



Bay Area Air Quality Management District

REQUEST FOR PROPOSALS FOR: Greenhouse Gas Reduction Grant Program

Guidance

*Bay Area Air Quality Management District
939 Ellis Street, San Francisco, CA 94109
September 2009*

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INTRODUCTION

The Attorney General of California (AG) entered a Settlement Agreement dated September 10, 2007, with ConocoPhillips Company (Conoco) to resolve a dispute regarding the environmental impact of greenhouse gas (GHG) emissions (primarily carbon dioxide) from the Clean Fuels Expansion Project at the refinery in Rodeo, California.

Subsequently, the AG and the Bay Area Air Quality Management District (Air District) entered into a Memorandum of Understanding (MOU) delineating the Air District's authority to administer a GHG emission reduction grant program using funds from the Settlement Agreement. Pursuant to the MOU, the Air District established a Carbon Offset Account with approximately \$4 million from the Settlement Agreement. Projects funded under the MOU must achieve verifiable, quantifiable reductions in GHG emissions, and the Air District must give priority to projects in areas nearest the Conoco refinery in Rodeo and shall consider any substantial co-benefits of a project through reduced emission of criteria pollutants or toxic air contaminants.

The Air District seeks proposals for energy efficiency and renewable energy projects in non-residential public, government buildings located in Rodeo, Crockett, Hercules, Pinole, and areas between these locations. Available funds will be allocated to projects beginning with the highest ranking, most cost-effective, projects.

SCHEDULE

Proposals are due by 5pm on November 16, 2009.

If funds remain after the 1st Request for Proposals (RFP), a 2nd RFP may be issued at a later date.

Tentative schedule for program funding cycle:

November 16, 2009	Proposals due to Air District by 5:00 pm (Late proposals will not be considered)
Week of October 12, 2009	Application workshop held (location to be announced).
February/March 2010 (tentative)	Funding Agreements issued to grant recipients.

FUNDING

The Air District anticipates awarding between 5 and 20 grants. Each grant and application may include only one (1) location site (“project”). Each project may include multiple project components of varying categories. The total amount available is approximately \$4 million; the maximum grant amount per project is \$2,000,000.

Project components within an application will be individually considered for eligibility, cost-effectiveness, and co-benefits; a project may be funded in whole or in part depending on the cost-effectiveness of its project components. The Air District reserves the right, without qualification, to reject any or all applications received in response to this announcement and to select any application, in whole or in part, as a basis for negotiation and/or award. The anticipated award size for project components are as follows:

Estimated Award Size:

Project Component Category	Estimated Number of Awards	Estimated Approximate Amount per Project Component
Energy Efficiency Measures	3 – 15	\$100,000 - \$750,000
Cool Roofs	1 – 3	\$150,000 - \$300,000
Renewable Energy	1 – 2	\$1,000,000 - \$1,500,000
Total Estimated Awards:	5 – 20	

Cost-Effectiveness

Program cost-effectiveness is defined as the amount of grant funding requested to reduce one metric ton of CO₂ emissions. The maximum cost-effectiveness for a single project component is \$3,000 per ton of CO₂ emissions reduced. The more CO₂ emissions reduced from a proposed project component, relative to the cost of that component, the better the cost-effectiveness will be*. Projects will be ranked based on their cost-effectiveness; the more cost-effective a project component is the higher it will be ranked. Cost-effectiveness is calculated using the following formulas:

$$\text{Cost-effectiveness} = \frac{\text{grant funding requested}}{\text{MT CO}_2 \text{ emissions reduced}} = \text{program } (\$) \text{ per ton of CO}_2 \text{ emissions reduced}$$

FOR ELECTRICITY PROJECT COMPONENTS:

$$\text{Metric tons (MT) CO}_2 \text{ emissions reduced} = \# \text{ of kilowatt hours (KWh) reduced} \times 0.0002883 \left(\frac{\text{MT CO}_2}{\text{KWh}} \right)$$

FOR NATURAL GAS PROJECT COMPONENTS:

$$\text{Metric tons (MT) CO}_2 \text{ emissions reduced} = \# \text{ of therms reduced} \times 0.005306 \left(\frac{\text{MT CO}_2}{\text{therm}} \right)$$

Tips:

- Project components which yield the most reduction in electricity and/or natural gas will be the most cost-effective.
- Project components with the greatest cost-effectiveness (i.e. the lowest number) will be ranked the highest and therefore are most likely to be selected for award.

