



Renewable Energy Fund

IMPORTANT NOTICE

Requests for Grant Applications (RFA) AEA-09-004

for

Renewable Energy Grant Program

RFA ISSUE DATE: September 3, 2008

Interested applicants that want to be notified of updates or changes to the Renewable Energy Grant Request for Applications MUST fill out the following information and reply via email or fax; otherwise we will be unable to notify the applicant of possible addenda to this RFA.

Please provide the following information by FAX or e-mail to the contact below:

Company Name	_____
Contact Name	_____
Company Address	_____
Telephone Number	_____
Fax Number	_____
E-mail Address	_____

Public Records Notice to Applicants:

- Alaska Energy Authority is subject to the Public Records Act, AS 40.25 and materials submitted to the Authority may be subject to disclosure requirements under the act if no statutory exemptions apply.
- All applications received will be posted on the Authority web site after final recommendations are made to the Legislature.

Return to:

Grant Manager: Butch White
Alaska Energy Authority
813 West Northern Lights Blvd.
Anchorage, AK 99503
FAX: (907) 771-3942
Phone: (907) 771-3048
E-mail: re_fund@aidea.org

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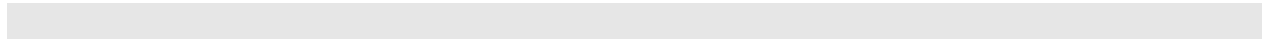
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1. Introduction and Instructions

1.1 Purpose

Pursuant to Chapter 31 Session Laws of Alaska 2008 (referred to below as the program legislation), which establishes the renewable energy grant recommendation program in new Alaska Statute AS 42.45.045, the Alaska Energy Authority (“AEA” or “Authority”) is soliciting competitive applications from qualified applicants for the purpose of recommending grants for renewable energy projects to be funded by the Alaska State Legislature. Applications will be accepted and evaluated in accordance with AS 42.45.045 and this Request for Applications (RFA). The program legislation, including new AS 42.45.045, can be found on-line at

<http://www.legis.state.ak.us/PDF/25/Bills/HB0152Z.PDF>

1.2 Introduction

This RFA sets out the purpose, instructions, requirements, evaluative criteria, and other information on submitting an application to the Authority for recommendation for grant funding.

This RFA is organized as follows:

Section 1: Introduction and Instructions – describes program and procedural requirements for preparing and submitting an application.

Section 2: Project Requirements – describes project information that is required to be discussed in each application.

Section 3: Grant Requirements - describes specific grant terms and conditions related to this program.

Section 4: Application Evaluation Process and Criteria – describes the criteria that will be used to evaluate and rank each application.

Section 5: Appendices – provides additional reference material to assist in application preparation, application forms, grant documents, and applicable law.

Accompanying this RFA are application forms and instructions to use in preparing your application for a Renewable Energy Grant.

1.3 Government Roles and Responsibilities

The Alaska Legislature established the Renewable Energy Grant Fund and the Renewable Energy Grant Recommendation Program in Chapter 31 SLA 2008, which the Legislature enacted in 2008. This bill included a new statute, AS 42.45.045, outlining the program and giving the Alaska Energy Authority responsibility for administering the program.

The Legislature is responsible for final approval and funding of all grant projects. For FY09 grants, Chapter 31 SLA 2008 established an expedited process of review of projects by the Legislative Budget and Audit Committee (LB&A).

The Authority is a public corporation of the State of Alaska with the purpose to promote, develop, and advance the general prosperity and economic welfare of the people of the State by providing a means of financing and operating power projects and by carrying out the powers and duties assigned to it. AS 42.45.045 gives AEA the authority to solicit applications for projects, develop and implement regulations, and recommend grants for renewable energy projects to the Legislature. The Authority also has the responsibility of establishing regulations for the purpose of implementing this program.

An Advisory Committee has been established for the Authority to consult with in the development of regulations and ranking of applications.

The AEA Grant Manager is responsible for accepting applications, coordinating the evaluation of all applications, and developing the list of grant projects to be recommended to the Legislature.

An AEA Project Manager will be assigned to assist each Grantee whose application is selected for grant funding. Tasks and level of the Authority's project management will vary according to the project management plan developed under the grant agreement. At a minimum, the AEA Project Manager will clarify grant requirements, review reports and billings, and track progress of the grant project.

The Executive Director of AEA or his designee will approve the final grant and carry out all other duties as defined in statutes, regulations, and this RFA.

1.4 Eligible Applicants

To be eligible for a grant recommendation the applicant must demonstrate formal approval and endorsement of its project by its governing authority (such as board of directors or executive management if it does not have a governing board) and be one of the following types of entities:

1. An electric utility holding a certificate of public convenience and necessity under AS 42.05;
2. An independent power producer (for the purposes of this grant an independent power producer is a corporation, person, agency authority, or other legal entity or instrumentality that owns or operates facilities for the generation of energy to be used at least 50% by the public and that is not an electric utility);
3. A local government; or
4. A governmental entity, (which includes tribal councils and housing authorities).

Applications whose applicants do not meet these requirements will be rejected without further evaluation.

