energy Cost Areas**  |
| Phase I, Reconnaissance                     | The per-project total of Phase I and II is limited to 20% of anticipated construction cost (Phase IV), not to exceed \$2M.   |   |
| Phase II, Feasibility and Conceptual Design |  |   |
| Phase III, Final Design and Permitting      | 20% of anticipated construction cost (Phase IV), and counting against the total construction grant limit below.  |   |
| Phase IV, Construction and Commissioning    | \$4M per project, including final design and permitting (Phase III) costs, above.  | \$8M per project, including final design and permitting (Phase III) costs, above. |
| <b>Exceptions</b>                           |  |   |
| Biofuel projects                            | Biofuel projects where the Applicant does not intend to generate electricity or heat for sale to the public are limited to reconnaissance and feasibility phases only at the limits expressed above. Biofuel is a solid, liquid or gaseous fuel produced from biomass.   |   |
| Geothermal projects                         | The per-project total of Phase I and II for geothermal projects is limited to 20% of anticipated construction costs (Phase IV), not to exceed \$4M. Any amount above the usual \$2M spent on these two phases combined shall reduce the total Phase III and IV grant limit by the same amount, thereby keeping the same total grant dollar cap as all other projects. This exception recognizes the typically increased cost of the feasibility stage due to test well drilling. |   |

\*Low Energy Cost Areas are defined as communities with a residential retail electric rate of below \$0.20 per kWh, before Power Cost Equalization (PCE) program funding is applied. For heat projects, low energy cost areas are communities with natural gas available as a heating fuel, or availability expected by the time the proposed project is constructed.

\*\*High Energy Cost Areas are defined as communities with a residential retail electric rate of \$0.20 per kWh or higher, before PCE funding is applied. For heat projects, high energy cost areas are communities that do not have natural gas available as a heating fuel.

For a given project, the limits are cumulative by project phase; including all prior rounds of funding from the Renewable Energy Fund, and are subject to adjustment based on the available funding and the type, number, and quality of projects submitted.

### 1.16 Grantee Reimbursement

Reimbursement to grantees under this program is on a cost reimbursable basis. In accordance with the terms of the grant, a grantee is required to submit requests for reimbursements that document commitment, expenditures, and demonstrate meeting milestones identified in the grant.

The milestones, with a proposed reimbursement schedule, should be identified in the applicant's proposal. The final reimbursement schedule is subject to negotiation and will be incorporated into the final grant agreement.

The Authority may authorize a percentage of grant funds as an advance payment at the startup of the Grant; however, the grantee is still obligated to document all expenditures of grant and matching funds including any advance payment in subsequent requests for reimbursement.

The Authority will withhold a percentage of the total grant subject to completion of the project and submission of final reports and other documentation that may be required by the grant.

### **1.17 Pre-Award Obligations and Reimbursement**

If a potential grantee anticipates award of a grant the grantee may proceed with work on projects prior to fully executed grant award provided:

- They do so at their own risk as there is no guarantee projects will be funded or funded at the level requested in their application.
- They must have sufficient funds from sources other than this program to meet their project commitments prior to grant award.
- The grantee documents all pre-award expenditures including matching fund commitments and when requesting reimbursement for pre-award expenses follows the reimbursement requests requirements in the grant document.
- **No work performed or obligations incurred prior to July 1, 2014 will be considered for reimbursement unless special pre-approval is granted by the Authority for long-lead items or special circumstances.**

### **1.18 Applicant Match**

When reviewing applications the Authority will favorably consider applications that commit the applicant to provide matching funds to complete the project.

Applicants should identify the amount and source of matching funds or other resources (collectively referred to as "match") the applicant will contribute to the project based on the total proposed grant project budget.

In order for funds to be considered as match, the amount and source of funds must be verified to the Authority. Verification may be accomplished by submitting a resolution from the applicant's board or assembly that clearly recognizes the obligation of providing matching funds. **Failure to provide this verification will result in no points being awarded for proposed matching funds during the scoring of the application.**

The proposed matching funds for this project cannot have been used to match a previous grant request.

If matching funds or in-kind contributions are proposed, the applicant will be required in the grant award to document the match contribution in their reimbursement requests. If labor or equipment costs are to be presented as matching costs, the proposed rates for the labor or equipment must be approved by the Authority.

Previous Renewable Energy Fund grants will not be counted as matching funds.

Applicants should note that if matching funds are pledged and budgeted in the grant agreement; but later not provided during the grant project, the grant amount will be reduced accordingly.

See the budget form instructions and clarification for matching requirements.

### **1.19 Application Preparation Costs**

The Authority shall not pay for any costs incurred by the applicants to prepare and submit their application. No costs incurred by the applicants in preparation of their application may be charged as an expense of performing the Grant.

The only reimbursable costs will be those allowed in the grant agreement signed by the Authority.

### **1.20 Application Content Requirements**

The application must address all the information required as noted in Section 2 for the type of project proposed. Applicants should download and complete the Microsoft Word application form specific to their project. There is an application for heat projects and one for all other projects. The application form includes a cost worksheet, budget, and authorized signers section. The application forms and other materials are provided on the Round VII web site at [www.akenergyauthority.org/REFund7.html](http://www.akenergyauthority.org/REFund7.html).

### **1.21 Authorized Signature**

Applications must be signed by an individual authorized to bind the Applicant to its provisions and to make the commitments of the application.

