

**South Carolina Energy Office
American Recovery and Reinvestment Act**

Solicitation: SCEO-01

Energy Efficiency Funding for:

**Public School Districts
Public Colleges and Universities
State Agencies**

Funding Guidelines and Application Instructions

Issue Date: April 30, 2009
Applications accepted: Beginning May 1, 2009
Application deadline: September 1, 2009

*For Application Forms and Updated Information
Visit: www.energy.sc.gov/*

State Energy Program - American Recovery and Reinvestment Act 2009

Introduction

The American Recovery and Reinvestment Act 2009 (hereinafter, referred to as ARRA) includes stimulus funds for the State Energy Program. The U.S. Department of Energy has made a formula distribution of these funds to each State to expand the State Energy Program for the purpose of:

- Stimulating the creation or increased retention of jobs;
- Saving energy (kwh/therms/gallons/BTUs/etc.);
- Increasing energy generation from renewable sources; and
- Reducing greenhouse gas (GHG) emission.

The South Carolina Energy Office (SCEO) will award most of its State Energy Program ARRA funding to South Carolina school districts, state agencies, and state colleges and universities for energy efficiency and renewable energy projects. Funds will be awarded as grants and loans for planning and implementing projects that further the purposes stated above.

Refer to Appendix A for definition of terms used in this solicitation.

Eligible Applicants

Funding under Solicitation SCEO-01 is limited to:

- Public school districts,
- Public colleges and universities including the state technical education colleges, and
- State agencies that own facilities.

Available Funding

A total of \$40 million is available for award under this solicitation. Funds have been allocated to each school district, university, college or agency according to the amount of energy consumed by its facilities in FY2006. Each organization's allocation is provided in the Funding Announcement letter e-mailed to the organization head. The complete list of allocations is available at www.energy.sc.gov. (*Choose Stimulus Information in left hand menu and click on State Energy Program (SEP). All application information is available in the links box*)

SCEO will award funds to each organization up to the amount of its allocation based on an application that meets the criteria for award. The organization will receive 75 percent of the award as a grant. The remaining 25 percent of the award will be issued as a loan to be paid back from energy savings at zero percent interest.

SCEO plans to issue funding awards beginning in August 2009 and to complete the first round of awards by December 2009. If an organization does not apply for all of its funding allocation by

September 1, 2009, the remaining funds will be reallocated. All funds must be expended by December 2010.

Application Options

To expedite distribution of stimulus funds, the SCEO will review Applications as they are received and issue awards for projects on an ongoing basis. The final Application deadline for this solicitation is September 1, 2009.

The SCEO encourages each organization to prepare a single Project Application to request its funding allocation. A Project may include a single energy measure or multiple energy measures. If an organization has not identified energy measures for all of its funding allocation, it may submit a Project application for the measures it is ready to implement and a second Project application at a later date for measures that need further development.

An organization may include pre-award costs in its application for the purpose of contracting with a firm or individual to:

1. develop the organization's energy conservation plan required pursuant to South Carolina Code of Laws Section 48-52-620, and/or
2. Develop the technical analysis for energy measures included in the application.

The organization incurs pre-award costs at its own risk. Such costs will be reimbursed only if the SCEO determines they are allowable and includes them in the funding award.

If the organization does not request its total funding allocation, it will receive 75 percent of the amount requested as a grant and 25 percent as a loan. If an organization does not apply for all of its funding allocation by September 1, 2009, the remaining funds will be reallocated.

If the organization's project cost exceeds its total allocation, it may apply for a ConserFund loan to finance the difference. The ConserFund application form and guidelines may be downloaded from www.energy.sc.gov. *Choose Funding Opportunities in left-hand menu and click on ConserFund.*

Eligible Energy Measures

General criteria:

1. The Applicant must own the facility where an energy measure will be implemented.
2. Energy measures must be consistent with the organization's Energy Conservation Plan required pursuant to South Carolina Code of Laws, Section 48-52-620. A sample Energy Conservation Plan is available at www.energy.sc.gov. *(Choose Stimulus Information in left hand menu and click on State Energy Program (SEP). All application information is available in the links box)*
3. Energy measures must demonstrate the potential to reduce energy consumption, peak demand, and/or utility costs; or, to use renewable energy sources in place of fossil fuel.