1.5 Eligible Projects

The Authority may recommend grants for feasibility studies, reconnaissance studies, energy resource monitoring, and/or work related to the design and construction of an eligible project. Applications for projects that are not within the scope of eligible projects will be rejected without further evaluation.

To be eligible for a grant recommendation the applicant's project must:

1.5.1. Be a new project not in operation on August 20, 2008 or an addition to an existing project made after August 20, 2008.

and

1.5.2 Be a project that generates energy from or involves the direct use of:

- wind, solar, geothermal, wasteheat recovery, hydrothermal, wave, tidal, river in-stream, hydropower; or
- low-emission nontoxic biomass based on solid or liquid organic fuels from wood, forest and field residues, or animal or fish products; or
- dedicated energy crops available on a renewable basis; or
- landfill gas and digester gas.

Or

- be a facility that generates electricity from fuel cells that use hydrogen from renewable energy resources or natural gas.

Or

- be a natural gas project (other than landfill or digester gas) that benefits a community that:
 - has a population of 10,000 or less; and
 - does not have economically viable renewable energy resources it can develop.

Or

- be a transmission or distribution infrastructure located in Alaska that links an eligible renewable energy project or eligible natural gas project to other transmission or distribution infrastructures. (An applicant requesting a grant for transmission or distribution infrastructure is not required to be involved in the financing or construction of the renewable energy project or natural gas project it may be connecting.)

1.6 Filing an Application

Applicants must submit **two (2) hard copies** of their complete application, including appendices that can be duplicated, and one (1) electronic version on CD in PDF or other **word-searchable** electronic format in a sealed envelope(s) clearly labeled:

From: Applicant's Return Address

To: Alaska Energy Authority
AEA-09-004 – Renewable Energy Grant Application
813 West Northern Lights Blvd
Anchorage, AK 99503
Phone: 907-771-3000

1.7 Application Deadlines

The Authority is seeking to recommend projects based on applications that clearly demonstrate a public benefit from the proposed project. It is understood that some projects may be ready to proceed immediately and others will require more work to develop. To address differing readiness and need for funding, the Authority intends to solicit applications in two rounds.

The first round is intended to solicit applications for projects that may be ready and able to proceed quickly with the anticipation that grants would be awarded by December 2008.

The second round is intended to solicit applications for projects that may require further development or that may take more time to prepare applications. Additionally, the second round is intended to provide the Authority with recommendations to the Legislature for Fiscal Year 2010 funding.

First round applications should be received by the Authority at the address in Section 1.6 no later than 5:00 p.m., October 8, 2008.

Second round applications must be received by the Authority at the address in Section 1.6 no later than 5:00 p.m., November 10, 2008.

Failure to meet the deadlines may result in the application being rejected without review.

The Applicant is solely responsible for complete and timely submission of its application. The Authority accepts no responsibility for submission of applications or for applications that are received after the application deadlines, whether because they were misdirected, delayed, or erroneously addressed or for any other reason.

1.8 RFA Project Web Site

The Alaska Energy Authority web site at www.akenergyauthority.org has been set up to make information available to the public regarding the project. The site contains the following information and documents:

- The RFA
- Application and Grant forms
- A summary of relevant questions received regarding the RFA and responses
- Clarifications and addenda to the RFA
- A list of all applications received
- Status of applications received upon completion of each review stage

- PDF versions of all applications received (upon completion of the review and ranking process)

1.9 Questions about the RFA

Applicants should carefully review all documents and the Authority web site prior to contacting the Grant Manager with questions. Any questions regarding the RFA or grant documents should be directed to:

Grant Manager: Butch White
Alaska Energy Authority
813 West Northern Lights Blvd
Anchorage, AK 99503
Phone: (907) 771-3048
Fax: (907) 771-3942
E-mail: re_fund@aidea.org

Questions that require clarification or interpretation of this RFA that the applicant cannot answer by careful review of the RFA should be submitted in writing (letter or e-mail) no later than **10 business days before the November 10, 2008 application due date.**

The Grant Manager may contact the applicant directly by phone or e-mail to respond to non-material questions. The Grant Manager will post the answer to material questions on the Project website.

1.10 Modifications of the RFA

Applicants may submit written requests for modifications to this RFA to the Grant Manager no later than September 17, 2008.

Acceptance or denial of the request is solely in the discretion of the Authority. The Authority may not modify the requirements of AS 42.45.045 or Chapter 31 SLA 2008. Failure of the Grant Manager to issue a written modification within 10 days from submittal of request shall be considered a denial of the request.

Modifications to this request for applications may be issued at any time prior to the deadline for receipt of applications at the Authority's option. If modifications are issued within 10 days of the deadline for applications, the application deadline may be extended to allow time for applicants to respond to any changes. All modifications to this RFA will be in writing and posted to the Project web site at www.akenergyauthority.org and the Authority will provide e-mail notice to those registered to receive notices as described on the cover page of this RFA.

1.11 RFA Schedule

Below is a schedule of critical dates as it relates to this request and award of grants. Actual dates after the application due dates are tentative and may vary depending on the number of applications received, the complexity of applications, and timely completion of review by the Legislature.

