

Smart Grid Demonstration
Funding Opportunity Announcement

DE-FOA-0000036

Frequently Asked Questions

June 26, 2009

Introduction

The Department of Energy has reviewed all comments submitted in response to the Draft Smart Grid Demonstration Program (SGDP) Funding Opportunity Announcement (FOA), DOE-FOA-0000036, released on April 16, 2009. The final version of this FOA, released on June 25, 2009 reflects various changes based on these comments. Potential applicants should carefully read the final version of the FOA to ensure that they understand all requirements and determine if their specific questions have been addressed. If not, Applicants are encouraged to submit questions via the method described in FedConnect. To further clarify the applicants' understanding of the FOA, DOE is providing the following list of questions based on the comments submitted. Answers to each question are provided but in no case do these answers supersede the information provided in the FOA.

Questions

Question 1:

What are the primary differences between the Draft and the Final SGDP FOAs?

Response 1:

There are several differences between the Draft Smart Grid Demonstration Program (SGDP) Funding Opportunity Announcement (FOA) issued on April 16, 2009 and the Final SGDP FOA issued on June 25, 2009. The major differences are:

1. Clarified the differences between the Smart Grid Investment Grant (SGIG) and SGDP FOA

Language was added to both FOAs that described the purpose of each and highlighted the significant differences. In addition, in the SGDP FOA, the purpose of the SGDP FOA was further described to point out additional differences to give potential offerors a better understanding

2. Increased the Anticipated Award Size of the Area of Interest 1, "Smart Grid Demonstrations"

The potential government share of a project was increased to \$100M. In the draft FOA the maximums were \$40M for an investor-owned utility (IOU) and \$20M for a public-owned utility (POU). In addition, the IOU and POU minimums, \$20M and \$5M, respectively were removed

3. Government Share by Utility Type Removed

The type of utility ownership (see #2 above) was removed, making all utilities equal in the "maximum" amount of government funds that they can receive.

4. Eligibility of Federal Entities

Language was added to clarify the eligibility of Power Marketing Administrations, Tennessee Valley Authority and US Postal Service, i.e., none are permitted to apply as a prime but can be part of a team. The draft FOA was vague in this area.

5. Language Updated:

Significant updates were made to the following sections. These updates were partly based on comments/suggestions made during the comment period and additional work by DOE to clarify and enhance the original language.

- a. Cybersecurity language
- b. Interoperability language
- c. Cost benefit analysis language

6. Merit Review Criteria Modified

The Merit Review Criteria in the draft SGDP FOA were:

1. Technical Merit (35%)
2. Significance and Impact (25%)
3. Project Approach (20%)
4. Project Team (20%)

In order to match up more closely with the SGIG and to increase the "impact" of the Cyber Security and Interoperability, the Merit Review Criteria were changed to:

1. Project Approach (35%)
2. Significance and Impact (25%)
3. Cyber Security and Interoperability (20%)
4. Project Team (20%)

7. Synchrophasor Area of Interest

What was originally Area of Interest #2, "Synchrophasors", was removed and what was Area of Interest #3, "Energy Storage" is now Area of Interest #2. The Synchrophasor area is part of the SGIG FOA

Question 2:

Will DOE accept applications to both the SGIG and the SGDP FOAs from the same entity? Will DOE accept more than one application to the SGDP FOA from the same entity?

Response 2:

DOE will accept separate applications to both the SGIG and the SGDP FOAs from the same entity(ies) as long as the applications are for distinctly different projects (distinct scope, project plan and funding). DOE will also accept multiple applications to the SGDP FOA from the same entity(ies) as long as the applications are for distinctly different projects (distinct scope, project plan, and funding). In either case, each distinct

application will be evaluated on its own merits alone and no award will be made that is contingent on funding from any other SGIG or SGDP project. In no case can federal funds from both the SGIG and the SGDP FOAs be used to fund a single project.

Question 3:

Page 5 Special Restriction under the Energy Independence and Security Act of 2007 - The restriction stated here is that a recipient of a 1304 Demonstration Project cannot use a 1306 Deployment funded project as matching funds on the Demonstration project, not that a recipient of a 1304 project cannot receive a 1306 award also - is that correct?

Response 3:

The intent of that language is to prohibit a recipient from receiving an award under the Smart Grid Investment Grant Program (EISA Section 1306) to reimburse them for costs which are included in their award under the Smart Grid Demonstrations Program (EISA Section 1304).

Question 4:

Who will be the technical merit reviewers of the applications?

Response 4:

DOE expects to receive a large number of applications to this FOA. In conducting the technical merit review of applications, DOE plans to augment its own staff by undertaking a nationwide recruitment effort of technical experts to assist in the merit review process. Reviewers will come from other federal agencies, state agencies, universities and colleges, national laboratories, and the private sector. Reviewers will sign agreements with DOE to ensure that information in the applications will be kept confidential and that there will be no conflicts of interest.

