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Industrial 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 U.S. 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, or SECP, and the Institutional Conservation Program, or 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 Industrial Energy Efficiency Program?

The Industrial Energy Efficiency Program provides industries with the opportunity to realize measurable energy savings that will result in reduced energy costs and increased market competitiveness. The program provides grants for small and large industries to identify energy savings opportunities through conducting energy audits, and then achieve reduced energy use through the retrofitting of existing inefficient equipment and implementation of low-cost/no-cost energy savings solutions.

What is the total funding amount available under the Industrial Energy Efficiency Program?

The department will distribute up to \$8 million of the SEP funds under the Industrial Energy Efficiency Program through a competitive grant process.

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 and consist of:

- Program guidelines (PDF document).
- Program manual (PDF document).
- Application forms (fill-able PDF document).

Is there a copy of the program introduction webinar available?

The webinar presentation is available on the program website at www.energizemissouri.org.

What is the determining factor between large and small industry program areas?

Program areas are differentiated by the number of employees measured as full-time equivalents, or FTEs. The Small Industry Energy Efficiency Program Area provides incentives for companies with less than 100 FTEs, while the Large Industry Energy Efficiency Program Area is available to industrial companies with more than 100 FTEs

Can an eligible applicant submit an application for an energy audit alone?

Yes, applications may be submitted for an energy audit without requesting funding for implementing energy efficiency measures.

Can an eligible applicant submit an application for a project without an audit?

Yes, applications may be submitted for a project without conducting an energy audit.

How can energy savings be identified without conducting an energy audit?

The Industrial Energy Efficiency Program focuses on projects that have already been identified and are ready to be implemented. When completing an application, applicants should estimate energy savings to the best of their ability. Applicants that have already identified projects in their facilities may also apply for an energy audit to identify future energy saving projects.

Do energy auditors need to be approved through the department in order to participate in the program?

Yes. Audits funded through the Industrial Energy Efficiency Program must be performed by a qualified auditor. The forms to become a qualified auditor are available on the program website at www.energizemissouri.org.

Where can I find a list of approved energy auditors?

A list of qualified auditors will be available on the website after the project submittal deadline and will be updated frequently for the duration of the grant program.

Is there a way to qualify an entire company to conduct energy audits, or does each auditor have to apply individually?

Each individual needs to be qualified. However, in the instance that a firm has several employees that can conduct energy audits, the recommendation is to submit a qualification form for every key personnel who would be responsible for conducting oversight and management of the energy audits. While the entire company would be listed on our website as qualified, the person for which a qualification form is submitted will be considered responsible to department for the quality of the energy audits and for following ASHRAE standards per the program guidelines.

Regarding auditor qualifications, what if the auditors do not have technical degrees, but have over 10 years of experience with industrial audits? Would they still be qualified?

Most likely, yes. Qualification of energy auditors will be evaluated on a case by case basis.

Are Building Performance Institute, or BPI, energy audits and other types of audits considered eligible?

No. The program requires that American Society of Heating Refrigeration and Air-Conditioning Engineers, or ASHRAE, standards be followed when conducting energy audits to keep consistency.

Is there a payback requirement for tier I retrofits?

No, the technologies under tier I typically have short paybacks, so there is no requirement. Please note that the energy efficiency measures must have over a one-year payback per the eligibility requirements of section II.4 of the program guidelines.

Are tiers I, II and III funded at 100 percent?

The incentives are provided on a dollar per kilowatt-hour basis and not as a percentage of costs.

Can equipment installed and energy audits conducted prior to submittal date be eligible to receive funding?

No. Costs incurred prior to signing a grant agreement with the department are not considered eligible.

Where can we find more information on ASHRAE guidelines to conduct energy audits?

On the ASHRAE Web site at www.ashrae.org.

Does the audit cover all of the facility, or just the area for the project?

The energy audit will cover the entire industrial facility.

Do any tiers or projects have priority over others during the selection process?

No, applications will be rated on the evaluation criteria detailed in section VI. Selection Criteria of the program guidelines.

Will projects with a quicker payback have priority?

