

CALIFORNIA ENERGY COMMISSION

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**Addendum 2****September 16, 2011****GRANT SOLICITATION APPLICATION PACKAGE****Advanced Medium- and Heavy-Duty Vehicle Technologies Pre-Commercial Demonstrations
PON-10-603**

The purpose of this addendum is to amend the solicitation manual for the following:

- Section 2 – Application Due Date
- Section 3 - Purpose
- Section 6 - Definitions
- Section 7 - Eligible Applications and Projects
- Section 9 - Funding Information
- Section 14 – Schedule of Application and Award Process
- Section 17 – Project Submittal Requirement

2. Application Due Date: October 7¹⁴, 2011 by 4 p.m.

3. Purpose:

This is a competitive block grant solicitation. The California Energy Commission (Energy Commission) is seeking applications from not for profit technology entities (see Section 5⁶ Definitions) to administer, manage and coordinate demonstration projects for advanced, alternative technology medium- and heavy-duty vehicles for near commercial on- and off-road applications. Preference will be given to demonstration projects that focus on moving goods and people in California's air basins with the greatest need for reducing greenhouse gas and criteria emissions.

The purpose of this solicitation is to demonstrate and enhance market acceptance of near-term commercial applications of alternative technologies and alternative fueled vehicles, including transit buses, in California's commercial goods movement and transit sectors. Projects must show near term commercialization

and production capabilities, reduce greenhouse gas (GHG) emissions, and reduce petroleum use.

Research projects are not eligible for funding under this solicitation.

6. Definitions:

For the purpose of this solicitation these terms shall be defined as follows:

Alternative Fuel: Electric, compressed natural gas, liquefied natural gas, liquefied propane gas, E-85, and hydrogen.

Alternative fueled vehicles: Battery-electric, hybrid-electric, ~~other hybrid power storage~~ and/or hybrid drive systems, liquefied propane gas, compressed natural gas, liquefied natural gas, E-85, or hydrogen powered vehicles.

Application: An application is the full suite of projects proposed under this solicitation by a single entity.

Deployment Project: A project proposing to deploy vehicles using an advanced vehicle technology that is commercially available or a project proposing to deploy more than five vehicles of the same vocation using the same technology.

Not for Profit Technology Entity: A nonprofit corporation that has filed and is in good standing with the Secretary of State, and that has experience with advanced vehicle technologies.

Pre-Commercial Demonstration: On- or off-road demonstration of a new vehicle technology that is assembled, tested, and ready for operation in California, to prove its technical or market viability prior to commercial vehicle production launch. Production launch means after first commercial sales have occurred. A demonstration assesses vehicle performance, fuel savings, petroleum reduction, and/or emission reduction benefits to justify future vehicle acquisitions.

Project: A project is a single pre-commercial advanced vehicle technology demonstration with a unique project team, tasks, deliverables, budget, and schedule. Multiple vehicles may be demonstrated in different regions of the state and still be considered a project.

Prototype: A fully functional and operational alternative fuel demonstration vehicle, or model of the advanced technology fully integrated into the demonstration vehicle, on which commercial production copies will be based. Prototype can be an advanced technology in a new configuration or a commercial technology integrated into a hybrid system.

Research: The careful, systematic, and reasonably thorough study and investigation in a particular field of knowledge, for the purpose of discovering or establishing facts or principles and developing a product or process.

7. Eligible Applications and Projects:

Each application must include multiple projects in air basins with the greatest need for reducing criteria emissions. Each application may include multiple types of vehicle technologies.

Each project must have a fully developed and operational prototype of the vehicle technology to be demonstrated, that is not yet ready for commercial sale. To be eligible under this solicitation:

- Projects must be demonstrated in California in at least one or more of the following air basins:
 - Mojave Desert Air Basin
 - San Joaquin Valley Air Basin
 - San Francisco Bay Area Air Basin
 - South Coast Air Basin

The vehicles must be operated in the air basin at least 50% of the total demonstration time.

