NYSERDA Commercial and Industrial (C&I) Carbon Challenge

Funding Available: Up to $15 million available

DESCRIPTION

The New York State Energy Research and Development Authority (NYSERDA) has $15 million of incentives available to support decarbonization project portfolios for large Commercial and Industrial customers across New York State. All projects must demonstrate greenhouse gas emissions savings and be installed within a 3-year implementation period. Eligible projects include, but are not limited to, energy efficiency improvements, retrofits, clean heating and cooling, carbon capture, utilization and storage (CCUS), industrial process emission reduction, and on-site renewable energy systems. The purpose of the funding available in this program is to achieve cost-effective carbon emission reduction by providing large customers with flexible funding streams.

The Commercial and Industrial (C&I) Carbon Challenge provides eligible New York State commercial, industrial, and institutional applicants with incentives on a competitive basis. Applicants are required to identify a carbon savings goal and the projects they will complete to meet that target. Available awards range from $500,000 to $5 million. Award amounts are determined by the size of the carbon savings goal.

At least 30% of the applicant's greenhouse gas savings come from utilization of low-carbon fuels, onsite CCUS, industrial process emission reduction, and/or beneficial electrification projects

- Beneficial electrification is defined for the purposes of this program as the utilization of electricity for activities that would otherwise consume fossil fuels.
- Industrial process emissions are those generated from physical or chemical changes to materials in the manufacturing process, unrelated to the consumption of energy

Applicants will indicate on Attachment B whether a particular project falls into one the four required project categories, but the ultimate determination of whether a project fits this designation is at NYSERDA's sole discretion.

APPLICATION SUBMISSION

In addition to the CFA Application, Applicants to this program will be required to complete additional required attachments:

- Attachment A, Clean Energy Action Plan - The Clean Energy Action Plan serves as the keystone document for tracking the overall strategic approach of the Applicant throughout the C&I Carbon Challenge program. It will be used to document goals; track timelines and key metrics including costs, savings, and personnel requirements; provide high level overviews of project implementation planning and ongoing progress; and detail measurement and verification approaches as projects are finalized.
- Attachment B, Project Savings Tracker – This calculation and tracking tool is meant to assist Applicants in determining their carbon savings goal and the value of their award. Each project included in the Clean Energy Action Plan must be included on this spreadsheet.
- Attachment C, Data Collection Form

These attachments can be found at https://www.nyserda.ny.gov/cicc.

APPLICATION QUERIES

No communication intended to influence this procurement is permitted except by contacting Sean Mulderrig at (212)-971-5342, ext. 3804 or by e-mail sean.industrial@nyserda.ny.gov (for technical

questions). If you have contractual questions concerning this solicitation, contact Nancy Marucci (Designated Contact) at (518) 862-1090, ext. 3335 or nancy.solicitations@nyserda.ny.gov. Contacting anyone other than the Designated Contacts (either directly by the proposer or indirectly through a lobbyist or other person acting on the proposer's behalf) in an attempt to influence the procurement: (1) may result in a proposer being deemed a non-responsible offerer, and (2) may result in the proposer not being awarded a contract.

ELIGIBLE TYPES OF APPLICANTS

Eligible Applicants include, but are not limited to:

- Colleges and Universities
- Food and Beverage Processing
- Health Care Facilities
- Manufacturing
- Mining and Extraction
- Municipal Facilities
- Not-For-Profit and Private Institutions
- Office Buildings
- Public and Private K-12 Schools
- Retail
- State and Local Governments
- Warehouse and Distribution Facilities
- Wastewater Treatment Plants

While third party advisors or consultants are permitted to assist in preparing applications, they are not an eligible applicant type.

Applicants implementing projects for customers or at 3rd party sites in order to scale the impact of an emissions reduction solution will be eligible provided they meet all application eligibility requirements.

PRE-APPLICATION REQUIREMENTS

- The applicant must have at least $1 million in annual energy expenditures at their properties or facilities located in New York State.
- Projects must save a minimum of 25,000 metric tons of CO2 equivalent
- Work conducted prior to the execution of an Agreement between NYSERDA and the applicant is not eligible for cost-reimbursement;
- New construction and expansion projects are not eligible for this program; and
- Projects must be performed on systems with a remaining useful life of at least six years

If selected to receive an award, applicants may be asked to provide additional proof to show that they meet the energy expenditure requirements.

Work conducted prior to the execution of an Agreement between NYSERDA and the Applicant is not eligible for cost-reimbursement.

ELIGIBLE ACTIVITIES / PROGRAM BENEFIT REQUIREMENTS

Grant funds may be used for any energy or industrial-process related projects that can reduce carbon emissions. These actions include, but are not limited to:

- Energy Efficiency Improvements
- On-site Renewable Energy Systems (photovoltaics, wind, or solar thermal)
- Ground-Source or Air-Source Heat Pumps

- Electrification of Thermal Loads
- Carbon Capture, Utilization, and Storage
- Process Emission Reduction
- Low-Carbon Fuel Use
- Other efficiency or renewable energy technologies.