Task	Round One	Round Two
Application Due Date	10/08/08	11/10/08
Complete Evaluation of Applications	11/10/08	12/19/08
Submit Projects for Approval by Legislative Budget & Audit (LB&A) or Legislature	11/19/08	1/30/09
Projects approved for funding (contingent upon LB&A and Legislative Action)	12/8/08	5/15/09
Finalize Award Documents (Contingent upon the Authority receiving all documentation needed for award)	12/19/08	7/1/09

These dates are based on the assumption that Round One involves FY2009 funding and Round Two involves only FY2010 funding. Actual award dates for Round Two may vary if FY2009 funding is still available or additional appropriations are made available prior to 5/15/2009.

1.12 Development of Grant Regulations

Applicants should be aware that the Authority will be following the public process to develop regulations for this program as required by statute (AS.45.45.045 (d)(1)). Draft regulations may be posted during the solicitation period of this RFA. This RFA, and any grants awarded as a result of this RFA, may be modified if there are any conflicts between the regulations and this RFA or proposed grant terms or conditions.

1.13 Grant Funding

A grant resulting from this RFA is subject to legislative appropriation. The program legislation indicates the Legislature intends to provide \$50 million per year for the next five (5) years for Renewable Energy Grants under this program; however the actual amounts available for the program and for any particular grant depend on the Legislature's appropriations. The Legislature has appropriated \$100 million for FY2009 grant awards subject to LB&A approval.

The Authority must receive approval from the Legislature or LB&A prior to award of any grant.

AEA has established initial funding allocation targets as indicated below as goals in its selection of projects to recommend. The targets are preliminary and subject to adjustment based on the available funding and the type, number, and quality of projects submitted in each round of submissions.

Project Type	Target Allocation - % of Grant \$'s Recommended
Reconnaissance Study	20%
Feasibility/Conceptual Design or Energy Resource Monitoring	
Final Design and Permitting	80%
Construction	

Grantees may proceed with work on projects prior to award, provided that:

- 1) They do so at their own risk as there is no guarantee projects will be funded or funded at the level requested in their application.
- 2) They must have sufficient funds from sources other than this program to meet their project commitments.
- 3) No work performed or obligations incurred prior to August 20, 2008 will be considered for reimbursement.

The Authority may recommend eligible projects for FY2009 funding from either Round One or Round Two.

1.14 Applicant Match

When reviewing applications the Authority will favorably consider applications that commit the applicant to provide either a fixed amount or percentage of matching funds to complete the project.

Applicants should identify the amount and source of matching funds or other resources (collectively referred to as “match”) the applicant will contribute to the project based on the total proposed grant project budget.

Proposed match based on a percentage of **total project budget** means that the applicant will contribute a percentage of cash or in-kind support based on the total project budget. For example, if the total project budget is \$60,000, and the Grantee’s match is 20% of the project costs, the Grantee must provide \$12,000 ($\$60,000 \times .2 = \$12,000$). The amount of grant funds would be \$48,000.

If matching funds or in-kind contributions are proposed, the applicant will be required in the grant award to provide the match as proposed.

See the budget form instructions and clarification of matching requirements.

1.15 Application Preparation Costs

The Authority shall not pay for any costs incurred by the Applicants to prepare and submit their application. No costs incurred by the Applicants in preparation of their application may be charged as an expense of performing the grant.

The only reimbursable costs will be those allowed in the grant agreement signed by the Authority.

1.16 Application Content Requirements

The application must address all the information required as noted in Section 2 for the type of project proposed. Applicants should download and complete the MS Word application and Excel budget forms provided from the Project web site (www.akenergyauthority.org).

Below is a list of document names and their purpose:

Document Name	Description	Date	Software version
GrantApp.doc	Application Form and Instructions	9/3/08	Word 2003
Costworksheet.doc	Application Cost Worksheet	9/3/08	Word 2003
GrantBudget.xls	Grant Application Budget Form	9/3/08	Excel 2003
GrantBudgetInstr.pdf	Instructions for Application Budget Form	9/3/08	Word 2003
SampleGrantAgreement.pdf	Example of Standard Grant Form	9/3/08	Acrobat 7

1.17 Authorized Signature

Applications must be signed by an individual authorized to bind the Applicant to its provisions. The application will be considered valid for a minimum of 180 days. The application may be extended by the mutual agreement of the Authority and the Applicant.

1.18 Applicant's Certification

By signature on their application, Applicants certify that their application is truthful and certify that they are complying and will comply with: 1) the laws of the State of Alaska; 2) the applicable portion of the Federal Civil Rights Act of 1964; 3) the Equal Employment Opportunity Act, the Americans with Disabilities Act (ADA) and the regulations issued thereunder by the federal government; and 4) all terms and conditions set out in this RFA.

1.19 Correction, Modification or Withdrawal of Applications

An application may be corrected, modified or withdrawn by providing a written request from an authorized representative of the Applicant to the grant manager before the time and date set for receipt of the applications.