Source: California Climate Action Registry 2007 conversion factors for PG&E = 0.63567 lbsCO₂/KW

*The lower the cost-effectiveness number, the more cost-effective the project component.

Co-Benefits

Project applicants shall demonstrate and quantify any substantial co-benefits provided by the project through reduced emissions of criteria pollutants or toxic air contaminants, and the District will give credit for such co-benefits in the selection process.

Eligible Project Costs

Only physical improvements that result in permanent emissions reductions that are verifiable and quantifiable are eligible for funding. All project costs must be identified in the original grant application and must be included in the project budget in the funding agreement in order to be eligible for reimbursement. Funding will cover the entire cost of project components minus any corresponding PG&E and/or California Solar Initiative incentive(s).

Payment

Payments are made on a reimbursement basis, after project costs are incurred and documented. Costs incurred prior to the execution of the funding agreement are not eligible for reimbursement. 15% is withheld from each payment until the Air District receives and approves the Final Report and Final Invoice.

PROJECT REQUIREMENTS

Eligible projects must meet the following requirements:

BASIC ELIGIBILITY:

1. **Eligible Recipients and Authority to Apply:** Grant recipients must be responsible for the implementation of the project, and have the authority and capability to complete the project:
 - a. **Eligible Recipients:** Applicants may be non-profit, public, or private entities.
 - b. **Authority to Apply:** Applications must include either: 1) a signed letter of commitment from an individual with authority to enter into a funding agreement and carry out the project (e.g., Chief Executive or Financial Officer, Executive Director, City Manager, etc.), or 2) a signed resolution from the governing body (e.g., City Council, Board of Supervisors, Board of Directors, etc.) authorizing the submittal of the application and identifying the individual authorized to submit and carry out the project.
2. **Geographical Eligibility:** Only projects located in Rodeo, Crockett, Hercules, Pinole, and areas in between these locations are eligible for funding.
3. **Building Eligibility:** Projects must be for non-residential public buildings. For the purposes of this program, “public building” means a building owned by a public entity.
4. **Building Life:** The building in the application must remain in operation at the same or greater level of use for the lifetime of the greatest expected useful life of the project components included in the application (minimum 5 years).
5. **Readiness:** Projects must commence by November 30, 2010, or sooner. For purposes of this requirement, “commence” means to place order of the product(s) provided by the project, or to award a construction contract. Project components must be completed by June 30, 2011.
6. **Cost-Effectiveness:** Each project component must achieve a cost-effectiveness of \$3,000, or less, per ton of CO₂ emissions reduced.
7. **Energy Audit:** Project sponsors must have an energy audit conducted by PG&E on the building included in the application. To schedule an audit, contact the PG&E Customer Service Center at **1-800-468-4743**. If PG&E is unable to conduct an energy audit, an alternatively sourced energy audit may be substituted following approval by the Air District.

ELIGIBLE PROJECT CATEGORIES:

8. **Energy Efficiency:** Energy efficiency measures must be included in an energy audit report.
9. **Cool Roofs:** Cool roofs may only be installed at locations where air conditioning is currently used and must:
 - a. Maintain full reflectivity for a minimum of 10 years,
 - b. Be compatible with existing roofing system, and
 - c. Be Title 24 compliant
10. **Renewable Energy Generation:** New and renewable energy measures may only be installed on buildings that currently achieve a high level of energy efficiency or for which significant energy efficiency measures are being proposed and must be recommended in an energy audit report.

FUNDING REQUIREMENTS:

11. **Minimum Grant Amount:** \$200,000
12. **Maximum Grant Amount:** \$2,000,000
13. **Period of Performance:** The anticipated period of performance for the project is up to 42 months, with the final 2 years available for data collection, after all portions of the project are completed within the first 18 months.
14. **Expend Funds within 18 months:** Project sponsors must expend the awarded funds within 18 months of the effective date of the funding agreement.
15. **Matching Funds:** Project sponsors must apply for each PG&E incentive recommended in the energy audit conducted for the building included in the application. Any recommended PG&E Incentive(s) must be identified as matching funds in the application. No other matching funds are required; however, applicants are encouraged to apply other sources of funds to the project as matching funds to improve the project's cost-effectiveness and ranking.