### **1.22 Applicant's Certification**

By signature on their application, Applicants certify that they are complying and will comply with: 1) the laws of the State of Alaska; 2) the applicable portion of the Federal Civil Rights Act of 1964; 3) the Equal Employment Opportunity Act, the Americans With Disability Act (ADA) and the regulations issued there under by the federal government; 4) all terms and conditions set out in this RFA; and 5) the amount of matching funds being offered.

### **1.23 Correction, Modification or Withdrawal of Applications**

An application may be corrected, modified or withdrawn by providing a written request from an authorized representative of the Applicant to the grant manager before the time and date set for receipt of the applications.

After applications are opened, modifications may be allowed prior to completion of the evaluation process if the Authority determines that it is in the best interest of the program to allow modifications.

Applicants who may be recommended for grant awards may be requested to clarify, modify, or correct their application prior to recommendations being sent to the legislature or prior to award of a grant if the Authority determines that it is in the best interest of the program.

Applicants who fail to respond to requests for clarifications, modifications, or corrections within the period specified in the request may have their application rejected or removed from the list of recommended projects.

#### **1.24 Review of Applications - General**

Applications will be reviewed in four stages by Authority and Department of Natural Resources staff, and consultants.

Stage 1 – Completeness and Eligibility Review (3 AAC 107.635)

Stage 2 – Technical and Financial Feasibility Review (3 AAC 107.645)

Stage 3 – Evaluation of Individual Applications (3 AAC 107.655)

Stage 4 – Regional and Final Ranking Recommendations (3 AAC 107.660)

The review and evaluation criteria for each stage are listed in Section 4.

Applications that do not comply with [AS 42.45.045](#), 3 AAC 107.600-695, and all of the material and substantial terms, conditions, and requirements of this RFA may be rejected. If an application is rejected the applicant will be notified in writing that its application has been rejected and the basis for rejection.

The Authority may waive minor requirements of the RFA that do not result in a material change in the requirements of the RFA and do not give an applicant an unfair competitive advantage.

At any stage in the review process, the Authority may request clarifying information and the applicant will have a specified amount of time to respond to the request for information. Failure to respond timely or provide adequate information will result in the application being rejected.

If information is sufficient and any minimum scores are met, the application will advance to the next stage of review.

#### **1.25 Public Notice and Recommendations to the Legislature**

Upon completion of Stage 4 of the review process, the Authority will forward to the legislature a summary of all applications received, their status, the technical score and the final rank of all applications. The Authority will also post on its web site the applications, a brief summary of each project, and the final ranking and disposition of all applications. The total cost of all recommended projects may be for more or less total dollars than the current funding authorized by the Legislature.

Applicants may be required to provide additional information to the legislature upon request.

#### **1.26 Notice of Intent to Award a Grant**

Upon approval of funding by the legislature for Round VII grants and signing of the budget authorization by the Governor, the Authority will notify successful applicants of their award. Grantees whose authorizations are less than what was requested or whose scope, schedule, or budget may have changed from when their application was originally submitted will be required to update their application to assure the grant is consistent with the funding available.

#### **1.27 Grant Agreement**

Applicants whose projects are selected for grant funding will be required to sign a Grant Agreement prepared by the Authority that contain the terms and conditions in the Grant form included as an appendix to this document. The Authority may modify its standard form grant agreement if necessary for this program or for particular projects.

## 1.28 Failure to Proceed

If an Applicant is unable to respond and indicate acceptance of the Grant Agreement within 30 days of receipt of the Grant Agreement or provide an update to its project as may be required; then the offer of the grant may be withdrawn by the Authority. Available grant funds may be offered to another eligible grant applicant subject to availability of funds and consistent with legislative intent.

If the Authority and a grantee are unable to complete a grant agreement within one year of the original Notice of Intent to Award a grant, the Authority may suspend negotiations, rescind the grant offer and return the allocated grant funds to the Renewable Energy Fund. [3 AAC 107.670(b)]

## 2. Project Requirements

An application under the RFA should describe the Applicant's renewable energy project in one or more phases as described in this section and include sufficient information to allow for the evaluation and ranking of the application. The depth of information needed with the application will vary depending on the type and complexity of the project, the number of phases for which grant funding may be requested, the amount of state funds requested, and the estimated total project costs.

All applicants are required to have a project management plan they intend to follow that includes who is going to manage the project, how it is going to be managed, a schedule with milestones, and how project risks will be mitigated. The level of detail in the plan will vary depending on the project phase(s), amount of funds requested, and complexity of the project.

### 2.1 Project Management Requirements

The Applicant is responsible for implementing and executing a plan for managing the project so that the project is completed within the scope, schedule and budget proposed in the application.

| Project Management     |   |
|------------------------|---|
| Project Manager        | The Applicant must designate a project manager(s) responsible for managing the project for the Grantee. This may be: <ul style="list-style-type: none"><li>• An employee of the Grantee</li><li>• A consultant</li><li>• Or other partners committed to the project. For Example Native corporations, other utilities, IPPs, or government entities.</li><li>• If not known, the grantee should indicate how they intend to acquire project managers.</li></ul> |
| Project Schedule       | Schedule for the proposed work that will be funded by this grant.   |
| Project Milestones     | Identifies key tasks and decision points in the project schedule. Project management milestone charts and descriptions of major project decision points are encouraged  |
| Project Resources      | Identifies what people, equipment, or services will be used to accomplish the project. Includes any commitments the grantee may have or reference any existing contracts or the selection process that may be used for major equipment purchases or contracts.  |
| Project Communications | Identifies how the grantee will monitor the project and keep the Authority informed of the status.  |
| Project Risk           | Identifies potential problems and how they will be addressed.   |

## 2.2 Project Phase Descriptions

The application should describe the project proposed for grant funding by phase in order to demonstrate a likelihood that the project will be successfully completed and will provide substantial public benefits. Applicants who have completed a project phase will be required to document successfully completing the phase with a positive public benefit for the project prior to the Authority releasing funds for a following phase.