No. Payback is an eligibility requirement and not one of the evaluation criteria.

Will any more details on the evaluation criteria or process be provided?

No, only what is provided in the program guidelines.

If an applicant is awarded funding is there a requirement that the project moves forward?

Yes. Once a subgrantee signs a grant agreement with the department the project is required to move forward. 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 subgrantee will not be able to complete their project within the grant period.

Can projects be completed with in-house labor? Can in-house labor costs be included in the grant?

Yes, in-house personnel can be used and the costs can be included in the application as part of funds leveraged. Applicants should be aware of applicable Recovery Act requirements, such as the Davis Bacon Act, which will require that prevailing wages, weekly certified payroll and other requirements must be followed for workers employed on the energy efficiency project.

Can you provide more detail on demand management not being eligible?

Demand management means load shifting or peak saving. An example of this would be switching operations from daytime to nighttime. Although this would reduce peak energy usage, this would not reduce the overall energy usage. The purpose of the program is to reduce energy usage; therefore demand management is not eligible.

How does one prove that saving energy leads to additional jobs created?

The ARRA focuses both on jobs created and jobs retained. This metric is calculated by identifying the number of hours worked on a specific labor activity that are funded with ARRA dollars.

Will a subgrantee have to save old equipment to prove to the project monitor how much energy was saved?

No. It is likely that a representative from the department will visit the project site prior to the beginning of the project. The purpose of this visit would be to identify the original state of the plant and therefore be able to monitor and ensure that projects are being undertaken.

We are interested in replacing our old large scale dehumidification units with new energy efficient units. Would this project qualify for a tier IV incentive given the large energy reduction?

If the dehumidification units are part of the process, then yes, they can be submitted under tier IV. However, if the units are not part of the process, they would need to be submitted under tier III for HVAC improvements.

Is there a conversion factor to use for cooling tower projects? This would not be a therm or kWh savings but a water savings project.

There is not a specific conversion factor to use for cooling tower projects. The applicant will need to identify how the water savings relate to energy savings and provide a reasonable estimate in their application.

Would the Industrial Energy Efficiency Program provide funding for a ground source heat pump system?

Yes, a ground source heat pump project would be considered eligible per the program guidelines.

Will an estimate of the efficiency improvement gained by implementing a project be acceptable for the application?

Yes, an engineering estimate will be sufficient and considered acceptable as long as it can be justified and it is reasonable. Applicants should include their calculations and reasoning in their application so that the application can be reviewed.

For additional information and clarification please email EMI.efficiency@shawgrp.com

Eligibility

Are 501C3 educational institutions and non-profit institutions eligible?

No, the Industrial Energy Efficiency Program is available to industries only.

Are agricultural R&D companies eligible? If not, will other funds be available for these types of companies?

Agricultural companies are not eligible for this program; however, there will be funds available for the agricultural sector through other programs. Please check the Department of Natural Resources web site regularly for updates on agricultural programs at www.energizemissouri.org

If a project applicant does not fall within the NAICS codes specified, what is the procedure to determine eligibility?

If your industry does not fall under the 2007 NAICS code sector 31-33--Manufacturing or under the 2007 NAICS code sector 493--Warehousing and Storage contact the program at EMI.efficiency@shawgrp.com. We will provide you with a form to apply for consideration, and the department will provide a determination.

Can equipment installers be located out of state?

Equipment installers and contractors will need to be licensed and registered for services within the state of Missouri, but do not need to be physically located in Missouri.

Are municipal buildings eligible? Will the retrofitting of municipal street lighting be considered under this program?

No, these types of projects were covered under *Energize Missouri Communities*. For more information please visit www.energizemissouri.org.

Are funds allocated on a first come-first served basis?

No, this is a competitive grant program. Applications will not be reviewed until after the deadline and all applicants will be notified of the results at the same time. The expected date of award is Sep. 3, 2010.

Will a percentage of funding be set-aside for audits?

No, there is no set-aside.

Would the converting of a building heating system from steam to natural gas be considered fuel switching?

Not if the steam heaters are using natural gas. As long as there is an energy efficiency component and a decrease in overall energy consumption then the proposed project will be considered eligible.