4. Energy measures must utilize proven, reliable, commercially available technologies recognized by the South Carolina Energy Office.
5. Overall project must have a Simple Payback Period of eight (8) years or less or a simple Return on Investment of 2.5 or greater. Exceptions will be reviewed for a possible waiver of these standards. *See Appendix A for definitions of Simple Payback Period and Return on Investment.*

Examples of eligible energy measures include:

1. Lighting retrofits.
2. Heat recovery systems.
3. Load management systems.
4. Energy management systems.
5. Electrical distribution systems (motors, variable speed drives, fans etc).
6. Infiltration reduction or other building envelope improvements.
7. Boiler efficiency and central plant improvements.
8. Heating, ventilating, and air conditioning (HVAC) equipment.
9. Renewable energy systems.
10. Alternative fuel vehicle retrofits and fueling equipment.
11. Other cost-effective energy measures as approved.

Allowable Costs

Funds will be awarded for reimbursement of project costs up to amount of award.

Costs incurred prior to award will not be reimbursed unless they are included in the project application and approved by SCEO.

Allowability of costs is subject to the applicable federal cost principles for the recipient organization, OMB Circulars A-21 (public colleges and universities) or A-87 (state agencies and public school districts).

Costs must be reasonable and necessary to plan and implement project. Cost items may include:

1. Contract for development of energy conservation plan to meet requirements of South Carolina Code of Laws Section 48-52-660.
2. Contract for technical analysis of proposed energy measures.
3. Contract for installation of energy measures.
4. Direct labor costs for installation of measures.
5. Equipment and materials purchased by recipient organization.
6. Project design costs.

7. Project management costs.
8. Administration costs.

Consistent with the American Recovery and Reinvestment Act, administration costs are limited to 10 percent of the total award. An organization that has an approved indirect cost rate, may request reimbursement of indirect costs to the extent they do not exceed 10 percent of the total award. An organization that does not have an approved indirect cost rate, may request reimbursement of administrative personnel time and operating costs not to exceed 10 percent of the total award.

Prohibited Uses of Funds

Funds may not be used for the following purposes:

1. Construction, such as construction of mass transit systems and exclusive bus lanes, or for the construction or repair of buildings or structures.
2. Any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.
3. Purchase of land, a building or structure or any interest therein.
4. Subsidies for public transportation fares.
5. Subsidies for utility rate demonstrations or State tax credits for energy conservation or renewable energy measures.
6. Research, development or demonstration of energy efficiency or renewable energy techniques and technologies not commercially available.
7. Supplanting of state or local funds already committed to projects.

ARRA Requirements

DUNS Number and Central Contract Registry:

Each Recipient of ARRA funds must have a DUNS Number and complete Central Contract Registration by September 30, 2009. Instructions for obtaining a DUNS Number are on the Dun and Bradstreet web site: <http://fedgov.dnb.com/webform/pages/dunsnumber.jsp> .The Central Contractor Registration web site is: <http://www.ccr.gov/> .

Segregation of Costs:

Recipients must maintain separate records of obligations and expenditures related to funding under the ARRA. Funds can be used in conjunction with other funding as necessary to complete projects, but tracking and reporting must be separate to meet the reporting requirements of the ARRA.

Buy American:

All of the iron, steel, and other manufactured goods used as material in the project must be produced or manufactured in the United States. There is no requirement with regard to the origin of components or subcomponents in manufactured goods used in the project, as long as the

manufacturing occurs in the United States. The Office of Management and Budget has issued interim guidance on the “Buy American” requirements of the ARRA; guidance will not be final until June 22, 2009 or later.

Davis-Bacon Wage Rates:

All laborers and mechanics employed by recipients, subrecipients and contractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to the American Recovery and Reinvestment Act of 2009 shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality. Applicable wage rates for South Carolina counties are found at: <http://www.wdol.gov>.

Reporting Requirements:

Recipients must report project status quarterly: amounts obligated for contracts and other purchases, amounts expended, percent of project completed, and amount of funding leveraged from other sources.

Recipients must report outcomes of completed projects: annual reduction in energy consumption by fuel type, energy cost savings, and the installed capacity and generation for renewable energy projects for a full year of operation after project completion.

Standard SCEO Grant Requirements

Project Approvals:

The Recipient is responsible for complying with project review and permit procedures administered by the SC Department of Education, the SC Commission on Higher Education, the Office of the State Engineer, the Office of State Budget, and other oversight bodies as applicable.

Procurement:

A Recipient shall procure goods and services according to its established procurement policy, provided that its procurements conform to state law.