Each type of technology may have issues or tasks that are specific to that technology that will need to be addressed in addition to the issues or tasks identified in each phase.

Project phases or major project tasks that should be addressed in the applicant's project description are as follows:

|   |  |
|---|--|
| <b>Phase I<br/>Reconnaissance</b>                                       | A preliminary feasibility study designed to ascertain whether a feasibility study is warranted.  |
| <b>Phase II –Feasibility Analysis, Conceptual Design</b>                | Detailed evaluation intended to assess technical, economic, financial, and operational viability and to narrow focus of final design and construction. This category also includes resource assessment and monitoring. |
| <b>Phase III – Final Design and Permitting</b>                          | Project configuration and specifications that guide construction. Land use and resource permits and leases required for construction.  |
| <b>Phase IV – Construction, Commissioning, Operation, and Reporting</b> | Completion of project construction and beginning of operations. It also includes follow-up O&M reporting requirements.   |

Included after each phase described here are a list of possible milestones to assist with the preparation of an application.

## 2.3 Phase I– Reconnaissance Requirements

The purpose of a Reconnaissance Study is to determine whether further study is warranted. A study is required to consider and address the information and tasks below.

| Phase I - Reconnaissance |  |
|--------------------------|--|
| Proposed Energy Resource | General description of the extent and amount of the renewable resource   |
| Existing Energy System   | <p>For rural power systems and/or facility heating systems</p> <ul style="list-style-type: none"> <li>• Basic configuration (number, size, and type of gensets and boilers; efficiency; operating hours)</li> <li>• Capital and replacement costs</li> <li>• Annual O&amp;M cost and schedule</li> <li>• Annual fuel consumption and fuel price</li> <li>• Load information (peak, minimum, average, and future trends)</li> <li>• Plans for system upgrades</li> </ul> <p>For all systems</p> <ul style="list-style-type: none"> <li>• Residential and commercial electrical service rates</li> <li>• Avoided cost of energy</li> </ul> |
| Proposed System Design   | <ul style="list-style-type: none"> <li>• Description of renewable energy technology specific to project location</li> <li>• Alternative system discussion</li> <li>• Optimum installed capacity</li> <li>• Annual generation</li> </ul>  |

|                              |  |
|------------------------------|--|
|                              | <ul style="list-style-type: none"> <li>• Anticipated barriers</li> <li>• Basic integration concept</li> </ul>  |
| Proposed System Costs        | <ul style="list-style-type: none"> <li>• Total anticipated project cost for this phase</li> <li>• Projected capital, O&amp;M, and fuel costs</li> <li>• Projected debt financing if applicable</li> </ul>  |
| Project Benefits             | <ul style="list-style-type: none"> <li>• Annual fuel displacement and savings over the project life</li> <li>• Annual revenue from energy sales, tax credits, green tags, and other incentives</li> <li>• Discussion of non-monetary benefits</li> </ul>   |
| Energy Purchase/Sale         | <ul style="list-style-type: none"> <li>• Identification of potential energy market</li> <li>• Potential energy purchase and sales rates</li> </ul>   |
| Land Ownership               | <ul style="list-style-type: none"> <li>• Landowner(s) identified and contacted</li> </ul>  |
| Permits                      | <ul style="list-style-type: none"> <li>• List of applicable permits</li> <li>• Anticipated permitting timeline</li> <li>• Potential regulatory barriers</li> </ul>   |
| Environmental                | <p>Complete environmental screening that addresses:</p> <ul style="list-style-type: none"> <li>• Threatened and Endangered species and other habitat impacts</li> <li>• Fisheries and wildlife protection</li> <li>• Water and air quality impacts</li> <li>• Wetland and protected areas</li> <li>• Archaeological and historical resource impacts</li> <li>• Land development constraints</li> <li>• Telecommunications and aviation impacts</li> <li>• Visual and aesthetic resource impacts</li> <li>• Other environmental barriers</li> </ul> |
| Analysis and Recommendations | <ul style="list-style-type: none"> <li>• Basic economic analysis of alternatives</li> <li>• Recommendations for additional project development work</li> </ul>   |

Milestones for a Reconnaissance Project should include.