For certain carbon reduction measures, awardees will be required to meet NYSERDA minimum quality standards and work with NYSERDA approved participating contractors, where applicable. More information on approved contractors can be found here: https://www.nyserda.ny.gov/Contractors/Find-a-Contractor.

Selected applicants will work with NYSERDA to develop a 4-year contract agreement commencing in2023. All carbon reduction projects must be installed within 3 years of agreement execution. The final year will be used to complete any outstanding measurement and verification (M&V), if necessary, and determine final project results.

NYSERDA will issue awards ranging from $500,000 to $5 million per applicant. Applicants who pay the electric System Benefits Charge (SBC) will be eligible for a maximum award of $5 million. Applicants who do not pay the electric SBC will be eligible for a maximum award of $2 million.

Awards are determined by the size of the carbon savings goal. As the amount of carbon saved increases, the financial incentives increase. For each ton of carbon reduced, NYSERDA will provide funding according to a marginal rate schedule shown below.

Payment Structure

mtCO2e	$ per mt CO2e
0 - 25,000	$20.00
25,000 - 60,000	$22.00
60,000 - 125,000	$24.00
125,000 - 200,000	$26.00
200,000+	$28.00

Here is an example of how the award size is calculated: an applicant submits a proposal that sets a target of reducing 130,000 tons of CO2 equivalent. The overall award equals

(25,000mt ×$20)+(35,000mt ×$22)+(65,000mt ×$24)+(5,000mt×$26)=$2,960,000[2]

To provide Applicants with flexible funding, up to 70% of the overall award will be made available as project costs are incurred. NYSERDA and awardees will use the Clean Energy Action Plan and monthly meetings to document expected costs and determine funding requirements, ensuring disbursements are proportional to all project costs anticipated through the Clean Energy Action Plan and align with progress toward carbon savings goal. Participants will be required to provide NYSERDA with invoices for incurred costs and remittance of payment will be at the discretion of the Project Manager.

[2] $2,000,000 in the case of an applicant who does not pay the SBC

All remaining funds will be awarded upon completion of M&V conducted by a third-party evaluator and will be subject to readjustment based on the participant's performance relative to their stated carbon savings goal according to the marginal rate schedule.

Projects that receive an award under the C&I Carbon Challenge program will not be eligible to apply for any other efficiency or renewable energy incentives from NYSERDA or the proposer's utility. However, Applicants that are not awarded incentives through this competitive selection process may be eligible to participate in other NYSERDA or utility programs as applicable.

NYSERDA will have discretion to accept only a portion of the submitted portfolio of projects for funding. Any individual project(s) not selected for funding will still be eligible for alternative NYSERDA or utility incentive program funding.

SUCCESSFUL APPLICANT REQUIREMENTS

Selected C&I Carbon Challenge awardees will be expected to work closely with NYSERDA in updating, refining and implementing Clean Energy Actions Plans over the term of the program. Each program participant will receive the benefit of a dedicated NYSERDA Project Manager. The Project Manager will work with participants to track progress, provide feedback and guidance on measures to be implemented, and coordinate cross-collaboration with participants and NYSERDA external resources when necessary or requested.

Both the Clean Energy Action Plan and the Project Savings Tracker will be required to be updated on a bi-annual basis, at a minimum. The originals of these documents submitted in this application will serve as the initial document to which all revisions will be applied. Updates will encompass the following:

- Indication of instances where estimates have been revised or implementation plans have been altered
- A brief summary of all Clean Energy Actions taken to date
- A detailed account of progress on completed measures, including:
    - Project Costs
    - Estimated Savings
    - Verified & Realized Savings
    - Upcoming Measurement and Verification actions
- Identification of new measures, if applicable

SELECTION CRITERIA

An Application is eligible to receive a total final score of 100, of which 80 points are derived from the NYSERDA review criteria below and 20 points are allotted by the applicable Regional Economic Development Council (REDC). The REDC rates the degree to which the project aligns with the REDC's Strategic Plan.

Proposals that meet solicitation requirements will be reviewed by a Scoring Committee using the Evaluation Criteria below listed in order of importance. After proposals are reviewed, NYSERDA will issue a letter to each proposer indicating the proposal evaluation results. NYSERDA reserves the right to adjust awards and related carbon goals based on available funding.