After applications are opened, modifications may be allowed prior to completion of the evaluation process if the Authority determines that it is in the best interest of the program to allow modifications.

Applicants who may be recommended for grant awards may be requested to clarify, modify, or correct their application prior to recommendations being sent to the Legislature or prior to award of a grant if the Authority determines that it is in the best interest of the program.

Applicants who fail to respond to requests for clarifications, modifications, or corrections within the period specified in the request may have their application rejected or removed from the list of recommended projects.

1.20 Review of Applications - General

Applications will be reviewed in three stages by application evaluation committees, which may include the Authority staff, consultants, and members of the Advisory Committee established under the program legislation.

- Stage 1 – Completeness and Eligibility Review
- Stage 2 – Technical and Financial Feasibility Review
- Stage 3 – Final Evaluation and Ranking for Recommendations

Criteria that will be used for each stage are listed in Section 4.

Applications that do not comply with AS 42.45.45 and all of the material and substantial terms, conditions, and requirements of this RFA may be rejected. If an application is rejected the applicant will be notified in writing that its application has been rejected and the basis for rejection.

The Authority may waive minor requirements of the RFA that do not result in a material change in the requirements of the RFA and do not give an applicant an unfair competitive advantage.

At any stage in the review process the Authority may request clarifying information and the applicant will have a specified amount of time to respond to the request for information. Failure to respond timely or provide adequate information will result in the application being rejected.

If information is sufficient the application will be forwarded through to the next stage of review.

1.21 Public Notice and Recommendations to the Legislature

Upon completion of Stage 3 the Authority will forward to the Legislature a summary of all applications received, their status, the technical score and the final rank of all applications, and the Authority will post on its web site the applications, a brief summary of each project, and the final ranking and disposition of all applications. The total cost of all recommended projects may be for more or less total dollars than the current funding authorized by the Legislature. Funding of any project is subject to LB&A approval for Fiscal Year 2009 projects and Legislative approval for Fiscal Year 2010 projects.

Applicants may be required to provide additional information to the Legislature upon request.

1.22 Notice of Intent to Award a Grant

Upon approval by LB&A for FY2009 grants or approval by the Legislature for FY2010 grants, the Authority will provide a Notice of Intent to Award a grant to the applicant for each approved grant project. Grantees whose authorizations are less than what was requested or whose project scope, schedule, or budget may have changed from when their application was originally submitted will be required to update their application to assure the grant is consistent with proposed project and the funding available.

1.23 Grant Agreement

Applicants whose projects are selected for grant funding will be required to sign a Grant Agreement prepared by the Authority that contain the terms and conditions in the Sample Grant Agreement form dated 9/3/08 included as an appendix to this document. The Authority may modify its standard form grant agreement if necessary for this program or for particular projects.

1.24 Failure to Proceed

If an Applicant is unable to respond and indicate acceptance of the Grant Agreement within 30 days of receipt of the Grant Agreement or provide an update to its project as may be required; then the offer of the grant may be withdrawn by the Authority and the grant funds may be offered to another eligible grant applicant.

2. Project Requirements

Renewable energy projects funded under this grant program should proceed in phases as described in this section, with the Grantee expected to substantially complete each phase before receiving approval and funding to proceed to the next phase.

Applicants are expected to follow the accompanying instructions and use the application forms to provide information required to be considered for a grant recommendation.

An application under the RFA should propose grant funding for one or more phases of the Applicant's renewable energy project as described below, and should include sufficient information to allow for the evaluation and ranking of the application. The depth of information needed with the application will vary depending on the type and complexity of the project, the number of phases for which grant funding may be requested, the amount of grant funds requested, and the estimated total project costs.

All applicants are required to have a project management plan they intend to follow that includes who is going to manage the project, how it is going to be managed, a schedule with milestones, and how project risks will be mitigated. The level of detail in the plan will vary depending on the project phase(s), amount of funds requested, and complexity of the project.

2.1 Project Management Requirements

The Applicant is responsible for implementing and executing a plan for managing the project so that the project is completed within the scope, schedule and budget proposed in the application.

Project Management	
Project Manager	The Applicant must designate a project manager(s) responsible for managing the project for the Grantee. This may be: <ul style="list-style-type: none">• An employee of the Grantee• A consultant• Or other partners committed to the project (for example, Native Corps, other Utilities, IPPs, or Government Entities.• If not known, the Grantee should indicate how they intend to select project managers.
Project Schedule	Schedule for the proposed work that will be funded by this grant.
Project Milestones	Identifies key tasks and decision points in the project schedule. Project management milestone charts and descriptions of major project decision points are encouraged.
Project Resources	Identifies what people, equipment, or services will be used to accomplish the project. Includes any commitments the Grantee

	may have or reference any existing contracts or the selection process that may be used for major equipment purchases or contracts.
Project Communications	Identifies how the Grantee will monitor the project and keep the Authority informed of the status.
Project Risk	Identifies potential problems and how they will be addressed.

2.2 Project Phase Descriptions

The application should describe the project proposed for grant funding by phases and demonstrate a likelihood that the project will be successfully completed and will provide substantial public benefits. Applicants who have completed a project phase will be required to document successfully completing the phase and show a positive public benefit resulting from the project prior to the Authority releasing funds for a following phase.