1. Project scoping and contractor solicitation completed
2. Resource identification and analysis completed
3. Land use, permitting, and environmental analysis completed
4. Preliminary design and cost analysis completed
5. Cost of energy and market analysis
6. Simple economic analysis completed
7. Final report and recommendations completed

## 2.4 Phase II Feasibility Analysis, Conceptual Design Requirements

Phase II Feasibility Analysis requires a detailed evaluation intended to further assess technical, economic, financial, and operational viability of a project and to narrow the focus of final design and construction. In addition to addressing all the requirements of Phase I, a feasibility analysis should address the information and tasks below.

| <b>Phase II –Feasibility Analysis, Conceptual Design</b> |   |
|--|---|
| Proposed Energy Resource                                 | <p>Site-specific assessment of available energy resource following industry standards usually based on field measurements, discussions with resource owners, and other onsite activities. Examples of assessment activities include:</p> <ul style="list-style-type: none"> <li>• Collection and analysis of meteorological tower data at proposed wind turbine locations</li> <li>• Assessment of geological data from surface investigation and test wells for geothermal and natural gas projects</li> </ul> |

|                              |  |
|------------------------------|--|
|                              | <ul style="list-style-type: none"> <li>• Stream gauging and hydrological modeling for hydroelectric projects</li> <li>• Analysis of wood and sawmill residue availability and delivered cost to biomass energy project locations</li> </ul>  |
| Existing Energy System       | <ul style="list-style-type: none"> <li>• Annual load profile—power projects may require onsite measurement</li> <li>• Load growth projections</li> <li>• Transmission system layout and capacity</li> <li>• Retirement schedule</li> </ul>   |
| Proposed System Design       | <ul style="list-style-type: none"> <li>• Identification and analysis of system alternatives</li> <li>• Recommended alternative including discussion of impacts on existing system</li> <li>• Assessment of project site, including geotechnical characteristics as necessary</li> <li>• Annual energy production profile</li> <li>• Conceptual system design</li> <li>• Conceptual integration design</li> <li>• Identification of remaining technical barriers</li> </ul> |
| Project Costs                | <ul style="list-style-type: none"> <li>• Conceptual level cost estimates for final design and construction</li> <li>• Annual O&amp;M and fuel costs</li> <li>• Other project costs including leases, taxes, insurance, and financing</li> </ul>  |
| Project Benefits             | <ul style="list-style-type: none"> <li>• Annual fuel displacement and savings over the project life</li> <li>• Detailed analysis of revenue from energy sales, tax credits, green tags, and other incentives</li> <li>• Discussion of non-monetary benefits</li> </ul>   |
| Energy Purchase/Sale         | <ul style="list-style-type: none"> <li>• Preliminary energy purchase or sales agreement</li> </ul>   |
| Land Ownership               | <ul style="list-style-type: none"> <li>• Assessment of site control requirements for proposed project</li> <li>• Authorization from land owners for onsite feasibility activities</li> </ul>   |
| Permits                      | <ul style="list-style-type: none"> <li>• Obtain authorizations from all applicable agencies for any use of land or resources for feasibility activities</li> </ul>   |
| Environmental                | <ul style="list-style-type: none"> <li>• Site-specific assessment of resources that may be significantly affected. Examples include fish and wildlife habitat assessment, visual impact modeling, and air quality assessment.</li> <li>• Plan for addressing potential environmental impacts</li> </ul>  |
| Analysis and Recommendations | <ul style="list-style-type: none"> <li>• Comprehensive economic and financial analyses of alternatives</li> <li>• Recommendations for project design and construction activities</li> <li>• Draft operational and business plan</li> </ul>   |

Milestones for a Feasibility Project should include.

1. Project scoping and contractor solicitation completed
2. Detailed resource assessment completed
3. Identification of land and regulatory issues
4. Permitting and environmental analysis completed
5. Detailed analysis of current cost of energy and future market completed
6. Assessment of alternatives
7. Conceptual design and costs estimate completed
8. Detailed economic and financial analyses completed
9. Conceptual business & operations plan completed
10. Final report and recommendations completed

## 2.5 Phase III Final Design and Permitting Requirements

Building on information gathered in Phases I and II, applicants will be required to complete Phase III prior to construction. The purposes of Phase III are to establish the project configuration and specifications that will be used to guide construction, refine project costs estimates, finalize business plans, and obtain land use and resource authorizations required for construction. Work should address the information and tasks below.

| <b>Phase III –Final Design &amp; Permitting</b> |  |
|---|--|
| Renewable Energy Resource                       | <ul style="list-style-type: none"> <li>• Updated data to confirm that resource is still available</li> </ul>   |
| Existing Energy System                          | <ul style="list-style-type: none"> <li>• Final engineered and approved energy system configuration including upgrades</li> </ul>   |
| Proposed System Design                          | <ul style="list-style-type: none"> <li>• Final engineered and approved system design</li> <li>• Final engineered and approved integration design</li> <li>• Interconnection study</li> </ul> |
| Project Cost                                    | <ul style="list-style-type: none"> <li>• Final engineer’s estimate of project cost</li> </ul>  |
| Project Benefits                                | <ul style="list-style-type: none"> <li>• Detailed financial analysis based on chosen business structure and applicable costs, revenues, and incentives</li> </ul>                            |
| Power Purchase/Sale                             | <ul style="list-style-type: none"> <li>• Executed power purchase/sales agreement</li> </ul>  |
| Land Ownership                                  | <ul style="list-style-type: none"> <li>• Final land use authorizations obtained</li> </ul>   |
| Permits   | <ul style="list-style-type: none"> <li>• All necessary permits obtained</li> </ul>   |
| Environmental                                   | <ul style="list-style-type: none"> <li>• All environmental issues resolved</li> </ul>  |
| Business & Operational Plan                     | <ul style="list-style-type: none"> <li>• Final operational and business plan, including financial and operational plans for end-of-life</li> </ul>   |

Milestones for a Design and Permitting Phase of a project should include.

