



**PUBLIC SECTOR ENERGY EFFICIENCY PROGRAM
SUPPORT • PROGRAM YEAR 2016 – 2017**

**PUBLIC SECTOR ENERGY EFFICIENCY PROGRAM SUPPORT GUIDELINES
PROGRAM YEAR 2016 – 2017**

PROJECT AGGREGATION

KEY ACCOUNTS

HIGH IMPACT NATURAL GAS EFFICIENCY (HINGE)



Illinois
Department of Commerce

& Economic Opportunity

OFFICE OF ENERGY & RECYCLING

Bruce Rauner, Governor

A. Program Information

Purpose. The Illinois Department of Commerce and Economic Opportunity (the "Department of Commerce") administers the Illinois Energy Now ("IEN") portfolio of programs as part of the Energy Efficiency Portfolio Standard ("EEPS") to implement cost-effective energy efficiency measures that help meet annual energy savings targets. Implementing such measures enhances economic development in the state of Illinois through job creation and business development. The Public Sector Energy Efficiency Programs ("Public Sector Programs") will, to the extent funds are available, provide incentives for projects that increase the energy efficiency of local governments, municipal corporations, public school districts, community college districts, public universities, and state/federal facilities located in the service territories of Ameren Illinois ("Ameren"), Commonwealth Edison ("ComEd"), Nicor Gas ("Nicor"), Peoples Gas ("Peoples"), and/or North Shore Gas ("North Shore").

This Public Sector Energy Efficiency Program Support guidelines allows eligible applicants to participate in the Public Sector Programs, by combining electric and natural gas energy efficiency projects, within the public sector, in an effort to: simplify the overall application process, quickly deliver projects, and/or capture projects that might otherwise not be submitted as standalone projects – all with the ultimate goal of maximizing energy savings. The intent of this program is to solicit proposals from eligible candidates to assist the Department of Commerce in administrating the IEN program in any one of three areas:

- 1) Aggregation, an aggregator of projects focusing on one or more public sector entities.
- 2) Key Account, a single public sector entity that has large or several projects.
- 3) HINGE, large natural gas projects that achieve savings of over 50,000 therms per year.

Definitions. The terms used in this document have the meanings set forth below. Words and terms not defined here, if defined in the Environmental Protection Act (415 ILCS 5 *et seq.*) will have the meanings as defined therein.

"Act" means the Public Utilities Act.

"Administrative costs" means costs that include internal day-to-day activities related to implementation for the approved project.

"Aggregator" means an applicant awarded a grant under this program to increase the delivery of Public Sector energy efficiency measures and incentives in one or more of the designated market areas (e.g., units of local government/municipal corporations, community colleges, and public schools, water treatment plants, park districts).

"Applicant" means a not-for-profit, state or local government agency, unit of local government/municipal corporation, public school district, community college district or public university, located within the State of Illinois, that applies under this program.

"Application" means a request for program funds by submitting the required information, on the Department of Commerce's approved forms and attachments as prescribed in these guidelines.

"Consulting/Subcontractor" means third party services designed to support the applicant.

"Energy Efficiency Measures" means measures that reduce the total Btus of electricity and natural gas needed to meet the end use or uses.

"Energy Efficiency Projects" means grouping of several specific facility projects by the aggregator to simplify the application process, speed up the approval and implementation of energy measures, maximize cost effective energy savings, and capture projects that might not be funded as standalone projects.

"Entity" means any applicant submitting an application to the Department of Commerce.

"Equipment/Material Costs" means costs for energy efficiency measures, including equipment used for educational and demonstration purposes.

"Grantee" means an entity that has been awarded a grant under this program.

"Incentive" means a grant award or rebate.

"Indirect Costs" means indirect costs specific to the approved proposal. Indirect costs are not eligible expenses for any party other than public university applicants and may be capped in the grant agreement at the Department of Commerce's discretion.

"Key Account" is defined as a single public sector entity that aggregates multiple energy efficiency projects within a single municipality or local government department, single public school district, single community college, or single state/federal agency.

"Performance Period" means the length of time the grantee is required to operate the project and submit information/data to the Department of Commerce.

"Project Completion Date" means the date that all project tasks are completed and deliverables submitted.

"Project Owner" means the unit of government/municipal corporation, community college, or public school that has undertaken an approved energy efficiency project.

"Program Year" means Program Year 2016-2017, which begins June 1, 2016, and ends May 31, 2017.