- Projects must demonstrate either:
 - On-road, alternative fuel powered and/or hybrid vehicles with a 10,001 gross vehicle weight rating (GVWR) or greater, or
 - Off-road alternative fuel powered vehicles with an engine rating of 50 horsepower or greater and high fuel use (Must show minimum use of 500 gasoline or diesel gallons equivalent per year.)
- Projects must have an existing vehicle or engine manufacturer, at a minimum, as a partner to the demonstration project.
- Project must have a client partner for whom the vehicle's market application and duty cycle are being tested, such as a port, utility, fleet owner, or company selling or distributing product.

Only pre-commercial demonstration and testing of prototype projects are eligible.

The following project types **ARE NOT** eligible for funding under this solicitation:

- Paper studies (e.g., feasibility studies)
- Surveys
- Research
- Deployment

- ~~Prototype testing to meet certification protocol~~
- Fueling infrastructure

The following project types **MAY BE** part of the project, but must be funded by match funds:

- Auxiliary power units (APUs). Note: If the APU is used to provide motive power, Energy Commission funds may be used for this equipment.
- Prototype testing to meet certification protocol (i.e., dynamometer testing).

Preference will be given to projects for goods movement corridors or transit districts, for projects in regions with poor air quality or which are identified as goods movement corridors in the U.S. Environmental Agency's Clean Air Technology Initiative (<http://www.epa.gov/region9/cleantech/pdfs/workplan.pdf>).

Teaming between not for profit technology entities, private companies, and air districts is strongly encouraged. Preference will be given to Applications and to projects that demonstrate a clear partnership with one or more of the following air districts: Bay Area Air Quality Management District, Mojave Desert Air Quality Management District, San Joaquin Valley Air Pollution Control District, South Coast Air Quality Management District.

9. Funding Information:

The maximum funding available for this solicitation is \$816,940,000. ~~The Commission may add \$8,000,000 from the 2011-2012 Investment Plan, for a total of \$16,940,000.~~ However, the Commission reserves the right to increase this amount up to \$26,940,000.

Applications should be submitted for the intended \$16,940,000:

- \$8,940,000 is available for battery electric or hybrid electric vehicle technology demonstration projects.
- \$8,000,000 may become available for alternative fueled vehicle technologies. Applicants may propose projects demonstrating alternative fueled vehicle technologies in anticipation of the additional funding. ~~If the project is selected for an award, the award will be contingent upon approval of the additional funding.~~

The Energy Commission reserves the right to reduce an award to an amount deemed appropriate in the event the maximum funding available for this solicitation does not provide full funding for each of the top-scoring applications. In this event, the Grantee and the Energy Commission shall meet and reach agreement on a scope of work commensurate with the level of available funding.

Each project within the application will be scored individually. Only projects that receive passing scores will be eligible for funding.

There is no minimum funding amount per application. The Energy Commission plans to make up to three awards to entities with the highest score for projects benefitting the designated air basins. However, the Energy Commission will consider making more than three awards if the highest scoring entities are not awarded the full amount available.

A maximum of 5 percent of the total award may be used by the Applicant for administering this block grant.

14. Schedule of Application and Award Process:

Event	Date
Release of solicitation	August 19, 2011
Pre-Application Workshop	September 6, 2011 10:00 am
Deadline to submit questions	September 7, 2011 no later than 4 pm
Posting of answers to questions received at the application workshop, via US mail or email	September 12 <u>16</u> , 2011
Deadline to submit applications	October 7 <u>14</u> , 2011 no later than 4pm
Post Notice of Proposed Awards (estimated)	December <u>January 2012</u>
Approval of awards at Energy Commission Business Meeting (estimated)	March 2012
Anticipated date for work to begin	2 weeks after approval of awards

17. Project Submittal Requirements

All Projects must include the following:

A. Project Cover Page

Projects must include a complete and signed Project Cover Page shown in Attachment A-2. **The Project Cover Page must be signed by an authorized representative of the project's organization.** The Project Cover Page includes a certification that the organization has an operational prototype vehicle of the technology to be demonstrated at the time of application. The Project Cover Page shall identify a team lead or project manager, who will be the one individual responsible for interacting with the Applicant on all issues

relating to the overall project and coordinating all aspects of work under the project.