Are all compressed air projects eligible?

Yes. Any projects that result in reduced energy use are considered eligible.

For additional information and clarification please email EMI.efficiency@shawgrp.com

Application Process

Can multiple applications be submitted?

Yes. Applicants have the option of either submitting one application for multiple facility locations, or submitting multiple applications one for each location. The approach to follow is the applicant's decision.

For companies with multiple facilities do maximum grant amounts apply for the total of all plants, or to each plant separately?

The maximum grant amount is per applicant, i.e. it applies to the total of all facilities submitted under the same applicant.

How do we describe different project locations?

This would be described in the narrative portion. You can also submit multiple applications.

Can one application include projects from different tiers?

Yes, applicants are encouraged to combine energy efficiency projects that fall under different tiers.

Do energy savings estimates need to be made by a third party or representative of a product?

An estimate by internal staff, energy manager, representative or manufacturer of a product is sufficient.

Why do you need leveraged funds?

Leveraged funds is one of the metrics that need to be reported to the U.S. Department of Energy. It is also one of the criteria under which applications will be evaluated.

If a municipal utility does not offer substantial rebates, or other incentives, is the applicant at a disadvantage for consideration?

No, but the applicant will have to identify other sources of leveraged funds.

If I am an electrical distributor, do I submit an application, or does my customer?

The customer will need to submit the application as they are the owner of the facility.

What if you already have a rebate submitted to another organization but have not yet received approval?

In your application note that you have submitted for other funding but you have not received the grant amount yet.

If an application is submitted before the deadline, will we be notified early of awarded money?

How quickly could we get approval for awarded money?

Application may be submitted before the deadline of July 9, 2010, however, because this is a competitive program, applications will not be reviewed until after the deadline and all applicants will be notified of the results at the same time. The expected date of award is Sep. 3, 2010.

If a facility owner or developer leases the space but the tenant pays the energy bills, can the owner apply for funding for retrofits to improve the space?

Yes. The owner of the facility can apply under the program as long as the space is occupied by an eligible industry.

For additional information and clarification please email EMI.efficiency@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. The U.S. 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 the department. 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.

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 to install equipment on public buildings will need to comply with the Buy American provision. However, projects that occur in private facilities will be exempt.

Does an applicant need to bid the project prior to submitting an application?

No. Projects are expected to be bid after the date of award and once the department provides subgrantees with additional guidance on procurement and other Recovery Act requirements.

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.

If a grant is awarded, is follow up documentation required to be submitted?

Yes, this will be provided in the subgrantee award letter and grant agreement. There will also be monthly progress reports in accordance with ARRA reporting.

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. The department 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 Jan. 31, 2012.

Will each subgrantee report to the department, or directly to U.S. DOE?

Subgrantees will report to the department only, but will need to follow federal reporting guidelines.

Our boiler is used for process, would it be excluded from NEPA review?

It is expected that all projects funded by the Industrial Energy Efficiency Program be categorically excluded as they would consist of energy efficiency retrofits and energy audits.

In calculating the jobs created/retained by the proposed project, can we consider the work performed by the staff as a job retained?

No. Jobs created/retained refer only to those jobs funded with Recovery Act dollars. Work performed by staff as in-kind labor does not count towards the jobs created/retained metric.

For compliance with Buy American, does the product have to be assembled in the U.S., or every component manufactured in the U.S.?

It is only required that the final product is assembled in the U.S.

Do materials have to be purchased from Missouri companies?

No, the requirement is that projects that involve installing equipment in public buildings will have to buy products manufactured in the U.S.

Is it acceptable to procure equipment and installation labor as a packaged price, or is there a requirement for competitive bids on the installation of labor?

There is a requirement that the applicant follows state procurement procedures for any labor funded directly or in part with ARRA dollars.

For additional information and clarification please email EMI.efficiency@shawgrp.com

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 receive funding. Eligible projects include those that are currently being designed and are ready to begin construction as soon as they receive funding.

When will funds be awarded?