Question 5:

Does DOE have unique cyber security requirements that differ from typical industry requirements?

Response 5:

DOE requirements concerning what the applicants projects plans must contain are found in the FOA. In an effort to aid applicants in thinking about issues related to cyber security, the following thoughts are offered.

1. Smart Meters should provide the capability to fulfill critical functions in a secure and resilient manner (perhaps in a degraded mode that still provides essential services) during and after an attack, accident, emergency situation, subsystem failure, or in response to unexpected malicious or accidental inputs.
2. The Smart Meter security environment should ensure that the Smart Meters are not usable as conduits for attacks on other Smart Meters or Smart Grid systems

- and components, end users, external service providers (e.g., telecommunications), or any other interconnected and interdependent device.
3. Smart Meters should protect the privacy of customer-sensitive data and the confidentiality of business-sensitive data in transit and in storage.
 4. Smart Meters should ensure the integrity, non-repudiation, and availability of event signals, control message, commands, and other operational data.
 5. Smart Meters should be physically tamper resistant.
 6. Smart Meters should protect against unauthorized remote or local access to operations or modifications.
 7. Smart Meters should audit all cyber security-relevant functions. Smart Meters shall collect, protect, and transmit, for analysis, sufficient forensic and tracking data to support comprehensive auditing of cyber security, real-time intrusion detection capability and incident response in reaction to a malicious or accidental cyber event.
 8. Where Smart Meters contain cryptographic keys for authentication, encryption, or other cryptographic operations, a key management scheme should provide for adequate protection of cryptographic materials as well as sufficient key diversity. Each Smart Meter should have unique credentials and key material such that compromise of one meter does not impact other deployed meters. The key management system should also support an appropriate lifecycle of periodic re-keying and revocation.
 9. Smart Meters should have the capability for timely, authorized cyber security updates, and be readily extensible and upgradable in the face of a changing threat environment.
 10. The system configuration as installed needs to be fully disclosed to the purchaser to ensure no extra services are installed and no means of undocumented remote access exist.

Question 6:

How do Buy America provisions apply to applications?

Response 6:

The Funding Opportunity Announcement (FOA) contains specific requirements that must be met regarding the Buy America provisions of American Recovery and Reinvestment Act of 2009 (Recovery Act). In addition, the FOA contains a link to the most recent guidance available concerning Buy America provisions, including definitions of public works and compliance with international agreements. The provisions also describe how applicants may request a determination of inapplicability of the Buy America provisions. Applicants should closely study these FOA provisions. Applicants should also continue

to review the Federal Register and similar mechanisms to be aware of any new updates or changes in guidance regarding these provisions.

Question 7:

Reference is made (Area of Interest 1. B.) to produce a smart grid demonstration project “of scale large enough to validate the feasibility of smart grid technologies...”its effectiveness. Are there any criteria (physical or geographical) that define what is “large enough”? Also, whether there is a minimum service territory size or number of participants required to take part in a smart grid demonstration.

Response 7:

The grid structures, functionalities, service areas, utilities, etc. across the United States are all very unique. Given this diversity, it would be extremely difficult for DOE to define a “one-size-fits-all” definition of what is “large enough”. Therefore, it is up to the Applicant to best define their project to meet the described needs of this FOA.

Question 8:

The DOE should reconsider the maximum and minimum costs of projects.

Response 8:

The DOE received many comments regarding the value of the expected projects. The new values are contained in the FOA, Part II – E, “Anticipated Award Size”

Question 9:

With regards to the expected number of awards and \$ value of each award: why are the regional demonstrations with publicly-owned utilities capped at \$20 million? If the project is as large in scope and impact as a project proposed by an investor owned utility, shouldn't it be provided with the same opportunity for funding?

Response 9:

The DOE has removed the “owner-type” criteria from the FOA, Part II – E, “Anticipated Award Size”

Question 10:

DOE should consider increasing the funding level for the Smart Grid Demonstration solicitation. For example, DOE could establish an even funding split between the Demonstrations and Investment Grants. Alternatively, DOE could raise the funding commitment to the Demonstration solicitation to a floor of \$1 billion.

Response 10:

The DOE has not allocated more funding for the SGDP FOA. However, the DOE removed the Synchronphasor Area of Interest (originally #2) from the FOA but left the

funding targeted for this Area of Interest in the FOA. In addition, if during selection, the DOE determines that more funding for SGDP selections would benefit the overall Smart Grid efforts, funding may be readjusted at that time.

Question 11:

Clarify the difference between the Smart Grid Demonstrations and the SGIG FOAs so applicants know to which to apply. Can Applicants be selected/awarded projects under both FOAs. Can cost sharing be applied to both projects; which cost share takes precedence (point out the cost share must be unique; should they sign certification that no double dipping is occurring?)

Response 11:

Per the FOA: “While the two programs are both aimed at modernization of the nation’s electric grid through the application of smart grid technologies, tools, and techniques, they are separate and distinct undertakings.