Reimbursement of Expenses:

The Recipient shall request reimbursement for costs incurred in accordance with approved budget. The Recipient must attach to the payment request documentation verifying any equipment, material, product, or service purchase for which the Recipient is requesting reimbursement.

Maintenance of Records and Audit Requirements:

Recipient must maintain records pertinent to all grants, agreements and accounts in accordance with generally accepted accounting principles. These records shall be made available to SCEO, or any of its designated representatives, for examination and audit. Recipient must comply with audit requirements for federal funds.

Payback Requirements for 25 Percent of Award

In order to continue utilizing ARRA funds for future projects through a loan fund, 25 percent of each award will be issued as a loan to be paid back from energy savings at zero percent interest. Payback will begin one year after project completion. The annual payments will be based on projected annual energy savings and will be scheduled to complete payback of 25 percent of the award in seven years or less.

Application Instructions

The Application Form is available in Word format at www.energy.sc.gov. (*Choose Stimulus Information in left hand menu and click on State Energy Program (SEP). All application information is available in the links box*) Please check the SCEO website for the latest version of the Solicitation and Application Forms before submitting application.

Project Application:

A complete Project Application is made up of three documents.

1. The Project Application Form including Part A. Applicant Information; Part B. Individual Energy Measure Summary; and Part C, Project Summary.
2. A Technical Analysis of each proposed Energy Measure that has been conducted by a qualified Technical Analyst.

The Technical Analysis must include the following:

- A description of facility characteristics and energy data, including operational characteristics of the energy-using systems.
 - A description and engineering analysis of each identified energy measure, including the following:
 - (a) A detailed estimate of the cost of design, acquisition, and installation with discussion of pertinent assumptions as necessary.
 - (b) An estimate of the annual energy savings by fuel type using generally accepted engineering standards and practices, including all formulae, data and assumptions clearly presented in arriving at the estimate.
 - (c) An estimate of the annual energy cost savings and, if applicable, estimates of maintenance cost savings.
 - (d) The simple payback period of each energy measure, calculated by dividing the estimated total cost of the measure by the estimated annual energy cost savings.
 - (e) The expected useful life of each energy measure in years.
 - (f) A proposed implementation schedule for each energy measure.
3. Applicant's Energy Conservation Plan developed pursuant to South Carolina Code of Laws Section 48-52-660. If an Organization has not completed its Energy Conservation Plan, it

may submit a Project Application Form and Technical Analysis for review. However, no funds will be awarded until the Energy Conservation Plan is submitted.

The Project Application Form, Technical Analysis, and Energy Conservation Plan must be submitted as attachments to an e-mail. Since the first page of the Application Form must be signed, the Organization may scan the form into a pdf file for submission or submit the Application Form as a Word document and fax only the signed cover page.

e-mail address: sepstimulus@energy.sc.gov

fax number: *Fax To: SEP Stimulus, 803-737-9846.*

Organizations should aim to prepare applications and submit as soon as possible in order to maximize impact of the Recovery Act funds. The final deadline for Project Applications is September 1, 2009. If an Organization fails to apply for any or all of its allocated funds by September 1, 2009, the SCEO will make those funds available for reallocation.

Review and Award Process

SCEO will review applications upon receipt for completeness of information and compliance with requirements. SCEO will contact applicant if additional information is required.

SCEO will conduct a merit review of each project to determine that the project is feasible and cost effective. The overall project must have a Simple Payback Period of eight (8) years or less or a simple Return on Investment of 2.5 or greater. Exceptions will be reviewed for a possible waiver of these standards. *See Appendix A for definitions of Simple Payback Period and Return on Investment.*

The merit review will also consider the following benefits:

1. Job creation and other economic benefits.
2. Other funds leveraged.
3. Estimated annual energy savings by fuel type.
4. Renewable energy installed capacity and generated.
5. Greenhouse gas emissions reduction and other environmental benefits.

The SCEO may use the services of expert third parties to evaluate projects. If information provided in the application is insufficient to support the merit review, the SCEO will notify the Applicant's Contact Person. Any revisions or additions to the application information must be submitted electronically to sepstimulus@energy.sc.gov.

Applications will be approved or rejected by the Project Review Committee based on the recommendation of the Project Reviewers.

If an application is rejected, the Applicant's Contact Person and Signatory Official will be notified in writing with reasons for rejection and options for resubmission.