1. Project scoping and contractor solicitation completed
2. Permit applications completed
3. Final environmental assessment and mitigation plans completed
4. Resolution of land use, right of way issues
5. Permitting, rights-of-way, site control completed
6. Final system design completed
7. Final cost estimate completed
8. Updated economic and financial analyses completed
9. Power or heat sale agreements in place
10. Final business and operational plan completed

## 2.6 Phase IV Project Requirements – Construction

The purpose of the construction phase is to construct and commission the project, begin operations, and provide follow-up reports on operations and maintenance for a specific period of time to document the programs impact on the community. Grantees are expected to cover all costs of operations and maintenance in compliance with their operational and business plans developed in Phase III. The construction phase will address the information and tasks below

| <b>Phase IV –Construction, Commissioning, Operation, and Reporting</b> |  |
|--|--|
| Renewable Energy Resource  | <ul style="list-style-type: none"> <li>• Continuous monitoring to verify and update projections and system efficiency</li> </ul>   |
| Existing Power System  | <ul style="list-style-type: none"> <li>• Coordination of conversion, integration, or surplus of existing system</li> </ul>   |
| Proposed System Design   | <ul style="list-style-type: none"> <li>• Construction plan and schedule</li> <li>• Commissioning plan and schedule</li> <li>• Modifications to final design during construction</li> </ul>   |
| Project Cost   | <ul style="list-style-type: none"> <li>• Actively track project costs against the project budget</li> <li>• Propose budget modifications as needed</li> <li>• Manage cost overruns</li> </ul>  |
| Environmental  | <ul style="list-style-type: none"> <li>• Environmental monitoring as required</li> </ul>   |
| Permitting   | <ul style="list-style-type: none"> <li>• Reports as required by permitting agencies</li> </ul>   |
| Analysis and Recommendations   | <ul style="list-style-type: none"> <li>• Update business plans and power purchase agreements as needed to account for actual construction costs</li> <li>• Final project report including as-built specifications and drawings, final budget, schedule, and recommendations</li> <li>• Periodic operation and maintenance reports as required by grant including actual O&amp;M, fuel, and equipment costs; O&amp;M measures and schedule; energy output; project availability; conversion efficiency; renewable energy resource; and recommendations. The Authority will work with the grantee to implement this required reporting. The cost of any equipment to monitor the system performance should be included in the project cost. Any equipment needed to fulfill the grant's monitoring requirements that are not already project costs should be included in section 2.7.8 of the application form.</li> </ul> |
| End-of-life planning   | <ul style="list-style-type: none"> <li>• Include end-of-useful-life plans in the business plan, including what activities are expected (replacement, refurbishment, retrofitting, decommissioning, etc.) and a financial plan to ensure that funds are available to implement the end-of-life plan.</li> </ul>   |

Milestones for a Construction project will include:

1. Design and feasibility requirements completed
2. Bid documents completed
3. Vendor selected and award in place
4. Construction – unique to each project
5. Integration and testing
6. Decommissioning of old system complete
7. Final acceptance, commissioning and start-up complete
8. Operations reporting

### **3. Grant Requirements**

To receive renewable energy grants, applicants must comply with the following standard terms and conditions and the other terms and conditions in the Authority's standard grant document, reference Appendices; Standard Grant Template 6.pdf. If the grantee is a tribal entity, a waiver of sovereign immunity will be required as a condition of the grant.

#### **3.1. Declaration of Public Benefit (Ref 3 AAC 107.605)**

The grantee acknowledges and agrees that the Project shall be constructed, owned and operated for the benefit of the general public and will not deny any person use and/or benefit of Project facilities due to race, religion, color, national origin, age, physical handicap, sex, marital status, changes in marital status, pregnancy or parenthood.

#### **3.2. Grantee Project Manager**

For construction projects, the Grantee will contract or hire competent persons to manage all phases of the Project. Work at a minimum will include; management of Grantee's labor for the project, engineering firms and consultants, procurement, management of construction contractors, selection of equipment, review of plans and specifications, on-site inspections and review and approval of work, and other duties to ensure that the completed work conforms with the requirements of the grant and the construction documents.

If the Grantee fails to provide adequate project management the Authority may terminate the Grant or assume project management responsibilities with the concurrence of the Grantee. Costs for a Grantee Project Manager must be reasonable to be considered an eligible grant expense.

#### **3.3. Approval to Proceed With Next Phase**

A grant award may be for one or more phases of a project. The grantee must achieve substantial completion of work or of designated grant milestones and receive approval from the Authority prior to proceeding to the next phase of work.

#### **3.4. Contracts for Engineering Services**

In the event the Grantee contracts for engineering services, the Grantee will require that the engineering firm certify that it is authorized to do business in the State of Alaska and provide proof of licensing and required professional liability insurance.

Unless otherwise agreed by the Authority, the insurance required by this section shall, at a minimum, included professional liability insurance covering all errors, omissions or negligent acts in the performance of professional services under this agreement, with limits required per the following schedule:

| <b><u>Contract Amount</u></b> | <b><u>Minimum Required Limits</u></b>        |
|-------------------------------|--|
| Under \$ 100,000              | \$ 300,000 per Occurrence/Annual Aggregate   |
| \$ 100,000-\$ 499,999         | \$ 500,000 per Occurrence/Annual Aggregate   |
| \$ 500,000-\$ 999,999         | \$ 1,000,000 per Occurrence/Annual Aggregate |
| \$ 1,000,000 or over          | Refer to Risk Management                     |

#### **3.5. Site Control**

If the grant Project involves the occupancy and use of real property, the Grantee assures that it has the legal right to occupy and use such real property for the purposes of the grant, and further that there is legal access to such property. The Grantee is responsible for securing the real property interests necessary for the construction and operation of the Project, through ownership, leasehold, easement, or otherwise, and for providing evidence satisfactory to the Authority that it has secured these real property interests.