The SGIG is authorized by EISA, Title XIII, Section 1306 as amended by the Recovery Act. The intent of the SGIG FOA is to provide grants of up to one-half of qualifying smart grid investments to support the manufacturing, purchasing and installation of smart grid devices and related technologies, tools, and techniques for immediate commercial use in electric system and customer-side applications including electric transmission systems, electric distribution systems, building systems, advanced metering, appliances, and equipment. The ultimate aim is to enable smart grid functions on the electric system as soon as possible.

The Smart Grid Demonstration Program (SGDP) is authorized by the EISA, Title XIII, Section 1304 as amended by the Recovery Act. The intent of the SGDP FOA is to provide financial support, up to one-half of the total project cost, to demonstrate how a suite of existing and emerging smart grid technologies can be innovatively applied and integrated to prove technical, operational and business-model feasibility. The ultimate aim is to demonstrate new and more cost-effective smart grid technologies, tools, techniques, and system configurations that significantly improve upon the ones that are either in common practice today or are likely to be proposed in the SGIG Program. Furthermore, these demonstration projects should serve as models for other entities to readily adapt and replicate across the country.

Unlike SGIG, SGDP applications to Area of Interest 1 can include the costs of distributed energy and storage equipment. Under SGDP, the costs of distributed energy and storage equipment can be included up to 20% of the total value of the project.

To the extent possible, impacts, costs, and benefits of projects in both programs will be assessed in a consistent and comparable manner. However, each FOA has technical merit review criteria that are designed to evaluate applications against the intended purpose of the specific FOA.

Question 12:

Can the Power Marketing Administrations (PMAs), e.g., Bonneville Power Administration, Southeastern Power Administration, Southwestern Power Administration, Western Area Power Administration participate

Response 12:

Per PART III - ELIGIBILITY INFORMATION, A. ELIGIBLE APPLICANTS, “Federal agencies, including Power Marketing Administrations, Tennessee Valley Authority, and the United States Postal Service, are eligible only for supporting roles, but not for lead or prime roles.

Question 13:

Will the DOE raise the ceiling on the amount of funds (currently 5% of total project value) that a Federally Funded Research & Development Center (FFRDC) can receive as part of this FOA?

Response 13:

The DOE considered this request but believes that 5% is appropriate for this demonstration program.

Question 14:

Will DOE remove the requirement that “Demonstration projects should be carried out in cooperation and collaboration with the electric utility that owns the grid facilities in which the energy storage system is being installed.”

Response 14:

Per EISA Section 1304, b-3-B Cooperation, “A demonstration project under subparagraph (a) shall be carried out in cooperation with the electric utility that owns the grid facilities in the electricity control area in which the demonstration project is carried out.” Therefore, the DOE is legally obligated to include this requirement

Question 15:

The Draft FOA encourages an integrated team approach, partnering across all Program Areas of Interest, including utilities, vendors, users, system operators, and a range of other public and private entities.

If at the time of the application filing certain partner agreements have not been finalized, can an application indicate different categories or types of partners with whom discussions are underway at the time of filing?

During the various phases of the application, negotiation, and contract award processes, may a team replace one or more partners should they encounter changing circumstances not envisioned at the time of application?

The Draft FOA states “Demonstration Projects should be carried out in cooperation and collaboration with the electric utility that owns the grid facilities in which the energy storage system is being installed. The electric utility may be either the proposing applicant or a team member.” If a project is more aligned with the grid operator, rather than the grid facilities owner, will participation with an ISO or RTO be deemed an acceptable substitute for working with a utility?

Response 15:

The purpose of Criterion 4 “Project Team” is to evaluate the Applicant and team offered in the application. It is not a requirement that all team members be specifically identified but any missing team skill or lack of a solid commitment from a team member could be considered a weakness; thus, would be rated accordingly.

Question 16:

Given the importance of encouraging as many utilities as possible to work together to bring technology to market, the Department should explicitly encourage multiple utilities to work together, using common technology and protocols. Each participating utility should be able to apply for and receive the maximum available grant.

Response 16:

The purpose of Criterion 4 “Project Team” is to evaluate the Applicant and team offered in the application. All project teams will be evaluated against the three subcriteria, to determine the strengths and weaknesses, included under criterion 4. It is up to the Applicant to develop the team that they feel best fits the objectives of this FOA

Question 17:

The 50% cost-share requirement specified in the draft Funding Opportunity Announcement for the Smart Grid Demonstrations Program is too high. Would DOE consider eliminating the cost-sharing requirement, reducing it from 50% to 20% on an overall basis, or perhaps establishing a sliding scale for small businesses?