Each type of technology may have issues or tasks that are specific to that technology that may need to be addressed in addition to the specific issues or tasks identified in each phase.

Project phases that should be addressed in the applicant's project description are as follows. Within each phase, the major project tasks necessary to complete the phase should be addressed.

Phase 1 - Reconnaissance	A preliminary feasibility study designed to ascertain whether a feasibility study is warranted.
Phase II – Feasibility Analysis, Resource Assessment, Conceptual Design	Detailed evaluation intended to assess technical, economic, financial, and operational viability and to narrow focus of final design and construction.
Phase III – Final Design and Permitting	Project configuration and specifications that guide construction. Land use and resource permits and leases required for construction.
Phase IV – Construction, Commissioning, Operation, and Reporting	Completion of project construction and beginning of operations. It also includes follow-up O&M reporting requirements.

2.3 Phase I – Reconnaissance Requirements

The purpose of a Reconnaissance Study is to determine whether further study is warranted. A Reconnaissance Study is required to consider and address the information and tasks below.

Phase I - Reconnaissance	
Proposed Energy Resource	General description of the extent and amount of the renewable resource
Existing Energy System	For rural power systems and/or facility heating systems <ul style="list-style-type: none"> Basic configuration (number, size, age, and type of gensets)

	<ul style="list-style-type: none"> and boilers; efficiency; operating hours) • Capital and replacement costs • Annual O&M cost and schedule • Annual fuel consumption and fuel price • Load information (peak, minimum, average, and future trends) • Plans for system upgrades <p>For all systems</p> <ul style="list-style-type: none"> • Residential and commercial electrical service rates • Avoided cost of energy
Proposed System Design	<ul style="list-style-type: none"> • Description of renewable energy technology specific to project location • Alternative system discussion • Optimum installed capacity • Annual generation • Anticipated barriers • Basic integration concept
Proposed System Costs	<ul style="list-style-type: none"> • Total anticipated project cost for this phase • Projected capital, O&M, and fuel costs • Projected debt financing if applicable
Project Benefits	<ul style="list-style-type: none"> • Annual fuel displacement and savings over the project life • Annual revenue from energy sales, tax credits, green tags, and other incentives • Discussion of non-monetary benefits
Energy Purchase/Sale	<ul style="list-style-type: none"> • Identification of potential energy market • Potential energy purchase and sales rates
Land Ownership	<ul style="list-style-type: none"> • Landowner(s) identified and contacted
Permits	<ul style="list-style-type: none"> • List of applicable permits • Anticipated permitting timeline • Potential regulatory barriers
Environmental	<p>Complete environmental screening that addresses:</p> <ul style="list-style-type: none"> • Threatened and Endangered species and other habitat impacts • Fisheries and wildlife protection • Water and air quality impacts • Wetland and protected areas • Archaeological and historical resource impacts • Land development constraints • Telecommunications and aviation impacts • Visual and aesthetics resource impacts • Other environmental barriers
Analysis and Recommendations	<ul style="list-style-type: none"> • Basic economic analysis of alternatives • Recommendations for additional project development work

2.4 Phase II – Feasibility Analysis and Conceptual Design Requirements

Phase II Feasibility Analysis requires a detailed evaluation intended to further assess technical, economic, financial, and operational viability of a project and to narrow the focus of final design and construction. In addition to addressing all the requirements of the Phase I described above, a feasibility analysis should address the information and tasks below.

Phase II – Feasibility Analysis, Conceptual Design	
Proposed Energy Resource	<p>Site-specific assessment of available energy resource following industry standards usually based on field measurements, discussions with resource owners, and other onsite activities. Examples of assessment activities include</p> <ul style="list-style-type: none"> • Collection and analysis of meteorological tower data at proposed wind turbine locations • Assessment of geological data from surface investigation and test wells for geothermal and natural gas projects • Stream gauging and hydrological modeling for hydroelectric projects • Analysis of wood and sawmill residue availability and delivered cost to biomass energy project locations
Existing Energy System	<ul style="list-style-type: none"> • Annual load profile—power projects may require onsite measurement • Load growth projections • Transmission system layout and capacity • Retirement schedule
Proposed System Design	<ul style="list-style-type: none"> • Identification and analysis of system alternatives • Recommended alternative including discussion of impacts on existing system • Assessment of project site, including geotechnical characteristics as necessary • Annual energy production profile • Conceptual system design • Conceptual integration design • Identification of remaining technical barriers
Project Costs	<ul style="list-style-type: none"> • Conceptual level cost estimates for final design and construction • Annual O&M and fuel costs • Other project costs including leases, taxes, insurance, and financing
Project Benefits	<ul style="list-style-type: none"> • Annual fuel displacement and savings over the project life • Detailed analysis of revenue from energy sales, tax credits, green tags, and other incentives • Discussion of non-monetary benefits
Energy Purchase/Sale	<ul style="list-style-type: none"> • Preliminary energy purchase or sales agreement
Land Ownership	<ul style="list-style-type: none"> • Assessment of site control requirements for proposed project • Authorization from land owners for onsite feasibility

	activities
Permits	<ul style="list-style-type: none"> Obtain authorizations from all applicable agencies for any use of land or resources for feasibility activities
Environmental	<ul style="list-style-type: none"> Site-specific assessment of resources that may be significantly affected. Examples include fish and wildlife habitat assessment, visual impact modeling, and air quality assessment. Plan for addressing potential environmental impacts
Analysis and Recommendations	<ul style="list-style-type: none"> Comprehensive economic and financial analyses of alternatives Recommendations for project design and construction activities Draft operational and business plan