1. **Project Plan (25 points)**
    - Does the proposed plan and approach utilize well established means of implementing energy efficiency and/or distributed energy resource projects? Does the proposed approach utilize technologies or solutions that have proven themselves in the marketplace? How does the proposal help the applicant meet their long-term sustainability goals? Can projects feasibly be completed according to the proposed

schedule? Does the personnel identified to work on projects possess the experience necessary to ensure success? Are adequate means of tracking project metrics and schedules in place? Have thorough responses been included for all required prompts related to the application's low-carbon fuels, CCUS, industrial process emission, and/or beneficial electrification projects?

2. **Project Analysis (20 points)**
    - Does the proposer demonstrate a thorough investigation of potential measures and sound reasoning for selecting their proposed approach? How thoroughly have projects been scoped? What level of analysis has been completed? Is the methodology for determining energy savings or generation provided and well detailed? Are assumptions disclosed? Are project costs reasonable and based on customer experience and/or market intelligence? Have projects in the proposal been examined in a NYSERDA FlexTech study or an investment grade audit?
3. **Experience (15 points)**
    - Does the proposer have a codified institutional or corporate social responsibility framework? Does the proposer have a demonstrated record of sustainable planning and implementation? Has the proposer set a specific net-zero goal, science based target, or other industry-standard emission target? Are they on track to achieve the goal or target? Has the proposer traditionally undertaken energy efficiency or distributed energy resource projects? Are adequate personnel resources in place to deliver on sustainability goals?
4. **Project Scale (10 points)**
    - Is the applicant contributing at least 50% cost-share? How many metric tons of carbon equivalent will the applicant reduce ?
5. **Disadvantaged Community Impacts (10 points)**
   Is the applicant located in a disadvantaged community? Will the proposal offer benefits to disadvantaged communities ?

In addition to the criteria noted above, NYSERDA shall have the discretion to consider additional factors in determining the relative merits of projects to illustrate innovative carbon-reducing strategies in New York State. NYSERDA may also consider the following program policy factors in making award decisions:

- The applicant's contribution to the System Benefits Charge;
- Degree to which the proposed project exhibits technological diversity in technology and implementation approach when compared to the existing Commercial and Industrial Carbon Challenge project portfolio and other projects selected from this solicitation;
- Degree to which there is diversity among awardee sectors and industries when compared to the existing Commercial and Industrial Carbon Challenge program participants and other projects selected from this solicitation;
- Degree to which there is geographic diversity among awardees when compared to the existing Commercial and Industrial Carbon Challenge program participants and other projects selected from this solicitation;
- Potential for the project portfolio to contribute to a shift in an industry or market ecosystem toward a low-carbon product;
- Degree to which there are alternate sources of financial support available via other programs funded by the System Benefits Charge (e.g. traditional utility programs).

AWARD CRITERIA DETAILS

- An initial screening for eligibility will be conducted several weeks after the close of the CFA. Applicants that are determined to not meet basic eligibility criteria will be informed at that time that they are not eligible for further consideration of this program for this year.

- Notice of a funding award will be given in the form of a contract outlining the terms of the proposed assistance. Project funding may only be used for expenses incurred after the date of contract execution. Applicants are strongly encouraged to review and countersign NYSERDA's Agreement prior to starting the project.

- All Applicants will be required to certify and agree that any decrease in the scope of work described in the Applicant's final CFA submission including, but not limited to, total project costs, may result in NYSERDA's reduction of the award, in NYSERDA's sole discretion, in an amount proportionate to any such decrease.

- All Applicants will be requested to certify and agree that any expansion of the scope of work described in the Applicant's final CFA submission including, but not limited to, total project costs, may not result in an increase of the award, consideration of scope changes will be at the sole discretion of NYSERDA.

- Please note that awarded grants are transferable at the sole discretion of NYSERDA.

- NYSERDA expects projects to proceed in the time frame set forth by the Applicant. If the implementation of a project fails to proceed as planned and is delayed for a significant period of time and there is, in NYSERDA's exclusive judgment, doubt as to its viability, NYSERDA reserves the right to cancel its funding commitment to such project. NYSERDA reserves the right to require Recipient to provide any additional information and/or documentation NYSERDA deems necessary and terminate the project at any point if the applicant fails to provide such documentation in a timely manner.

  All required public approvals must be in place prior to the start of construction and installation of renewables, including State Environmental Quality Review (SEQRA). Physical work on a NYSERDA-funded project may not be started prior to the completion of any necessary environmental review.

- Grant funds originally awarded to projects that have since been cancelled or terminated may be repurposed for economic development projects by NYSERDA at its discretion in consultation with the REDCs.

ADDITIONAL RESOURCES

For more information, applicants should contact Sean Mulderrig at the New York State Energy Research and Development Authority, 17 Columbia Circle, Albany, New York 12203, call (518) 862-1090, email carbonchallenge@nyserda.ny.gov or visit: https://www.nyserda.ny.gov/All-Programs/Programs/CI-Carbon-Challenge.