Response 17:

The American Recovery and Reinvestment Act of 2009 (Recovery Act, Public Law 111-5), amends section 1304(b)(3) of the Energy Independence and Security Act of 2007 to specify that the Secretary of Energy "shall provide to an electric utility described in subparagraph (B) or to other parties financial assistance for use in paying an amount equal to not more than 50 percent of the cost of qualifying advanced grid technology investments made by the electric utility or other party to carry out a demonstration project." Therefore, DOE is only authorized to reimburse recipients for up to one half of the qualifying costs incurred during performance of the demonstration project.

Question 18:

The draft Funding Opportunity Announcement for the Smart Grid Demonstrations Program states that cost share must come from non-Federal sources unless otherwise allowed by law. Can EECBG Block Grant funding be considered as cost share? What about funding that comes from a state?

Response 18:

As stated in Part III – Eligibility Information, Section B. Cost Sharing, of the FOA, cost sharing must come from non-Federal sources. This language is consistent with the requirements specified in the DOE Financial Assistance Rules at 10 CFR 600.123, 10 CFR 600.224, and 10 CFR 600.313. Since the funding provided under the Energy Efficiency and Conservation Block Grant (EECBG) Program is Federal funding, it therefore cannot be utilized to satisfy the cost share requirements of this FOA. This is the case regardless of whether the EECBG funding is provided directly to the applicant or is passed-through a state or local government to the applicant. In general, there is no limitation on state funding being utilized as cost share under a federal award, unless that funding was provided to the state from the federal government via programs such as the EECBG Program, the State Energy Program, or other similar programs.

Question 19:

Can cost share be in-kind or must it be cash, or is there a limit on the amount of in-kind cost share? Is there a limit on cost share proposed by individual partners for a project?

Response 19:

Proposed cost share can be in the form of either cash or in-kind contributions to the project. There are no limitations on the amount of in-kind cost share that can be proposed, and there are no limitations restricting the amount of cost share that can be proposed by each team member or partner. The Financial Assistance Rules for DOE, which are found at Title 10 Code of Federal Regulations Part 600 (10 CFR 600), provide guidance in this area. Specifically, Sections 600.123, 600.224, and 600.313 provide guidance on acceptable contributions toward cost share requirements, as well as guidance on the valuation and documentation of contributions, for “non-profit organizations,” “state and local governments,” and “for profit organizations,” respectively. These requirements, as contained in the regulations, are summarized below.

Acceptable cost sharing or matching contributions, including cash contributions and third party contributions, must meet all of the following criteria:

- They are verifiable from the recipient's records.
- They are not included as contributions for any other federally-assisted project or program.
- They are necessary and reasonable for proper and efficient accomplishment of

project or program objectives.

- They are allowable under the applicable cost principles for the applicant (OMB Circular A-21 for Educational Institutions, OMB Circular A-87 for State, Local and Indian Tribal Governments, OMB Circular A-122 for Nonprofit Organizations, and FAR Part 31.2 for Commercial Organizations).
- They are not paid by the Federal Government under another award unless authorized by Federal statute to be used for cost sharing or matching.
- They are provided for in the approved budget.
- They conform to other provisions of this part, as applicable.

Question 20:

Are you only looking to fund demonstration projects under this FOA, or can proposed projects include a research and development (R&D) component? If so, can the 50% cost share requirement be applied to the demonstration portion of the project with a 20% cost share requirement applied to any R&D effort? What projects under this FOA would not be considered “demonstration and commercial application projects” as referenced on page 23, Part III, B. Cost Sharing?

Response 20:

DOE is looking to fund only demonstration projects under the Smart Grid Demonstrations Funding Opportunity Announcement. We understand that proposed projects may include some incidental R&D work, but the overarching purpose of the project must be demonstration. As stated above, the minimum cost share requirement for all awards made under this FOA will be 50%.

Question 21:

When must the applicant’s cost share be available? Will DOE accept cost sharing commitments that are contingent on decisions made by third parties such as rate commissions? Must cost share funding be as firm in the out years of the project as for the first year?

Response 21:

The Recipient’s cost share may be provided according to a schedule proposed by the applicant and accepted by DOE. There is no predetermined time at which any portion of the recipient’s cost share must be made available. However, as specified in the FOA, the applicant must provide cost share commitment letters from all third parties that are proposed to provide cost share support to a project. Any proposed cost share that is contingent or undefined would result in a lower rating for that element of the application.

Question 22:

Can we count direct investments in smart grid technology that we have made in the past as cost share for this award? Can funds that we committed to underlying smart grid research be counted as cost share? Can we claim the value of previously

developed proprietary software or hardware systems as cost share? How closely must the proposed cost share effort coincide with the performance period of the award?

Response 22:

The DOE Financial Assistance Rules (10 CFR 600) speak clearly to this issue stating that a recipient may charge to the award only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by DOE. This is the case regardless of whether the costs are proposed for reimbursement by DOE funds, or utilized as in-kind cost share contributions. Without Contracting Officer approval, pre-award costs are limited to a period 90 days prior to award of the grant/cooperative agreement. With Contracting Officer approval, pre-award costs may be authorized in excess of 90 days prior to award, but not beyond the selection date of applications under the FOA. All pre-award costs are incurred at the Recipient's risk.