2.5 Phase III – Final Design and Permitting Requirements

Building on information gathered in Phase I and II applicants are required to complete Phase III prior to construction. The purposes of Phase III are to establish the project configuration and specifications that will be used to guide construction, refine project costs estimates, finalize business plans, and obtain land use and resource authorizations required for construction. Work should address the information and tasks below.

Phase III –Final Design & Permitting	
Renewable Energy Resource	<ul style="list-style-type: none"> Updated data to confirm that resource is still available
Existing Energy System	<ul style="list-style-type: none"> Final engineered and approved energy system configuration including upgrades
Proposed System Design	<ul style="list-style-type: none"> Final engineered and approved system design Final engineered and approved integration design Interconnection study
Project Cost	<ul style="list-style-type: none"> Final engineer’s estimate of project cost
Project Benefits	<ul style="list-style-type: none"> Detailed financial analysis based on chosen business structure and applicable costs, revenues, and incentives
Power Purchase/Sale	<ul style="list-style-type: none"> Executed power purchase/sales agreement
Land Ownership	<ul style="list-style-type: none"> Final land use authorizations obtained
Permits	<ul style="list-style-type: none"> All necessary permits obtained
Environmental	<ul style="list-style-type: none"> All environmental issues resolved
Analysis and Recommendations	<ul style="list-style-type: none"> Final operational and business plan

2.6 Phase IV – Construction Requirements

The purpose of the construction phase is to construct and commission the project, begin operations, and provide follow-up reports on operations and maintenance for a specific period of time to document the program’s impact on the community. Grantees are expected to cover all costs of operations and maintenance in compliance with their

operational and business plans developed in Phase III. The construction phase will address the information and tasks below

Phase IV –Construction, Commissioning, Operation, and Reporting	
Renewable Energy Resource	<ul style="list-style-type: none"> Monitoring to verify and update projections and system efficiency
Existing Power System	<ul style="list-style-type: none"> Coordination of conversion, integration, or surplus of existing system
Proposed System Design	<ul style="list-style-type: none"> Construction plan and schedule Commissioning plan and schedule Modifications to final design during construction
Project Cost	<ul style="list-style-type: none"> Actively track project costs against the project budget Propose budget modifications as needed Manage cost overruns
Environmental	<ul style="list-style-type: none"> Environmental monitoring as required
Permitting	<ul style="list-style-type: none"> Reports as required by permitting agencies
Analysis and Recommendations	<ul style="list-style-type: none"> Update business plans and power purchase agreements as needed to account for actual construction costs Final project report including as-built specifications and drawings, final budget, schedule, and recommendations Periodic operation and maintenance reports as required by grant including actual O&M, fuel, and equipment costs; O&M measures and schedule; energy output; project availability; conversion efficiency; renewable energy resource; and recommendations

3. Grant Requirements

To receive renewable energy grants, applicants must comply with the following standard terms and conditions and the other terms and conditions in the Authority’s standard grant document (see SampleGrantAgreement.pdf). If the Grantee is a tribal entity, a waiver of sovereign immunity also will be required as a condition of the grant.

3.1. Declaration of Public Benefit

The Grantee acknowledges and agrees that the Project shall be constructed, owned and operated for the benefit of the general public and will not deny any person use and/or benefit of Project facilities due to race, religion, color, national origin, age, physical handicap, sex, marital status, changes in marital status, pregnancy or parenthood.

3.2. Grantee Project Manager

For construction projects, the Grantee will contract or hire competent persons to manage all phases of the Project subject to approval by the Authority. Work at a minimum will include: management of Grantee’s labor for the project, engineering firms and consultants, procurement, management of construction contractors, selection of

equipment, review of plans and specifications, on-site inspections and review and approval of work, and other duties to ensure that the completed work conforms with the requirements of the grant and the construction documents.

If the Grantee fails to provide adequate project management the Authority may terminate the Grant or assume project management responsibilities with the concurrence of the Grantee. Costs for a Project Manager must be reasonable to be considered an eligible grant expense.

3.3. Approval to Proceed with Next Phase

A grant award may be for one or more phases of a project. The Grantee must achieve substantial completion of work or of designated construction milestones and receive approval from the Authority prior to proceeding to the next phase of work.

3.4. Contracts for Engineering Services

In the event the Grantee contracts for engineering services, the Grantee will require that the engineering firm certify that it is authorized to do business in the State of Alaska and provide proof of licensing and insurance.