B. Funding Information

Funding Authority. The Department of Commerce is authorized by 20 ILCS 1105/3 to administer for the State any energy programs and activities under federal law, regulation or guidelines. The Department of Commerce is authorized by the Energy Efficiency Sections of the Public Utilities Act (220 ILCS 5/8-103, 104) to administer a portion of the Illinois Energy Efficiency Portfolio (EEP). The statute provides funding for the EEP and sets certain statutory requirements to meet incremental annual energy savings goals, procure a minimum percent of the portfolio from local government, municipal corporations, public school districts, community college districts, and target low income households proportionate to their share of annual utility revenues. The Public Sector Programs are one component of the Department of Commerce's total portfolio of measures (known as Illinois Energy Now) designed to meet its obligations under the Act. Funding levels are determined each year by the Department of Commerce under a plan submitted to the Illinois Commerce Commission. The Department of Commerce reserves the right to limit the total amount of funding for this program in any given fiscal year.

Grant Amounts. Funding decisions are made as funding is available and the Department of Commerce is not obligated to provide the maximum grant amount. Upon review of applications, the Department of Commerce reserves the right to negotiate terms and grant amounts.

The level of grant award will be based in part on the applicant's ability to demonstrate the cost effectiveness of the proposed program (savings in kWh and/or therms per program dollar spent). The level of the grant award will also be based on the applicant demonstrating the ability to develop enough energy efficiency projects to disperse the funds and realize the savings targets within the grant period. The applicant should carefully address this issue in their "project description" document required in this application.

The Department of Commerce reserves the right to modify the grant amounts as needed to fulfill the EEPs statutory requirements or based on current market development, technology development, evaluation, measurement and verification (EM&V) results and program implementation experience. The Director reserves the right to waive funding limitations and other program parameters. The Director also has the authority to implement pilot projects under this program.

C. Eligibility

Eligible Applicants. Any not-for-profit, state or local government agency, unit of local government/municipal corporation, public school district, community college district or public university located within the State of Illinois with a strong affiliation to the market sector being proposed.

Any applicant applying for incentive funding must meet the following criteria:

- Each facility applying for and/or receiving the energy measure incentives must be a unit of local government, municipal corporation, public school district, community college district, public college or university, or a state/federal facility.
- Each facility must be located in the State of Illinois, and if applying for an electrical energy efficiency measure incentive must receive electric delivery service from Ameren or ComEd wires, regardless of the retail electric supplier.
- Each facility must be located in the State of Illinois, and if applying for a natural gas energy efficiency measure incentive must receive gas delivery service from Ameren, Nicor, Peoples, or North Shore distribution, regardless of the natural gas supplier.

Previously Funded Applicants. An applicant who previously received funds from the Department of Commerce's IEN programs must confirm that the plan for a newly proposed project identifies goals, objectives, tasks and activities that are demonstrably different from any previous project funded by The Department of Commerce or its predecessors.

Pre-Registration. Note: As part of the changes to the state grant process brought about by the Federal 2 CFR Part 200 (Uniform Requirements) and the Illinois Grant Accountability and Transparency Act (GATA), all entities wishing to receive grants from the State of Illinois must now register at: <https://grants.illinois.gov/registration/>. Any organization planning to apply for an EEPS grant during the 2017 program year may now register.

Please note that FEIN and DUNS numbers are required to complete registration. The online registration will trigger a pre-qualification process that will ensure the entity:

- Has a current DUNS number;
- Has a current SAM CAGE Code (you will need to register at SAM.gov);
- Is not on the Federal Excluded Parties List; and
- Is in Good Standing with the Illinois Secretary of State.

An entity can only register once per DUNS number annually. If your entity attempts to register a DUNS number that has already been registered, you will receive a notice that contains the contact information of the original registrant.

Once your entity is pre-qualified, you will receive a link to an Internal Controls Questionnaire (ICQ). EEPS applicants must complete the ICQ as part of the pre-award process and program staff will then determine whether any or all risk-based conditions shall be incorporated into the Agreement.

Eligible Expenditures. The following costs are eligible expenditures:

- Equipment/Material Costs: As defined above, these are eligible expenditures. Where defined incentives exist for Illinois Energy Now Programs (i.e. Standard, Custom, & Clean Water Incentive Program, Boiler System Efficiency Program), incentives should be based on the defined incentive levels.
- Administrative Costs, Consulting/Subcontractor Costs, & Indirect costs: As defined above, these are eligible expenditures, if necessary and justified in the application. However, please note: for Aggregation applications, these costs cannot exceed 15 percent of the total grant request. For Key Accounts, these costs cannot exceed 5 percent of the total grant request. For HINGE, the Department of Commerce declines to impose a cap on these costs in the Guidelines, but reserves the right to do so in the grant

agreement. For all areas, the lower the grant request for non-equipment/material costs, the more favorably an application will be reviewed.

- Any other expenditure explicitly authorized by the Department of Commerce in the executed grant agreement.