Question 23:

How will an applicant "obtain the prior approval of the contracting officer for any pre-award costs that are for periods greater than this 90 day calendar period"? This funding restriction unduly burdens our project, as we have spent millions of dollars in the past several years in implementing our smart grid project. We support a change in this restriction in order to continue to advance smart grid technology. This could be accomplished by extending the Pre-Award Costs criteria to 180 days or 270 days from contract award.?

Response 23:

After an applicant has been notified that their application has been selected under the FOA for negotiations leading to an award, they would then be able to submit a request to the Contracting Officer for approval of preaward costs incurred in excess of 90 days prior to award. It is at the discretion of the DOE Contracting Officer as to whether or not to allow preaward costs in excess of the 90 day period, but in no circumstances will such costs be allowed if they were incurred prior to the selection date of applications under the FOA. All pre-award costs are incurred at the Recipient's risk.

Question 24:

The Smart Grid Demonstrations FOA limits opportunities for small business by imposing cost share and by not requiring small business participation. DOE should require that all teams include a small business, that 15% of each award go to U.S. small businesses, and that all applications include a small business participation plan.

Response 24:

Unlike in the acquisition arena, where the Federal Acquisition Regulation specifically addresses this, there are no specific regulations which establish small business participation targets for financial assistance actions. In addition, there are no mechanisms in place to identify which entities qualify as small businesses for financial assistance purposes. That being said, there are many small businesses which participate in financial

assistance awards as either a prime recipient or a subrecipient. However, DOE is not authorized to implement policies or procedures on our financial assistance actions which favor small businesses. The cost sharing and other requirements under the resultant financial assistance awards are the same for all for-profit entities, whether or not they are small businesses.

Question 25:

What are the exact components for the total allowable cost of a project?

Response 25:

Please review the appropriate “Allowable costs” sections of the DOE Financial Assistance Rules at 10 CFR 600 for more guidance regarding allowable costs under financial assistance awards? These sections are 10 CFR 600.127 for Institutions of Higher Education, Hospitals and Other Non-Profit Organizations, 10 CFR 600.222 for State and Local Governments, and 10 CFR 600.317 for For-Profit Organizations. In addition, applicants should ensure that all proposed costs are allowable under the applicable Federal cost principles (OMB Circular A-21 for Educational Institutions, OMB Circular A-87 for State, Local and Indian Tribal Governments, OMB Circular A-122 for Nonprofit Organizations, and FAR Part 31.2 for Commercial Organizations).

Question 26:

On page 23, the Draft FOA provides that the cost share must be at least 50% of the total allowable costs for demonstration and commercial application projects and that applicants are encouraged to propose projects that exceed that minimum cost share requirement. This clearly indicates that proposing only 50% cost sharing in an application will be viewed negatively and that proposals with higher proposed cost-share percentages will be favored. Thus, we urge DOE not to penalize an applicant solely for proposing only 50% cost share if the applicant can demonstrate that 50% cost share is appropriate.

Response 26:

Applicants will not be penalized for proposing projects that meet the 50% cost share requirement specified in the award. However, projects that exceed the 50% cost share minimum may be ranked higher in accordance with the “Other Selection Factors” under Part V – Application Review Information, of the FOA. The use of the “Other Selection Factors” to select a project that proposes a higher level of cost share would support the goals of the Recovery Act By leveraging the available DOE funding to provide a larger economic impact.

Question 27:

Would preference be given to batteries made by U.S. companies or batteries made by foreign companies in U.S. facilities?

Response 27:

There is no requirement identified in the FOA that batteries utilized in the demonstration project be manufactured by U.S. companies or at U.S. facilities.

Question 28:

The list of “Existing Major Items of Equipment” that is required in an appendix needs to be clarified. In a truly regional demonstration ,this could be very large, long list, that adds no value.

Response 28:

The FOA has been updated to require that Applicants provide the requested information only for equipment items that exceed a fair market value of \$5,000.

Question 29:

Can funding be used for the purchase of renewable energy technologies themselves? In setting up a demonstration site, if the utilities integrate generation with storage, can the cost of setting up the generation part (solar modules for example) be counted as cost share for the proposal?

Response 29:

Unlike the Smart Grid Investment Grant program, Smart Grid Demonstration Program (SGDP) applications to Area of Interest 1 can include the costs of distributed energy resources (DER) and storage equipment. Under SGDP, the costs of distributed energy and storage equipment can be included up to 20% of the total value of the project. The DER/storage effort can either be funded via federal funds or be considered Recipient provided cost share; however, in either case, the proposed DER/storage effort must be considered essential to the objectives of the project.