B. Project Narrative

The Project Narrative must include a detailed description of the proposed project, including the entity that will own and operate the proposed project, operational goals and objectives of the proposed project, and an explanation of how the proposed project:

- Complements, and does not interfere with, efforts to achieve and maintain federal and state ambient air quality standards and to reduce toxic air contaminant emissions; and maintains or improves upon emission reductions and air quality benefits in the State Implementation Plan for Ozone, California, Phase 2 Reformulated Gasoline standards, and diesel fuel regulations. These requirements are described in the *FINAL REGULATION ORDER: Regulation for the AB 118 Air Quality Guidelines for the Air Quality Improvement Program and the Alternative and Renewable Fuel and Vehicle Technology Program* that can be found at <http://www.arb.ca.gov/regact/2008/aqipfuels08/oalfinreg.pdf>.
- Complies with the prohibition against funding projects that are required to be undertaken by state or federal law, district rules or regulations, memoranda of understanding with a governmental entity, or legally binding agreements or documents. This prohibition is described in section 3103 of the *Final Regulation Language, Alternative and Renewable Fuels and Vehicle Technologies Program* that can be found at: <http://www.energy.ca.gov/2008publications/CEC-600-2008-013/CEC-600-2008-013-F.PDF>

The Project Narrative also must include **a description of the prototype vehicle that includes vehicle specifications, gross vehicle weight rating, and a comparison of the prototype vehicle to the demonstration vehicle. The Project Narrative should also include a** discussion of how the proposed project addresses each of the project technical scoring criteria as described in Attachment B. Provide sufficient detail so that reviewers will be able to evaluate the project against each of the project technical scoring criteria.

C. Letters of Support/Commitment

1. A letter from the vehicle or engine manufacturer that describes their participation in the project and expressed interest to develop the market for the demonstrated technology.
2. Letter(s) from funding partners that include their funding amount commitment for the specific demonstration project. The letter should distinguish the levels of in-kind and cash match.

3. Letter(s) from the client partner(s) for whom the vehicle's market application and duty cycle are being tested, such as a port, utility, fleet owner, or company selling or distributing product.

D. Budget

Each project must complete a Budget Summary and Detailed Budget form (see Attachment G). Instructions for completing the Budget forms are included in Attachment F. **Electronic files for the Budget must be in MS Excel.** All project expenditures (match share and reimbursable) must be expended within the approved term of the funding agreement. The requirements for match share funding are included in Section 10 of this solicitation.

Projects should also budget for permits, insurance, etc., and limit the funding source to match funds.

The Budget should allow for the preparation and submission of monthly progress reports (2-4 pages each) to the Applicant during the approved term of the agreement, Annual Reports, and a Final Report. Instructions for preparing the monthly progress reports, Annual Reports and Final Report will be provided to successful Applicants.

For any known subcontracts included in the budget, including agreements with project partners, the project shall provide a detailed budget breakdown of subcontractor costs. If the subcontractor is unknown, the project shall include estimated costs with as much detail as is reasonably available. Projects will be required to finalize subcontractor budgets prior to the subcontractor beginning work on a task in the grant agreement.

The purchase of equipment (items with a unit cost greater than \$5,000 and a useful life of greater than one year) with Energy Commission funds will require disposition of purchased equipment at the end of the project. Typically, recipients of grant funds may continue to utilize equipment purchased with Energy Commission funds as long as the use is consistent with the intent of the original Grant Agreement. *There are no disposition requirements for equipment purchased with match share funding.*

E. Technical Task List and Schedule of Products

Each project must include a technical task list that details the project organization's responsibilities, products, and delivery schedule. If the project is proposed for award, the technical task list and schedule of products will be integrated into a master Scope of Work and Schedule of Products. Preference will be given to projects that can be completed successfully within 18 to 24 months of the start date.

The Scope of Work template is available (Attachment C) as a reference for the format and level of detail required for each technical task.

F. CEQA Compliance Form

Each project must complete Attachment L. The Energy Commission needs this information to assist its own determination under the California Environmental Quality Act (Pub. Resource Code Section 21000 et seq.).

G. Local Health Impacts Information (if applicable)

Each project must complete Attachment N if the project will require a discretionary permit. The Energy Commission needs this information to comply with the Air Quality Guidelines (California Code of Regulations, Title 13, Chapter 8.1, Section 2343(c)(6)(A)).