### **3.6. Permits**

It is the responsibility of the Grantee to identify and ensure that all permits required for the construction and operation of this Project by the Federal, State, or Local governments have been obtained unless otherwise stated in Appendix C. These permits may include, but are not limited to, Corps of Engineers, Environmental Protection Agency, Alaska Department of Environmental Conservation, State Historic Preservation Office, State Fire Marshal, Alaska Department of Natural Resources, Alaska Department of Fish and Game and Boroughs.

### **3.7. Exclusion of Existing Environmental Hazards**

Grant funds will not be awarded for and may not be used for environmental investigation, removal or remediation of contamination, remediation of existing facilities or properties, or any other environmental matters, unless specifically provided in the Grant Agreement. In addition, grant funds will not be awarded for and may not be used for the decommissioning or removal of any existing facilities except as specifically provided in the Grant Agreement.

### **3.8. Environmental Standards**

The grantee will comply with applicable environmental standards, including without limitation applicable laws for the prevention of pollution, management of hazardous waste, and evaluation of environmental impacts.

### **3.9. Current Prevailing Rates of Wage and Employment Preference**

To the extent required by federal and State law construction projects may require certain grantees to include the requirements for 'Davis-Bacon' and 'Little Davis-Bacon' when contracting for construction services. This requires contractors to pay minimum rates of pay for specific classes of workers and provide certified payrolls to the State Department of Labor. The current wage rates can be found at the following web sites:

The Federal wage rates at <http://www.wdol.gov/>

The State wage rates at <http://www.labor.state.ak.us/lss/pamp600.htm>

If federal funding sources require federal 'Davis-Bacon' compliance, the grantee must use both the Federal and State wage scale and the contractor is required to pay the higher of the State or Federal wage scale. When only State Funds are used that requires 'Little Davis-Bacon,' the grantee is only required to follow the State Rate schedule.

For projects that are only State funded, contractors are also required to use local residents where they are available and qualified in accordance with AS 36.10.150-180, and 8 AAC 30.064 - 088.

The grantee is responsible for identifying any other sources of project funds and for ensuring compliance with applicable wage scales for all sources of project funding. If a Grantee believes they or their contractors may be exempt from these requirements, they should contact the State of Alaska Department of Labor and Workforce Development, Wage and Hour Administration, for a determination and forward a copy of that determination to the Authority's Grant Administrator.

### **3.10. Construction Plans and Specifications Review**

Prior to public notice of bidding a construction project, the grantee will provide the plans and specifications to the Authority for review. Concurrence that the plans and specifications are consistent with the grant award must be received before grant funds will be released for construction related costs.

### **3.11. Construction Contractor Bonding**

When the value of the construction is anticipated to be greater than \$100,000, prior to beginning construction on a project funded by this grant, the grantee or grantee's contractor(s) must provide the Authority either a payment and performance bond, as may be required by AS 36.25.010, a surety in form and substance acceptable to the Authority, or some other guarantee or assurance acceptable to the Authority that the grantee or the grantee's contractor has the capacity, qualifications, and financial resources necessary to complete construction of the project as proposed in the grant or construction contract(s) funded by this grant.

### **3.12. Post Construction Certification**

Upon completion of construction the Grantee will submit a final report that includes:

- Certification that all work is completed in accordance with the grant and all costs claimed are eligible costs and represent work completed on the Project;
- Summary of total project cost including detailed funding sources and any outstanding debt;
- Certification that there is a release of any contractor or subcontractor liens on the project;
- Identification of any outstanding construction issues;
- Demonstration that appropriate insurance is in place and,
- As-built drawings.

### **3.13. Ownership of Facilities**

The grantee shall assume all liabilities arising from the ownership and operation of the project. Grantee will not sell, transfer, encumber, or dispose of any of its interest in the facilities constructed with this grant funding during the economic life of the Project without prior written approval of the Authority.

### **3.14. Operation and Maintenance of Facilities**

The grantee is required to maintain and operate the facilities defined in Appendix C of the Grant agreement for the economic life of the facility or the specific period of time designated herein.

In the event that the grantee is no longer operating the facilities for the intended purposes the Authority may require the grantee to reimburse the Authority an amount based on the total contribution of the Authority, the value of the assets, and the terms and conditions of this agreement. The Authority may require that the assets acquired under this agreement be sold and the proceeds returned to the Authority.

### **3.15. Performance/Operation and Maintenance (O&M) Reporting**

If the grant is for Project construction, the grantee must provide the Authority with a Performance/O&M Report annually for **ten** years after Project completion. The Performance/O&M Report must include: (1) a detailed description of Project operations and maintenance activities and issues; and (2) a detailed description of Project performance, including energy output, estimated fuel savings resulting from the operation of the Project, and any other relevant measures of Project performance reasonably requested by the Authority, a description of repairs and modifications to the Project, and recommendations for improvements for similar future projects.