Question 30:

Please clarify the National Environmental Policy Act (NEPA) requirements for this FOA. DOE should provide guidance in the FOA regarding the potential application of NEPA, including identifying what level of NEPA analysis, if any, it believes most Smart Grid projects will require. In providing such guidance, DOE should recognize that many (if not most) Smart Grid projects will involve adding new and advanced technologies and equipment to existing transmission and distribution infrastructure, resulting in minimal or no impact to the environment.

On page 33 of the FOA, there is a requirement to complete an environmental questionnaire and submit it with the application, however the link provided goes to a web site that indicates that the questionnaire is a post selection requirement. Please clarify whether this questionnaire should be provided as part of the application or post-selection.

Response 30:

Yes, the Environmental Questionnaire must be submitted with the application as specified in the FOA. The required level of NEPA compliance activities will vary from project to project, and can only be determined based upon DOE's analysis of the submitted Environmental Questionnaire and additional documentation, as necessary. DOE is not able to make a blanket determination as to the required level of NEPA compliance activities for all projects proposed under this FOA.

Question 31:

What is the due date for applications submitted under this FOA? Given that the application process may require information that will result from a regulatory hearing, we encourage DOE to provide sufficient time between the issuance of the FOA and the application due date.

Response 31:

The due date for applications in response to this FOA is specified on the coverpage of the final FOA. DOE believes that the due date allows sufficient time for applicants to complete the application process.

Question 32:

Page 26 - Part IV, C.2 – Project Performance Site -- requires applicants to provide a full description of the primary site where the work will be performed, e.g., topography, geography, etc.” Please confirm that applicants must provide topographical and geologic information about the primary project performance site. If so, please provide further guidance on the level of detail DOE prefers with respect to topography and geology and what would be considered authoritative sources for this information.

Response 32:

The language in the FOA has been updated to state that applicants shall provide a brief description of the primary work site. Any detailed information should be submitted as supporting documentation with the Environmental Questionnaire, as necessary.

Question 33:

On page 26, the DOE requests that site control be achieved prior to submission of the proposal. This is an unnecessary expense, given that an award is uncertain. It places utilities in a favored position and independent developers at disadvantage, given the expected short time between release of solicitation and due date of proposals, since utilities can use existing substation property

Response 33:

The language in the FOA has been updated to state that applicants should provide “Evidence of ownership or legal right to utilize the site for the duration of the project

(e.g. deed or lease agreement) or plans to obtain legal rights to utilize the site for the duration of the project.”

Question 34:

Can a proposer submit a proposal under multiple areas of interest?

Response 34:

Under Part I – Funding Opportunity Description, the section titled “Program Areas of Interest,” addresses this in detail. Specifically, that section states that “[Applicants] may submit more than one application; however, Applicants must select and target only one Area of Interest per application...Do not submit identical applications under more than one Area of Interest.”

Question 35:

Will offerors be given an opportunity to make oral in person presentations to DOE with Q&A?

Response 35:

No, DOE will not be utilizing oral proposals under this FOA.

Question 36:

Will there be a discussion period with DOE representatives after submission of the applications?

Response 36:

This is addressed in the FOA under Part V – Application Review Information, under Section B. Review and Selection Process, Paragraph 3. Discussions and Award.

Question 37:

Part IV, Pg. 35 - On page 35 of the FOA, the Funding Plan was not included on the table, although it is required to be included in Other Attachments (Pg. 32). This appears to be an oversight, and we recommend adding this requirement to the table.

Response 37:

Yes, that was an oversight. Both the text and the table have been updated to reflect the requirement for the Funding Plan to be submitted as an attachment to the “Research and Related Other Project Information” form.

Question 38:

I understand we are able to submit more than one application. Each application has to have a unique title and address a specific area of interest. This makes sense. There is

no confusion here.

What I am unclear about is area of interest 3[AOI 2 in the Final FOA] - Utility scale energy storage demonstrations. As you know, area 3 has 5 sub-areas: 3.1, 3.2, etc. From an application perspective, do you consider area 3 in its entirety an area of interest, or is each sub-area an area of interest.

In other words, is it permissible to submit one application targeting sub-area 3.1 and a second application targeting sub-area 3.3? I think the answer here is “yes” but I wanted to make sure.

Response 38:

Yes, applicants are permitted to submit applications targeting separate sub-areas.

Question 39:

R&R Subaward Form – You must provide a separate cumulative R&R budget for each subawardee that is expected to perform work estimated to be more than \$100,000 or 50 percent of the total work effort (whichever is less). (p. 34). Is the Subaward Form required prior to an applicant receiving a grant award?

Response 39:

Yes, the Subaward Form must be submitted with your application package.

Question 40:

If the applicant is also the owner/developer of the proposed project, will any contractor or sub-contractor, including an FFRDC contractor, potentially receiving more than \$100,000 be considered a “first tier subawardee”? (pp. 4 and 34)

Response 40:

You are mixing two separate requirements from the FOA. The \$100,000 threshold established on page 34 is to identify those subawardees that must submit detailed budget information with the application. The reference to “first tier subawardee” on page 4 relates to those entities that must have a DUNS number and be registered in the Central Contractor Registry. Please note that the language in this section has changed slightly in the final version of the FOA.