3.5. Site Control

If the grant Project involves the occupancy and use of real property, the Grantee assures that it has the legal right to occupy and use such real property for the purposes of the grant, and further that there is legal access to such property. The Grantee is responsible for securing the real property interests necessary for access and the construction and operation of the Project, through ownership, leasehold, easement, or otherwise, and for providing evidence satisfactory to the Authority that it has secured these real property interests.

3.6. Permits

It is the responsibility of the Grantee to identify and ensure that all permits required for the construction and operation of this Project by the Federal, State, or Local governments have been obtained unless otherwise stated in Appendix C. These permits may include, but are not limited to, Corps of Engineers' Wetlands Permit, State Historic Preservation Office, State Fire Marshal approval, rights-of-way for the pipelines, and site control, including any necessary Coastal Zone Management coordination through the Division of Coastal and Ocean Management (DNR).

3.7. Exclusion of Existing Environmental Hazards

Grant funds will not be awarded for and may not be used for environmental investigation, removal or remediation of contamination, remediation of existing facilities or properties, or any other environmental matters, unless specifically provided in the Grant Agreement. In addition, grant funds will not be awarded for and may not be used for the decommissioning or removal of any existing facilities except as specifically provided in the Grant Agreement.

3.8. Environmental Standards

The Grantee will comply with applicable environmental standards, including without limitation applicable laws for the prevention of pollution, management of hazardous waste, and evaluation of environmental impacts.

3.9. Current Prevailing Rates of Wage and Employment Preference

Certain grant Projects are constrained by the provisions of AS 36. PUBLIC CONTRACTS. To the extent that such provisions apply to the Project, which is the subject of this Grant Agreement, the Grantee shall pay the current prevailing rates of wage to employees as required by AS 36.05.010. The Grantee shall also require any contractor to pay the current prevailing rates of wage as required by AS 36.05.010. Further, in accordance with AS 36.10.010, 95% (percent) of the work force employed in the completion of this Project shall be local residents where they are available and qualified. If 10 or fewer persons are employed, then 90% (percent) of the project work force shall be local residents where they are available and qualified.

3.10. Construction Plans and Specifications Review

Prior to public notice of bidding a construction project the Grantee will provide the plans and specifications to the Authority for review. Concurrence that the plans and specifications are consistent with the grant award must be received before grant funds will be released for construction related costs.

3.11. Construction Contractor Insurance and Bonding

The Grantee must require construction contractors to provide proof of adequate insurance and payment and performance bonding prior to beginning construction on a project in accordance with AS 36.25.010.

3.12. Post Construction Certification

Upon completion of construction the Grantee will submit a final report that includes:

- Certification that all work is completed in accordance with the grant and all costs claimed are eligible costs and represent work completed on the Project
- Summary of total project cost including detailed funding sources and any outstanding debt
- Certification that there is a release of any contractor or subcontractor liens on the project
- Identification of any outstanding construction issues
- As-built drawings

3.13. Ownership of Facilities

The Grantee shall assume all liabilities arising from the ownership and operation of the Project. Grantee will not sell, transfer, encumber, or dispose of any of its interest in the facilities constructed with this grant funding during the economic life of the Project without prior written approval of the Authority.

3.14. Operation and Maintenance of Facilities

The Grantee is required to maintain and operate the facilities defined in their application for the useful life of the facility or the specific period of time designated in the grant agreement.

In the event that the Grantee is no longer operating the facilities for the intended purposes the Authority may require the Grantee to reimburse the Authority an amount based on the total contribution of the Authority, the value of the assets, and the terms

and conditions of this agreement. The Authority may require that the assets acquired under this agreement be sold and the proceeds returned to the Authority.

3.15. Operation and Maintenance (O&M) Reporting

For all construction projects the Grantee must provide an O&M report that provides detailed description of operations and maintenance activities and cost, energy output and fuel displacement estimations, and discussion of operational issues. Failure to provide this information may result in the Grantee being ineligible for future grant funds from the Authority.

3.16. Tariffs & Rates for Use of Grant-Funded Assets

Rates for power provided as a result of generation or transmission facilities built with grant funds may be subject to review and approval by the Regulatory Commission of Alaska (RCA), or if the rates are not subject to RCA review and approval, they may be subject to review and approval by the Authority to ensure reasonable and appropriate public benefit from the Project.

3.17. Grant-Funded Assets Not Included in PCE

The Grantee agrees that it will not include the value of facilities, equipment, services, or other benefits received under this grant as expenses under the Power Cost Equalization Program or as expenses on which wholesale or retail rates or any other energy tariffs are based.

4. Application Evaluation Process

Applications will be reviewed in three stages by application evaluation committees, which may include the Authority staff, consultants, and Advisory Committee members:

Stage 1 – Completeness and Eligibility Review

Stage 2 – Technical and Financial Feasibility Review

Stage 3 – Final Evaluation and Ranking for Recommendations

Applications that do not comply with AS 42.45.45 and all of the material and substantial terms, conditions, and requirements of this RFA may be rejected. If an application is rejected the applicant will be notified in writing that its application has been rejected and the basis for rejection.

