



## Frequently Asked Questions

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## Best Price Energy Efficiency Program

### What is *Energize Missouri Industries*?

The Missouri Department of Natural Resources created *Energize Missouri Industries* (EMI) to distribute funding received from the U.S. Department of Energy, or DOE, under the State Energy Program, or SEP. The purpose of *Energize Missouri Industries* is to provide funding, through a competitive grant process, to assist Missouri Industries in reducing energy costs and increasing market competitiveness, specifically by:

- Decreasing fossil fuel emissions
- Creating and retaining jobs
- Spurring economic growth
- Improving Missouri industries energy efficiency.

### What is the State Energy Program, or SEP?

Congress created the U.S. DOE State Energy Program in 1996 by consolidating two other programs: the State Energy Conservation Program (SECP) and the Institutional Conservation Program (ICP). Both programs went into effect in 1975. The State Energy Program provides grants to states and U.S. territories to promote energy conservation and reduce the growth of energy demand in ways that are consistent with national energy goals. The SEP is the only U.S. DOE sponsored activity that encompasses renewable energy and energy efficiency technologies and addresses all sectors of the economy.

**What is the Best Price Energy Efficiency Program?**

The Best Price Energy Efficiency Program is funded by *Energize Missouri Industries*, and provides grants to energy efficiency companies that will competitively bid for energy efficiency incentives through a “reverse auction.” The department will allocate funding based on a lowest-price obtained through a reverse auction open only to pre-qualified providers. Winning providers will then be tasked with identifying industrial and commercial customers to implement eligible energy efficiency projects to expend their allotment of incentive funds.

**What is the total funding amount available under the Best Price Energy Efficiency Program?**

The Department of Natural Resources will distribute up to \$3 million of the SEP funds under the Best Price Energy Efficiency Program through a competitive grant process.

**What is the pre-qualification process?**

Providers interested in participating in the reverse auction, must submit pre-qualification forms to the department by July 15, 2010. Only pre-qualified providers will be able to participate in the online reverse auction and will be given a login and password, as well as a set of instructions.

**What documents and forms are included in the application? Where are they available?**

The program documents are available on the Web site at [www.energizemissouri.org](http://www.energizemissouri.org) and consist of:

- Program Guidelines (PDF document)
- Pre-Qualification Forms (Fill-in-able PDF document)

**How will the pre-qualification forms be reviewed?**

The pre-qualification forms will be reviewed by multiple parties to determine whether, based on the information supplied, the provider has sufficient financial viability, energy efficiency expertise, qualified staff and customer reach to participate in the program.

**What is a reverse auction?**

A reverse auction is a type of auction in which the role of the buyer and seller are reversed, with the primary objective to drive purchase prices downward. Within the Best Price Energy Efficiency Program, we are driving down the \$/kWh and \$/Therm grant incentive price. The providers compete to obtain incentives for energy efficiency projects by offering progressively lower rates on a \$/kWh and \$/Therm basis until no provider is willing to make a lower bid

**What units of measure will the auction be conducted in?**

The reverse auction will be held in \$/kWh and \$/Therm. Providers will be able to bid on both measures.

**What is meant by the ceiling price in the reverse auction?**

The bid price ceiling means the established opening bid price at which providers will start bidding. The ceiling price is \$0.10/kWh and \$0.75/Therm, and pre-qualified providers will bid down from that.

**When will the reverse auction be held and how long will it last?**

The reverse auction will be held on a specified day, and will have a duration of at least four hours. Details will be provided to the pr-qualified providers after they have been notified of their pre-qualification.

**For the reverse auction, do the targeted energy reductions correspond to a specific project basis or are they on a vendor basis?**

The targeted energy reductions and corresponding bidding price are on a service provider basis. The service provider that provides the lowest price will get an award. The reverse auction does not allow providers to bid different prices for different projects.

**Why are the Class 3 Counties included in the guidelines?**

Subgrantees will need to ensure that a minimum of 10 percent of Best-Price Energy Efficiency Program funds are spent on energy efficiency projects that occur within Class 3 Counties. Exhibit A of the program guidelines includes a list of all counties that fall under the Class 3 classification.