Question 41:

The FOA should include pro forma grant documentation.

Response 41:

Part VI – Award Administration Information of the draft FOA includes a link to the DOE Special Terms and Conditions for Use in Most Grants and Cooperative Agreements at http://management.energy.gov/business_doe/business_forms.htm.

Question 42:

Under Program Area 1, DOE is seeking applications in two subareas: publicly-owned and investor-owned utilities. Please clarify in the final FOA whether proposals will be evaluated against others within their subarea. For example, will a publicly-owned utility need to demonstrate that its approach is broadly applicable and adaptable to other publicly-owned utilities in the region or to ANY type of utility?

Response 42:

The Regional Demonstrations Subareas identified in the draft FOA have been eliminated as distinct subareas in the final FOA. All proposed Regional Demonstrations projects should be proposed under Area of Interest 1 and will be evaluated against the Merit Review Criteria for Area of Interest 1 identified in the FOA.

Question 43:

For purposes of funding for energy storage projects, if an applicant would be applying for funding for a project comprised of both a photovoltaic system and an energy storage system and both systems are integrated parts of the same project, could the applicant seek funding for both the PV system and the energy storage system?

Response 43:

Yes, however please note the language in the FOA limiting the cost of distributed energy and storage equipment that can be included in projects proposed under Area of Interest 1 to 20% of the total value of the project.

Question 44:

The Notice of Intent (NOI) for EISA Section 1306 (Smart Grid Investment Grant program) excludes as qualifying technologies those technologies that are eligible for federal income tax credits (e.g., solar). There does not appear to be a similar provision in the smart grid demonstration draft FOA. Is this correct?

Response 44:

You are correct, there is no specific language in EISA Section 1304 prohibiting the use of technologies under the Smart Grid Demonstrations Program that are eligible for federal income tax credits. However, please note the language in the FOA limiting the cost of distributed energy and storage equipment that can be included in projects proposed under Area of Interest 1 to 20% of the total value of the project.

Question 45:

In Section G of the Draft FOA (at p. 22), DOE states that it “will accept only new applications under this announcement.” We seek clarification of the limitation placed on applications as follows: (1) Will applications be accepted where the applicant has

applied for a DOE Loan Guarantee for the same project under the “Innovative Technology” program or forthcoming “Rapid Deployment” program?; (2) Will applications be accepted where the applicant has applied for a DOE Loan Guarantee for a different project that employs the same or substantially similar underlying technology?; and (3) Will applications be accepted for projects that receive funding from other federal sources that are not otherwise prohibited by Sections 1304 and 1306 of the EISA?

Response 45:

The referenced language is included in the FOA to state that DOE will only accept new applications under the FOA and not renewal applications, which are requests for additional funding on current awards. As for the other situations outlined in the message, DOE reminds applicants that projects awarded in response to this FOA will be cost-sharing cost reimbursement awards. The proposed effort and costs, including the proposed cost share, must be allocable to this project only and not be funded by any other Federal funding.

Question 46:

Is the Cost and Benefit analysis set forth under Part I.2 of the Analysis of Data, required to be included in the preliminary Project Management Plan that will be included in the application or after the project has been awarded funding?

Response 46:

The language under Paragraph I., “DOE Plans for Analysis of Data,” of the Project Management Plan section of the Project Narrative file has been revised to clarify that in the Project Management Plan submitted with their application, applicants should “provide a discussion of the plan for data collection and determination of project costs and benefits to meet the objectives of the DOE cost benefits analysis methodology.” The Cost Benefit Analysis process is discussed elsewhere in the FOA, including Appendix A.

Question 47:

When will the additional, specific OMB guidance for use of ARRA funding be available?

Response 47:

As stated in the FOA, applicants should consult the DOE website, www.energy.gov, the OMB website <http://www.whitehouse.gov/omb/>, and the Recovery website, www.recovery.gov regularly to keep abreast of Recovery Act guidance and information as it evolves.

Question 48

Does DOE anticipate that one or more full-time staff will need to be added by each awardee and, potentially, first tier subawardee, to comply with the special terms and

conditions for reporting and tracking of funds awarded under the ARRA and subject to the OMB guidance?

Response 48:

The Funding Opportunity Announcement and the referenced OMB guidance specify the additional requirements related to the Recovery Act. The resultant award will also clearly specify these requirements. It will be up to the applicant/awardee and its subawardees to determine how they will manage their personnel to satisfy these requirements.

Question 49:

We suggest revising the second sentence in the second paragraph in the Funding Plan section of the FOA so that it recognizes that some applicants may need to obtain regulatory approval of certain aspects of their funding plan. In addition, we request that the DOE provide further guidance on what type of evidence concerning regulatory approvals a utility applicant will need to supply to the DOE before an award can be made and also, how that will impact the DOE's consideration of the application.