OTHER REQUIREMENTS:

16. **Surplus Emissions:** An activity is eligible for funding only if the GHG emission reductions are "surplus" because (1) they are not required by any law, regulation, permit, court order, order issued by an administrative agency, memorandum of understanding, or other legally binding document; (2) GHG emissions will be reduced beyond what would have happened in the absence of the grant; and (3) the grant is needed for the activity to occur in a timely and successful manner (taking account any available rebates, incentives, or tax credits).

Grant recipients shall not seek credit towards any GHG reduction obligations such as the Global Warming Solutions Act of 2006, California Health and Safety Code Section 38500, et seq., for early voluntary reductions of GHG emissions based on GHG reductions that result from any project component funded in any part by a grant from the Carbon Offset Account.

Grant recipients shall further agree not to use any project component for credit under any state or federal emissions averaging, banking, or trading program or to use any emission reduction generated by any project component as marketable emission reduction credits or offsets of any type or to offset any emission reduction obligation of any entity.

17. **Audit:** The Air District may audit any project funded in any part with funds from the Carbon Offset Account. Grant recipients shall agree to submit to such audits. In addition, grant recipients shall be required to make available to the Air District, for public distribution, all records showing the activities that were conducted with the grant funds, the cost of the activities, and all records relevant to evaluating the GHG reductions achieved.

- 18. Monitoring and Reporting:** Progress reports will be due on a quarterly basis until the project is complete. Post-project monitoring will be required semi-annually for two (2) years following the completion of the project.
- 19. Signed Funding Agreement:** Only a fully executed funding agreement (i.e., signed by both the project sponsor and the Air District) constitutes the Air District's award of funds for a project. The Air District Board of Directors approval of an application does not constitute a final obligation on the part of the Air District to fund a project.
- Project sponsors must sign a funding agreement within 60 days from the date it has been transmitted to them in order to remain eligible for award of funds.

APPLICATION INSTRUCTIONS

Each proposal must include the application and the attachments listed below. Submit the excel portions electronically as well as sending a hard copy by mail.

Part 1: Summary Information (*Excel Form*): Provide all information requested (shaded in yellow).

Part 2: Implementation Schedule (*Excel Form*): Provide all information requested (shaded in yellow).

Part 3: Cost-Effectiveness: (*Excel Form*): Provide all information requested (shaded in yellow) for the project components you are applying for; for additional instructions, see "Part 3 Instructions" tab of application workbook.

Part 4: Co-benefits (*Excel Form*): Provide a description of co-benefits resulting from project components included in the proposal. The Air District will evaluate any information provided in this section; however, it is optional and not required for submitting an application.

Part 5: Summary of Project Components: Provide brief narrative of each project component.

Part 6: Certification and Survey: Initial and sign.

Attachments: Provide the following attachments with each proposal:

- Letter of commitment/resolution:** Provide documentation authorizing the submittal of the application and identifying the individual authorized to submit and carry out the project. Applications must include either:
 - A signed resolution from a governing body, or
 - An authorizing letter of commitment from an individual with authority to enter into a funding agreement and carry out the project.
- Quote(s):** from contractor for all project components included in the application.
- Copies of utility (gas & electric) bills:** include copies for a minimum of 12 months.
- Energy audit report:** highlighting project components included in the application.
- PG&E Incentive Documentation:** copy of completed application for PG&E incentive program for any PG&E incentives applicable to any project component included in the application.

SUBMITTAL PROCESS

- Complete Application Parts 1-4 in Microsoft Excel and email to: kscholnick@baaqmd.gov.
- Submit two (2) hard copies of complete proposal (Application Parts 1-6 and attachments) by mail and/or hand-delivery to:
Karen Schkolnick, District Grant Programs Manager
Bay Area Air Quality Management District
Strategic Incentives Division
939 Ellis Street, San Francisco, CA 94109

Application Parts 5 and 6, and attachments sent by email and/or by fax will not be accepted.

WORKSHOP AND ASSISTANCE

An application workshop is tentatively scheduled for the week of October 12, 2009. Exact time and location for the workshop will be posted on the Air District's website the week of September 14th, 2009. Applicants are strongly encouraged to attend the application workshop. Attendance at a workshop is free and not required. Applicants may also contact the Air District to discuss their project with Air District staff prior to submitting an application.

For more information please contact us and let us know how we can assist you.

Air District Program Contact:

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