**Can customers that are participating in other utility incentive programs also receive incentives through the Best Price Energy Efficiency Program?**

Yes. Customers are encouraged to take advantage of additional incentive programs including but not limited to utility rebate programs and other state and federal programs.

**What information will be required when a subgrantee needs to submit a project to the department for approval?**

The department will provide the subgrantee with the necessary forms at the time of award, including pre-installation forms. The information will generally include the project description, schedule, costs, and expected energy savings.

**Will a subgrantee need to get approval on every single piece of equipment to be implemented, or will it be able to get approval on a group of projects?**

This will be evaluated on a case by case basis. The department will allow grouping similar projects for different customers to expedite the review process.

**Will DNR assist subgrantees with advertising or marketing to educate companies that this program will be available for them through the vendors that receive the awards?**

Subgrantees will be primarily responsible for identifying customers and projects to expend their allotted funds. The department will provide some assistance primarily in the form of blast emails, press releases and other forms of public communications.

**Is it imperative that there be a therm calculation for every project?**

No. Projects that involve electricity use will be reported in kilowatt-hours.

**What happens if a subgrantee is awarded funds but is unsuccessful in finding customers to expend the funds?**

The subgrantee would be in violation of its grant agreement with the department. Monitoring will occur throughout the life of the grant to guarantee that projects are being implemented and

funds are being spent at a pace that allows complying with the Jan. 31, 2012 deadline for project completion. The department reserves the right to reallocate awarded funds if it is determined a provider will not be able to expend their funding allotment within the program period.

**For additional information and clarification please email [EMI.bestprice@shawgrp.com](mailto:EMI.bestprice@shawgrp.com)**

## **American Recovery and Reinvestment Act of 2009 Requirements**

### **Are National Environmental Policy Act, or NEPA, requirements applicable to potential projects?**

Yes, NEPA requirements are applicable. NEPA is federal law that requires federal agencies to consider the potential environmental impacts of their proposed actions. DOE has determined that projects that meet certain criteria and conditions will likely be classified as categorical exclusions and will not require a NEPA review. Projects that are considered categorical exclusions are listed in the program manual. Projects that do not fall under the categorical exclusion list will need to submit additional documentation.

### **Do *Energize Missouri Industries* dollars lose their federal identity when they come through DNR?**

These funds flow through and are managed by DNR. However, they remain federal dollars subject to all transparency requirements of U.S. DOE. They are also federal ARRA dollars and therefore require stringent reporting requirements.

### **How does prevailing wage impact leveraged funds?**

Any ARRA dollars that subgrantees receive should be held separate for accounting purposes, so they can be traceable to the project and funding entity. All of these dollars will be subject to federal Davis-Bacon prevailing wage requirements. If subgrantees receive additional state dollars through other programs and apply it to an *Energize Missouri Industries* project, these dollars will have to follow state laws in regards to wage levels.

### **Once the funding period is complete, are subgrantees required to continue paying prevailing wages?**

After the *Energize Missouri Industries* project is completed, there would not be a requirement to continue to pay federal prevailing wage.

### **What will be the effect of the Buy American provision on a project?**

Projects receiving ARRA dollars will be required to comply with the Buy American provision. However, if a particular piece of equipment is needed for a project and that equipment is not manufactured in the U.S. then subgrantees can get an exemption from this provision.

### **Is there a general or standardized bidding process for ARRA funded projects?**

The bidding process will include ARRA requirements, such as Buy American, Davis-Bacon Act and Prevailing Wage. In addition, it will be necessary to follow state competitive procurement laws for bids.

### **What are the ARRA reporting requirements?**

The ARRA reporting requirements are stringent, as reporting and accountability is of primary importance for stimulus dollars. Subgrantees will be required to submit monthly progress and expenditure reports in accordance with the requirements of the grant agreement. Additional quarterly, annual and completion reports may be requested from the Subgrantee. DNR reserves the right to structure reporting requirements on a project-specific basis.

**What is the length of grant agreement for reporting requirements?**

It begins at the time of award and will end in January 31, 2012.

**Will each subgrantee report to DNR, or directly to U.S. DOE?**

Subgrantees will report to DNR, but will need to follow federal reporting guidelines.