The Authority may take into account the grantee's failure to provide the required annual Performance/O&M Report in evaluating future applications from the grantee for grant funds. The Authority encourages grantees to provide annual Performance/O&M reports for the life of the Project, and may consider the grantee's voluntary submittal of annual Performance/O&M reports beyond the first **ten** years in evaluating future applications from the grantee for grant funds.

### **3.16. Tariffs & Rates for Use of Grant-Funded Assets**

Rates for power provided as a result of generation or transmission facilities built with grant funds may be subject to review and approval by the Regulatory Commission of Alaska (RCA), or if the rates are not subject to RCA review and approval, they may be subject to review and approval by the Authority to ensure reasonable and appropriate public benefit from the ownership and operation of the Project.

As a condition of the grant, Independent Power Producers will agree to sell energy resources for electricity and heat at a cost-based rate for the economic life of the project. The Authority will hire an independent economist to provide guidance in developing a cost-based rate for electric sales with an appropriate rate of return on equity.

The allowable cost-based rate represents the highest rate that the Independent Power Producer will be allowed to charge. Because the cost-based rates are a grant condition, avoided costs rates or Public Utility Regulations Policies Act (PURPA) rates will not apply for projects which obtain grant funding.

Application for a Certification of Public Convenience and Necessity (CPCN) is also a grant condition. RCA action related to the issuance of the CPCN must be completed prior to the issuance of any construction grant funding.

### **3.17. Grant-Funded Assets Not Included in PCE**

The grantee agrees that it will not include the value of facilities, equipment, services, or other benefits received under this grant as expenses under the Power Cost Equalization Program or as expenses on which wholesale or retail rates or any other energy tariffs are based.

#### **4. Application Evaluation Process**

Applications will be reviewed in four stages by application evaluation committees, which may include the Authority staff, consultants, and members of the Advisory Committee established under the program legislation.

Stage 1 – Completeness and Eligibility Review (3 AAC 107.635)

Stage 2 – Feasibility and Public Benefit Review (3 AAC 107.645)

Stage 3 – Evaluation of Individual Applications (3 AAC 107.655)

Stage 4 – Regional and Final Ranking Recommendations (3 AAC 107.660)

The review and evaluation criteria for each stage are listed here.

Applications that do not comply with [AS 42.45.045](#), 3 AAC 107.600-695, and all of the material and substantial terms, conditions, and requirements of this RFA may be rejected. If an application is rejected the applicant will be notified in writing or via email that its application has been rejected and the basis for rejection.

The Authority may waive minor requirements of the RFA that do not result in a material change in the requirements of the RFA and do not give an applicant an unfair competitive advantage.

At any stage in the review process, the Authority may request clarifying information and the applicant will have a specified amount of time to respond to the request for information. Failure to respond timely or provide adequate information will result in the application being rejected.

If information is sufficient, the application will be forwarded through to the next stage of review.

##### **Stage 1 Review: Completeness and Eligibility**

All applications received by the deadline will initially be reviewed by Authority staff to assess if the application is complete, meets the minimum submission requirements, and has adequate information to proceed to Stage 2 – Feasibility and Public Benefit Review.

The following pass-fail criteria will be used to determine if the application meets the minimum requirements.

|   |   |
|---|---|
| <p><b>Application must meet all of these criteria to be considered further.</b></p> | <ol style="list-style-type: none"> <li>1. The application is submitted by an Eligible Applicant (sec 1.4).</li> <li>2. The project meets the definition of an Eligible Project (sec 1.5).</li> <li>3. A resolution or other formal authorization of the applicant's governing body is included with the application to demonstrate the applicant's commitment to the project and any proposed matching funds are available and in the applicant's control (sec 1.22).</li> <li>4. The application provides a detailed description of the phase(s) of project proposed i.e. reconnaissance study, conceptual design/feasibility study, final design/permitting, and/or construction (sec 2.2).</li> <li>5. The application is complete in that the information provided is sufficiently responsive to the RFA to allow AEA to consider the application in the next stage of evaluation.</li> <li>6. The applicant demonstrates that they will take ownership of the project; own, lease, or otherwise control the site upon which the project is located; and upon completion of the project operate and maintain it for its economic life for the benefit of the public (sec 1.4)</li> <li>7. <b>Wind applications</b> requesting Phase III (Final Design and Permitting) or Phase IV (Construction, Commissioning, Operation and Reporting) funding will submit documentation necessary to demonstrate the fulfillment of all requirements for earlier phases of the project identified in Section 2 of the RFA [i.e. Phase II (Feasibility Analysis, Conceptual Design) or Phase III (Final Design and Permitting)] <u>30 days prior to the application deadline.</u><br/> <b>For all non-wind applications</b>, the deadline for this information is the <u>grant application deadline</u>. Submittals which do not demonstrate the fulfillment of all requirements of earlier phases identified in Section 2 of the RFA by the stated deadline may result in an application being deemed incomplete during Stage 1 review or result in an application receiving lower scores during AEA Stage 2 review. The early deadline for advanced project phases in wind projects will afford AEA project managers sufficient time for design review and feedback while allowing applicants to make adjustments or complete additional information, if needed, to fulfill AEA's requirements. These adjustments could result in higher technical scores.</li> </ol> |
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If an application is ambiguous regarding questions 1-7, the Authority may request clarifying information and the applicant will have a specified amount of time to provide the requested information. Failure to respond timely or provide an adequate explanation will result in the application being rejected.

