

Renewable Energy Fund Grant Recommendation Program
REQUEST for APPLICATIONS ROUND III

Frequently Asked Questions
Week 1 Summary of FAQs – October 8-10, 2009

1. What are the requirements for Eligible Applicants?

In House Bill 152 (enacted as Chapter 31 SLA 2008), the Legislature defined “eligible applicant” to mean “an electric utility holding a certificate of public convenience and necessity under AS 42.05, independent power producer, local government, or other governmental utility, including a tribal council and housing authority.” AEA, in consultation with the Department of Law, concluded that the term “other governmental utility” was a drafting error and was intended to mean “other governmental entity.”

AEA is not authorized to expand the Legislature’s definition of “eligible applicant” to include Alaska Native corporations, nonprofit corporations, or other such entities if they do not otherwise meet the Legislature’s definition. However, a Native corporation or other entity is an eligible applicant if it qualifies as an “independent power producer”. By regulations the definition of an “independent power producer” means “a corporation, person, agency, authority, or other legal entity or instrumentality, that is not an electric utility and that owns or operates a facility for the generation or production of energy entirely for use by the residents of one or more municipalities or unincorporated communities recognized by the Department of Commerce, Community, and Economic Development for community revenue sharing under AS 29.60.850 – 29.60.879 and 3 AAC 180.”

2. What are the major differences between the Round III Request for Applications (RFA) and the RFA for Rounds I and II?

- There are now regulations in place that govern the program. Reference 3 AAC 107.600 – 695. RFA Section (1.12)
- There is new definition of an “independent power producer.” RFA Section (1.4)
- To be eligible, applicants must commit to own and operate their projects for the economic life of the project. RFA Section (1.4)
- Limits were established for the amount of grant funds per project. RFA Section (1.14)
- Limits were established on the type of biofuels projects that will be funded. RFA Section (1.14)
- Clarification was provided regarding matching funds and reimbursement requirements. RFA Section (1.17)
- Sample milestones were included in the project schedule. RFA Sections (2.3 - 2.6)
- Clarification was provided in the grant boiler plate language. RFA Sections (3.1 – 3.17)

3. Are there any changes to the application forms or submission requirements?

- We are requesting that you submit two (2) hard copies of the application and submit one electronic version of the Application Form on a CD that is a Word Document or PDF text-searchable document. This should reduce the time AEA administrative staff spends reviewing and reporting on information in the application.
- The Cost Worksheet was modified to provide better detail on proposed system information.
- The Budget Form provides sample milestones that can be used when putting together your budget.
- The Application Form was modified to include check boxes to make it easier to process applications received.
- The Application Form requires the application includes specific sections (6, 7 & 8) to discuss sustainability, readiness, and local support for their project.

4. Will I get any credit for providing matching funds for the project if I spend funds before the grant period?

By definition matching funds are those expenditures that occur as match during the Grant period. For planning purposes we suggest applicants consider July 1, 2010 as the beginning of the grant period. However, the period could be sooner if the effective date of the appropriation is sooner. Any project contributions that occur before the grant period will not be considered a “match” under the matching funds evaluation criteria and grant administration.

However, if applicants use their own resources, or have other sources of funds to begin work on a project prior to grant award, they should discuss that in Section 7 of their application as appropriate. Initiative on the part of the grantee to proceed with work will be considered favorable in accordance with the specific criteria listed in Section 4.3 #7 “The readiness of the Applicant to proceed with phases of the project proposed for the grant.” In addition, any positive effort towards progress in preceding phases of proposed project will receive favorable consideration.

5. Will small grantees need to get bonds for their projects?

It depends. The requirement for bonding and insurance during the construction phase of a project (Section 3.11) is intended to provide a level of certainty that once construction begins there are sufficient guarantees that the project will be completed with the amount of funds available and/or contingent funding sources are available in the event of cost overruns during construction.

Alaska statutes require contractors be bonded on all state funded public works contracts entered into by the state or political subdivisions of the state (i.e., boroughs, cities, villages, school districts, or other state subdivisions). We are aware that there are other entities such as private or cooperative utilities, Independent Power Producers, or other

types of eligible applicants, that may not be political subdivisions for which construction bonding would be considered prudent. In these situations, we would recommend the applicant provide a construction bond, surety, or some other guarantee or assurance acceptable to the authority. The authority will review these on a case-by-case basis and work with the grantees on providing an acceptable guarantee.

Cost for bonding and construction insurance is considered an allowable grant expense and should be planned and budgeted for by the applicant.

- 6. Would an application for a transmission line project where the applicant was a utility and a 'community' not currently connected to the utility's grid be an eligible project? (The utility would need to be involved since the 'community' is not an eligible applicant on their own.)**

No, [extension of a utility's grid to an unserved, unincorporated area is not an eligible project](#). However, a line extension from a renewable energy source to an eligible entity could be an eligible project.

- 7. The RFA requires the applicant to submit a resolution from their governing body (Section 1.2). Our board meeting isn't until after the deadline for responses and I am unable to get our resolution signed before then. Can I submit an unsigned copy of the resolution with the application and submit the signed version at a later date?**

Yes, applicants should submit their resolution with the application as required whether it is signed or not. However the signed version of the resolution must be submitted by December 1, 2009 or the application will be rejected.