If an application is approved, the SCEO will send an award notice to the Applicant's Contact Person and Signatory Official. The Award Notice will state the amount of funds to be awarded, the approved use of the funds, the effective date of the award, and the assigned SCEO Grant Coordinator. The SCEO plans to issue funding awards beginning in August 2009 and to complete the first round of awards by December 2009.

The SCEO Grant Coordinator will develop the award instrument with scope of work, budget, and terms and conditions. The award instrument will also specify payback provisions for the portion of funds awarded as a loan. The Grant Coordinator will mail copies of the agreement to the Applicant's Contact Person to be reviewed and signed by the Applicant's Signatory Official.

Questions

All questions regarding this solicitation and the application process must be submitted to sepstimulus@energy.sc.gov . Answers will be provided at www.energy.sc.gov so that all organizations have access to the same information. Any updates to the solicitation or application forms will be posted at the same location. Please check the SCEO website at www.energy.sc.gov for latest version before submitting application. (*Choose Stimulus Information in left hand menu and click on State Energy Program (SEP). All application information is available in the links box*)

APPENDIX A

Definitions

Annual Cost Savings: Annual energy cost savings as a result of implementation of an energy measure. When appropriate, the Annual Cost Savings may also include the annual reduction in maintenance expenses and the savings from reallocation of personnel to other functions.

Annual Energy Savings: The projected reduction in energy use as a result of implementing an energy measure. It is calculated by converting the energy savings for each energy type to thousand British thermal units (kbtus). Below are conversion rates for some common units of measure to kbtus:

Energy Type	Unit of Measure	Multiply by this Amount to convert to kbtus
Electricity	KWH	3.412
Natural Gas	Therm	100
Propane	Gallon	92
Fuel Oil	Gallon	140 (average)

Applicant: Organization that has submitted an application for funding is referred to as an Applicant until funding has been awarded.

Applicant Contact Person: Staff member who can answer questions about the proposed project and can supply additional information if required.

ARRA: American Recovery and Reinvestment Act of 2009, also known as “stimulus funds.”

Energy Conservation Plan: Plan prepared pursuant to requirements of South Carolina Code of Laws, Section 48-52-620.

Energy Measure: 1) a commercially available energy efficient device, technique or technology designed to reduce energy consumption, peak demand, and/or utility costs at an existing building or facility; 2) a commercially available device, technique or technology designed to use energy from renewable sources (such as solar, wind, biomass, hydropower) in place of energy from fossil fuels; 3) alternative fuel or advanced technology vehicles and alternative fuel infrastructure.

Energy Measure Cost: The estimated cost to implement the measure. This includes costs to be paid from all funding sources.

Energy Measure Funds Request: The amount of federal ARRA funds requested in this Application to implement the measure.

Life Cycle Cost Savings: The Annual Cost Savings multiplied by the Lifecycle of the Energy Measure.

Life Cycle of Energy Measure: The planned duration of cost savings, taking into consideration the generally accepted life of materials installed and equipment placed in service, the remaining useful life of the building, and other pertinent factors.

Project: all of the energy measures included in an Application. An Application may include just one energy measure or multiple energy measures.

Project Annual Energy Savings: The sum of annual energy savings for all energy measures included in the Project.

Project Funds Request: The total amount of ARRA funds requested in this Application.

Recipient: Organization that has been awarded funding.

Return on Investment: For an Energy Measure, the Return on Investment is the Life Cycle Cost Savings divided by the Energy Measure Funds Request. The Total Project Return on Investment is the sum of Life Cycle Cost Savings for all Measures divided by the total Project Funds Request.

Signatory Official: Organization head or chief financial officer who has authority to apply for and accept funds on behalf of the organization.

Simple Payback Period: For an Energy Measure, the Simple Payback Period is the Cost Savings divided by the Energy Measure Funds Request. The Project Simple Payback Period is the Projected Annual Cost Savings for the Project divided by the Project Funds Request.

State Energy Program: The State Energy Program (SEP) provides grants to states and directs funding to state energy offices from the U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy. States use SEP funding to address their energy priorities and adopt emerging renewable energy and energy efficiency technologies. Program regulations can be found at Code of Federal Regulations, Title 10, Part 420.

Technical Analyst: A registered professional engineer, architect, a certified energy manager, or a licensed vendor with demonstrated experience in energy conservation who conducts technical analyses to identify energy measures, costs and benefits.