Response 49:

There subject language has been updated to reflect the recommended change. As for the type of evidence that is appropriate to be provided in such situations, that will vary from project to project. Therefore, the applicant should submit the information that it feels is necessary to document the required regulatory approvals.

Question 50:

Under DOE's "Merit Review Guide For Financial Assistance" – section V., Evaluation and Selection Plan for FOAs -- the agency is required to disclose its Evaluation and Selection Plan. Does DOE intend to issue the Evaluation and Selection Plan prior to issuing the final FOA? We would appreciate the opportunity to review and comment on a draft Evaluation and Selection Plan.

Response 50:

There is no requirement in DOE's "Merit Review Guide for Financial Assistance" or any other document for DOE to make its Evaluation and Selection Plan for a FOA available to the public, as it is a procurement sensitive document. DOE is required to inform potential applicants as to how their applications will be evaluated. This process and the evaluation criteria are contained in the FOA under Part V – Application Review Information.

Question 51:

Page 40 - Part V, The Application Review Information, states DOE will evaluate technical merit based in part on (1) likelihood of success based on current technology maturity and regulatory/stakeholder acceptance of the technology and (2)

innovativeness of the project, including introduction of new technologies and creative applications of new technologies. These criteria appear to be in conflict. We would appreciate further guidance. For example, will these two standards of merit be given equal weight in the selection process or will there be a preference for current technologies already accepted by regulators and other stakeholders?

Response 51:

These merit review criteria are not necessarily contradictory. Many demonstration projects proposed under this FOA will include a mixture of both current technologies utilized in new and innovative ways, along with new technologies that will be demonstrated in concert with the current technologies. The inclusion of both of these merit review criteria will allow DOE to perform a comprehensive review of all applications submitted under the FOA.

Question 52:

How long is the project period? DOE should allow for a longer project timeframe.

Response 52:

Under Part II – Award Information, of the FOA, section F titled “Period of Performance,” addresses this question by stating that DOE anticipates making awards with project periods of three to five years. The desired project performance period was determined after consideration of several factors including the intent of the authorizing legislation, the American Recovery and Reinvestment Act of 2009, the goals and needs of the programs, and the DOE financial assistance rules.

Question 53:

*How much time does the awardee have before the first installation of the solutions?
How long do they have to execute the demonstration?*

Response 53:

There is no set schedule that is prescribed for demonstration projects awarded under this FOA other than the target three to five year overall project period identified in the FOA. Within that limit, each applicant should propose a project schedule that is based upon the particular aspects of their project. DOE will review the proposed schedule and make recommendations for adjustments, if necessary, during the negotiation process.

Question 54:

What is the required start date for the projects?

Response 54:

There is no set start date for projects awarded under this FOA. The start date will vary for each project based upon the schedule proposed by the applicant, as well as the length of time it takes to negotiate the award. In addition, applicants should keep in mind that

one of the Recovery Act goals stated on page 4 of the draft FOA is to move forward with projects in an expeditious manner.

Question 55:

DOE should establish an aggressive schedule for reimbursement of project expenses allowing reimbursements at monthly intervals, and which provides for up to 25% of a grant to be available to grantees at the time it is awarded.

Response 55:

All awards made under this FOA will be cost-reimbursement with funding provided via an Automated Clearing House (ACH) system, or via an electronic invoicing system. Both systems are established to ensure timely reimbursement of allowable project costs. DOE typically incrementally funds awards and will work with the recipient to ensure that sufficient funding is obligated to the award to fund anticipated project activities.

Question 56:

Page 4 of the Draft FOA states: “The Act gives preference to activities that can be started and completed expeditiously, including a goal of using at least 50 percent of the funds made available by it for activities that can be initiated not later than June 17, 2009. Accordingly, special consideration will be given to projects that promote and enhance the objectives of the Act, especially job creation, preservation and economic recovery, in an expeditious manner.”

Given the comment deadline for the Draft FOA of May 6, 2009, and DOE’s indication that it will issue a Final FOA at a later date (which will set forth an application deadline), we seek clarification that DOE does not intend for applications to be received, processed, and approved prior to June 17, 2009. We seek further clarification as to DOE’s anticipated deadline for the submission of applications under this program and DOE’s expected timeline for issuance of award funding.

Response 56:

Based upon revised Recovery Act implementation guidance provided by OMB, the Recovery Act language on page 4 of the FOA has been revised to state that “The Act gives preference to activities that can be started and completed expeditiously,” thereby removing the June 17, 2009 date. The deadline for submission of applications is identified in Section E “Application Due Date” of Part IV – Application and Submission Information of the final FOA. The anticipated award date for resultant awards is identified in Section C “Anticipated Notice of Selection and Award Dates” of Part V – Application Review Information of the final FOA.