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## **Timeline**

### **Can applicants apply for funding for projects that have been completed or are currently under way?**

Any project that is already completed or started construction prior signing a grant agreement with the department will not be eligible to apply for *Energize Missouri Industries* funds. Eligible projects include those that are currently being designed and are ready to begin construction as soon as they receive funding.

### **If a project has already been planned, can grant applicants change the scope because of this program?**

Yes. Any project that would involve an additional energy efficient component as a result of *Energize Missouri Industries* would be eligible as long as the project has not begun.

### **When will projects be awarded?**

Final awards for the Best Price Energy Efficiency Program are expected to be made Sept. 13, 2010.

### **When will subgrantees receive the money?**

The grant agreement will specify conditions of payment and the payment schedule. The subgrantee will be reimbursed by DNR for all allowable expenses incurred in performing the scope of services. The subgrantee shall report project expenses and submit original invoices to DNR for payment as required by division/program per the grant agreement.

### **Are the projects required to be completed by a certain date?**

Yes. Projects must be completed by Jan. 31, 2012.

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## **Eligibility**

### **Is the service provider, the customer, or both required to be located in Missouri?**

Both. Under the Best-Price Energy Efficiency Program, eligible providers must be physically located and provide energy related services in the State of Missouri. In addition, energy efficiency projects must occur in facilities owned by commercial and industrial customers within the state of Missouri.

### **Are electric utilities considered eligible service providers?**

Yes, electric utilities are eligible to participate in the program as service providers.

### **What is the definition of industrial and commercial customers?**

Industrial and commercial customers pay industrial and commercial rates to utility companies. Industrial and commercial customers do not include residential customers.

### **Are solar and wind turbine installation costs considered eligible costs?**

No. The Best Price Energy Efficiency Program provides grants for energy efficiency projects and not for renewable energy projects.

### **Can a subgrantee conduct work only in commercial and industrial buildings? Are college buildings, K-12 schools, or other public buildings eligible?**

The Best Price Energy Efficiency Program is targeted only towards industrial and commercial customers. There are other programs available for residential buildings, public buildings and non-profit buildings. Please visit the department's Web site for more information at: [www.energizemissouri.org](http://www.energizemissouri.org)

### **Are projects to install data logging and monitoring devices, and conduct operational changes considered eligible projects?**

No. The Best Price Energy Efficiency Program will only fund projects that install energy efficient equipment and result in actual energy savings. Projects to monitor energy use will not be considered eligible.

### **Are demand response projects eligible?**

No, demand response projects are not eligible to receive funding under the Best Price Energy Efficiency Program. Demand response means the implementation of activities designed to encourage consumers to modify patterns of electricity usage, including the timing and level of electricity demand. These activities can include load-shifting and peak-shaving.

### **Can funds be requested for replacing an existing fleet with more efficient vehicles?**

The Best Price Energy Efficiency Program will not provide funding for any type of vehicle, including but not limited to trucks, cars and boats.

### **Are ground source heat pump projects considered eligible?**

Yes, ground source heat pump projects are considered eligible under the Best Price Energy Efficiency Program as long as they are installed in industrial and commercial facilities.

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## **Costs and Financial**

### **Will costs be directly billed to DNR or reimbursable?**

They will be cost-reimbursable on a monthly basis.

### **What happens if the project is not finished by January 2012, will the subgrantee have to return the balance of the grant award or will it have to return the entire award?**

If a project is not completed by January 2012, the subgrantee will need to return the entire amount of award, regardless of whether a portion of the funds has already been spent, to DNR. Then, DNR will have to send the funds back to DOE.

### **Will there be at least six providers selected, based on maximum grant award of \$500,000 and the total available funding?**

Yes, the program is expecting to select at minimum of six providers to receive grant awards and it is likely that more than six will be selected.

### **It appears that funding would pay for a maximum of 50% of the implementation cost of a project, with the customer contributing additional funds, is this correct?**

The funding will be provided in a \$/kWh and \$/Therm basis based on the price at which the subgrantee bid during the reverse auction and the realized energy savings in kWh, and not as a percentage of project cost. For example if the subgrantee's bidding price was \$0.085/kWh and a project delivers 100,000 kWh of energy saved during the first year, then the funding provided for this project will be \$8,500. In this instance the customer will have to come up with additional funds to pay for the remainder of the project.

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