## Stage 2 Review: Project Feasibility and Benefits

For all applications that pass Stage 1 the Authority will perform a benefit and feasibility review in accordance with 3 AAC 107.645 and the criteria below:

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| <p><b><i>Application must substantially meet these criteria to be considered further.</i></b></p> | <ol style="list-style-type: none"><li>1. Project Management, Development, and Operation<ol style="list-style-type: none"><li>a. The proposed schedule is clear, realistic, and described in adequate detail.</li><li>b. The cost savings estimates for project development, operation, maintenance, fuel, and other project items are realistic.</li><li>c. The project team's method of communicating, monitoring, and reporting development progress is described in adequate detail.</li><li>d. Logistical, business, and financial arrangements for operating and selling energy from the completed project are reasonable and described in adequate detail.</li></ol></li><li>2. Qualifications and Experience<ol style="list-style-type: none"><li>a. The applicant, partners, and contractors have sufficient knowledge and experience to successfully complete and operate the project.</li><li>b. The project team has staffing, time, and other resources to successfully complete and operate the project.</li><li>c. The project team is able to understand and address technical, economic, and environmental barriers to successful project completion and operation.</li><li>d. The project uses local labor and trains a local labor workforce.</li></ol></li><li>3. Technical Feasibility<ol style="list-style-type: none"><li>a. The renewable energy resource is available on a sustainable basis, and project permits and other authorizations can reasonably be obtained.</li><li>b. A site is available and suitable for the proposed energy system.</li><li>c. Project technical and environmental risks are reasonable.</li><li>d. The proposed energy system can reliably produce and deliver energy as planned.</li><li>e. If a demonstration project is being proposed:<ul style="list-style-type: none"><li>• Application in other areas of the state, or another specific benefit of the proposed project, is likely;</li><li>• need for this project is shown (vs. the ability to use existing technology); and</li><li>• the risks of the proposed system are reasonable and warrant demonstration.</li></ul></li></ol></li><li>4. Economic Feasibility and Benefits<ol style="list-style-type: none"><li>a. The project is shown to be economically feasible (net savings in fuel, operation and maintenance, and capital costs over the life of the proposed project).</li><li>b. The project has an adequate financing plan for completion of the grant-funded phase and has considered options for financing subsequent phases of the project</li><li>c. Other benefits to the Alaska public are demonstrated.</li></ol></li></ol> |
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The Authority may develop a preliminary list of applications that may be technically and economically feasible and request additional information from applicants at this time to confirm a complete understanding of the project proposed.

If information is requested, the applicant may be required to provide information within a short time frame to allow for the Authority to continue to the next stage of the review process.

Applicants that fail to respond to requests for information or to adequately address the criteria in the technical review may be rejected.

If an application for design or construction project funding is incomplete to the point that an economic and/or technical feasibility evaluation cannot be completed, or there is no indication of a feasible financing plan that will provide for project funding through completion of construction, the application will not be recommended for construction funding.

**For all projects, the Stage 2 review score must be at least 40; otherwise the project will not be recommended for funding and will not be considered for Stage 3 review.**

**Stage 3 Review - Evaluation of Individual Applications**

All applications that pass the technical review will be evaluated for the purpose of ranking applications and making recommendations to the legislature based on the following criteria which include criteria required by 3 AAC 107.655 and [AS 42.45.045](#).

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| <p><b><i>Evaluation and Ranking Criteria to be Used for determining applications to recommend to legislature</i></b></p> | <ol style="list-style-type: none"> <li>1. Cost of energy per resident in the effected project area relative to other areas.</li> <li>2. The type and amount of matching funds and other resources an applicant will commit to the project.</li> <li>3. A statewide balance of grant funds. (For example, if there is two or more similar competing projects in a given area the Authority may only recommend one.)</li> <li>4. Economic and technical feasibility (Stage 2 evaluation).</li> <li>5. Public Benefits including economic benefit to the Alaska Public.</li> <li>6. Sustainability – the ability of the applicant to finance, operate and maintain the project for the life of the project.</li> <li>7. Local Support and Opposition for the project. Letters of support and other documentation of local support must be dated within one year of the date of this RFA. Some examples of local support include letters and resolutions from city or tribal councils.</li> <li>8. The readiness of the applicant to proceed with phases of the project proposed for the grant.</li> <li>9. Compliance with previous grant awards in previous phases of project development.</li> </ol> |
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During this stage of review, the evaluation team may conduct interviews of applicants to determine a more complete understanding of the technical or financial aspects of their application.

#### **Stage 4 Review: Final Ranking Recommendations**

All applications recommended for grants as a result the Stage 3 evaluation will be ranked in accordance with 3 AAC 107.660.

To establish a statewide balance of recommended projects, the Authority will provide to the advisory committee a statewide and regional ranking of all applications recommended for grants in Stage 3.

In consultation with the advisory committee the Authority will make a final prioritized list of all recommended projects giving significant weight to providing a statewide balance for grant money, and taking into consideration the amount of money that may be available, the number and types of project within each region, regional rank, and statewide rank of each application.

In its final decision on an application the Authority may recommend a grant in an amount for project phases different from what the applicant requested. In recommending a grant for phases different from what the applicant requested, the Authority may limit its recommendation to a grant for one or more preliminary project phases before recommending a grant for project construction.

### **5. Appendices**

#### **Application Forms (Heat Applications, Standard Applications)**

#### **Standard Grant Agreement**