The Authority may waive minor requirements of the RFA that do not result in a material change in the requirements of the RFA and do not give an applicant an unfair advantage in the review process.

Upon submission of the final recommendations to the Legislature the Authority will make all applications available for review on the Authority's web site.

Decisions made in each stage of the review process will be documented in writing and made a part of the grant file.

Stage 1 Review: Completeness and Eligibility

All applications received by the deadline will initially be reviewed by the Authority staff to assess if the application is complete, meets the minimum submission requirements, and has adequate information to proceed to Stage 2 – Technical Evaluation.

The following pass-fail criteria will be used to determine if the application meets the minimum requirements.

<p><i>Application must meet all of these criteria to be considered further.</i></p>	<ol style="list-style-type: none"> 1. The application is submitted by an Eligible Applicant (sec 1.4). 2. The project meets the definition of an Eligible Project (sec 1.5). 3. A resolution or other formal authorization of the applicant’s governing body is included with the application to demonstrate the applicant’s commitment to the project (sec 1.4). 4. The application provides a detailed description of the phase(s) of project proposed—i.e. reconnaissance, feasibility analysis/conceptual design, final design/permitting, and/or construction (sec 2.2). 5. The application is complete in that the information provided is sufficiently responsive to the RFP to allow AEA to consider the application in the next stage of evaluation. 6. The applicant provides evidence of having the minimum technical, financial, and management capability to complete the work as proposed in the grant or a reasonable plan to obtain it.
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If an application is ambiguous regarding questions 1-6, the Authority may request clarifying information and the applicant will have a specified amount of time to provide the requested information. Failure to respond timely or provide an adequate explanation will result in the application being rejected.

Stage 2 Review: Project Feasibility

All applications that pass Stage 1 will be reviewed for feasibility in accordance with the criteria below:

<p><i>Application must substantially meet these criteria to be considered further.</i></p>	<ol style="list-style-type: none"> 1. Project Management, Development, and Operation <ol style="list-style-type: none"> a. The proposed schedule is clear, realistic, and described in adequate detail. b. Project development, operation, maintenance, fuel, and other cost and savings estimates are realistic. c. The project team’s method of communicating, monitoring, and reporting development progress is described in adequate detail. d. Logistical, business, and financial arrangements for operating and selling energy from the completed project are reasonable and described in adequate detail. 2. Qualifications and Experience <ol style="list-style-type: none"> a. The applicant, partners, and contractors have sufficient knowledge and experience to successfully complete and
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	<p>operate the project.</p> <ol style="list-style-type: none"> b. The project team has staffing, time, and other resources to successfully complete and operate the project. c. The project team is able to understand and address technical, economic, and environmental barriers to successful project completion and operation. d. Use of local labor and training of local labor workforce. <p>3. Technical Feasibility</p> <ol style="list-style-type: none"> a. The renewable energy resource is available on a sustainable basis and project permits and other authorizations can reasonably be obtained. b. A site is available and suitable for the proposed energy system. c. Project technical and environmental risks are reasonable. d. The proposed energy system can reliably produce and deliver energy as planned. e. If a demonstration project is being proposed: <ul style="list-style-type: none"> • specific benefits of proposed technology are likely (such as application in other areas of the State); • need for this project is shown; (and • the risks of the proposed system are reasonable and warrant demonstration. <p>4. Economic Feasibility and Benefits</p> <ol style="list-style-type: none"> a. The project is shown to be economically feasible b. The project has an adequate financing plan for completion of the grant-funded phase and has considered options for funding subsequent phases of the project. c. Other benefits to the Alaska public are demonstrated.
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The Authority may develop a preliminary list of feasible applications and may request additional information from applicants at this stage to confirm a complete understanding of the project proposed.

If information is requested, the applicant may be required to provide information within a short time frame to allow for the Authority to continue to the next stage of the review process.

Applicants that fail to respond to requests for information or to adequately address the criteria in the technical review may be rejected.

Stage 3 Review: Final Evaluation and Ranking

All applications that pass the technical review will be scored and ranked based on the following criteria which include criteria required by AS 42.45.045.

<p><i>Final Ranking Criteria to be Used for determining applications to recommend to Legislature</i></p>	<ol style="list-style-type: none"> 1. Cost of energy per resident in the effected project area relative to other areas. 2. The type and amount of matching funds and other resources an applicant will commit to the project. 3. A statewide balance of grant funds to assure funding is made available for feasible projects in all regions of the State. 4. Project feasibility (value from Stage 2) 5. Project readiness. How quickly the proposed work can begin and be accomplished 6. Success in previous phases of project development. 7. Economic Benefit to the Alaska Public 8. Other Alaska Public Benefit (such as ability to use technology in other parts of Alaska). 9. Sustainability – Operations and Maintenance 10. Local Support
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During this stage of review the evaluation team may conduct interviews of applicants to determine a more complete understanding of the technical or financial aspects of their application.

The Authority may recommend a project be funded for an amount different than what was requested.

5. Appendices

Application Form

Application Cost Worksheet

Grant Budget Form and Budget Form Instructions

Sample Grant Agreement