Final awards for the Industrial Energy Efficiency Program are expected to be made Sep. 3, 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 the department for all allowable expenses incurred in performing the scope of services. The subgrantee shall report project expenses and submit original invoices to the department for payment as required by division and program per the grant agreement.

By what date does the project need to be defined?

Projects must be defined in the application due July 9, 2010.

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

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

Why is the timeframe so short?

This is in response to a requirement from the U.S. Department of Energy that all dollars be allocated by Sep. 30, 2010.

When will projects start?

Projects will begin after the date of award; otherwise the activities will not be eligible for funding.

Can project begin prior to Sep. 3, 2010 or before the date of award?

Activities that occur prior to signing a grant agreement with the department will not be eligible to receive funding.

If materials have already been ordered, but not received or installed yet, would that still qualify for funding?

This is acceptable as long as the applicant has placed an order but has not expended any funds for the purchase of such equipment prior to signing a grant agreement with the department. However, it would be at the applicant's own risk if its project is not selected to receive an award.

What needs to occur for a project to be considered "started"?

Applicants should not spend funds on the purchase and installation of energy efficiency equipment prior to the grant award date. If funds are spent, then the project is considered started and it becomes ineligible to receive funding.

Will the deadline be extended if there are not enough applications received?

No, the deadline cannot be extended. The department expects to receive enough applications to allocate all funding.

For additional information and clarification please email EMI.efficiency@shawgrp.com

Costs and Financial

Are consultants on grant administration an eligible project cost?

Yes, consultants for grant administration would be considered an eligible administrative expense and applicants are allowed to use up to 5 percent of funds requested for these expenses.

When funds are awarded do they go directly to the customer or can they go to a third-party contractor?

Funds will go directly to the subgrantee, and then they can distribute to their contractors/subcontractors.

Are these grants paid in cash, or are they tax credits?

Grants will be paid in the form of a check, they are not tax credits.

Are design and engineering fees eligible?

No, only fees for purchase and installation of equipment are eligible for funding.

What qualifies as administrative costs?

Administrative expenses mean those costs that cannot be identified with any single program but are indispensable to the conduct of grant activities. They include reporting, record keeping, budgeting and related management of grant activities.

Are EPACT tax credits considered leveraged funds?

Yes.

Will projects be partially funded? For example, if one application has multiple projects, could the program fund one portion of the project?

We will fund or reject the application as a whole. However, the department reserves the right to negotiate the scope of a project if necessary.

If materials have already been ordered, but not received or installed yet, would that still qualify?

If you have already expended funds to pay for the materials or equipment you will not receive a reimbursement for those funds expended. However, if you have placed an order but not paid, received or installed, that would be allowed.

What happens if the project is not finished by Jan. 31, 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 Jan. 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 the department. Then, the department will have to send the funds back to the U.S. DOE.

If a customer is applying for audit funding, how long would they have to wait for release of those funds?

Funding will be released on a monthly basis and not after projects are completed.

Is this program mutually exclusive or can we piggy back with other current incentives?

Utilizing incentives and funding from other sources would be considered leveraged funding which is allowable and encouraged under the Industrial Energy Efficiency Program.

If we apply for 3 or 4 projects for a total of about \$600,000 could the grant be for an amount less than what we applied for?

It is likely that the application would be funded as a whole if it is selected for award. However, if an applicant submits several applications there is a possibility that some applications will score higher than others and only portions of the project may be funded. Combining your projects or not is a strategic decision that you need to make when submitting your application.

Could there be a case of a grant being a percentage of each project and not for complete projects?

Yes there could, but only if a portion of the project is ineligible to receive funding per the program guidelines. We understand that the implementation of projects might be conditioned upon receiving the amount that is requested and so we would not want to risk hindering project implementation by funding only a portion of it.

If a project is not fully funded could the grant be turned down?

Yes, the applicant could turn down the grant prior to signing a grant agreement. If you are selected for award you will be notified and provided with a grant agreement which will need to be signed. If you decide not to move forward with the project then you would not sign the agreement and notify the department so funding can be redistributed to another applicant.

What is the tax status of the grants?

The grants are considered taxable income.

For additional information and clarification please email EMI.ency@shawgrp.com