Ineligible Expenditures. The following projects are not eligible for funding under these guidelines:

- Projects that repair or replace existing equipment with like equipment;
- Projects for sole purpose of implementing demand response measures;
- Projects receiving funding for the same equipment through any other EEPS programs offered by the Department of Commerce or Utilities (Ameren, ComEd, Nicor, Peoples, North Shore);
- Custom projects with simple paybacks greater than the equipment life;
- Used equipment;
- Renewable energy measures; and
- Linear LED lamp retrofits for fluorescent fixtures.

Additionally, funds cannot be spent on any of the following:

- Purchase of property,
- Food and beverage, or
- Any other expenditure explicitly prohibited by the Department of Commerce in the executed grant agreement.

D. Program Specific Requirements

The Department of Commerce is seeking to fund projects that will allow eligible applicants to combine electric and natural gas energy efficiency projects, within the public sector, in an effort to: simplify the overall application process, quickly deliver and maximize cost effective energy efficiency savings, and capture projects that might otherwise not be submitted as standalone projects. These projects may be designed along the following parameters, but are not limited to these designs. The applicant should clearly define their proposed project as part of the “project description,” described in the application.

Project designs may include:

- **Key Account** - Aggregate energy efficiency projects within the bounds of a Key Account, i.e., a single public school district, community college district, university, state/federal facility or municipality. For example, combining projects within one large public school district, or combining projects from a municipality’s own operations with those of other units of local government within their community, such as the fire and police departments, public library, parks and recreation department, transportation buildings, courts, and/or water and waste water. Projects may focus on a single energy efficiency measure, a combination of measures (such as combining indoor and outdoor lighting, occupancy sensors, HVAC upgrades), or the full range of measures currently eligible for the Department of Commerce’s public sector Standard, Custom & Clean Water Incentive Program.
- **Aggregation** - Aggregate projects among several municipalities, units of local government, public school districts, community college districts, universities, and/or state/federal facilities. This may include multiple park districts, library districts, water reclamation districts, public safety districts, or other units of local government. Additionally, this may include aggregate projects focusing on a single energy efficiency measure, a combination of measures (such as combining indoor and outdoor lighting, occupancy sensors, HVAC upgrades), or the full range of measures currently eligible for the Department of Commerce’s public sector Standard, Custom & Clean Water Incentive Program.
- **HINGE** – The HINGE Bonus shall increase the qualifying Custom incentive and adjust the allowable percentage of the Total Project Cost funded for large Natural Gas savings projects.

Key Account Projects shall include the following functions:

- Identify energy efficiency projects eligible for Public Sector incentives;
- Administer energy efficiency project applications, aggregation, and implementation;

- Track energy efficiency project data and progress using Department of Commerce-established forms, procedures and database; and
- Provide data for external measurement, evaluation and verification.

Aggregation Projects shall include the following functions:

- Identify energy efficiency projects eligible for public sector incentives;
- Administer energy efficiency project applications, aggregation, and implementation;
- Track energy efficiency project data and progress using Department of Commerce-established forms, procedures and database;
- Process incentive payments for completed energy efficiency projects and distribute to the project owners; and
- Provide data for external measurement, evaluation and verification.

HINGE Bonus Projects shall include the following functions:

- Projects may be an accumulation of energy saving measures all located within the same building but does not include facility wide improvements.
- Projects must be 100 percent complete by May 31, 2017.
- Projects that achieve savings of over 50,000 therms and less than 100,000 therms per year of natural gas savings will qualify for \$3.50 per therm saved and up to 90 percent of Total Project Cost. Total Project Cost is the cost to purchase and install the qualifying measures including labor costs.
- Projects that achieve savings of over 100,000 therms per year of natural gas savings will qualify for \$4.50 per therm saved and up to 90 percent of Total Project Cost. Total Project Cost is the cost to purchase and install the qualifying measures including labor costs.
- Projects that achieve savings of fewer than 50,000 therms per year of natural gas savings should apply through the base Department of Commerce Standard and Custom Incentive Program.
- Projects must be a custom incentive and not currently listed as a standard incentive in the base Department of Commerce Standard and Custom Incentive Program.
- Projects that generate electric savings must apply for electric efficiency incentives under the base Department of Commerce Standard and Custom Incentive Program where applicable.

E. Program Administration

Payment Schedule. The executed grant agreement will specify conditions for payment and payment schedule. Generally, grantees will receive payments quarterly on the basis of projects completed during that quarter that are documented in the required quarterly reports. Interim payments (more frequently than quarterly) may be requested with justification. The Department of Commerce reserves the right to determine the appropriate payment structure on a project-specific basis.

Reporting Requirements and Project Monitoring. Grantees will be required to submit quarterly status reports. The grant terms will also stipulate that regular (at least quarterly) meetings between the grantee and the Department of Commerce or its implementer will be held to discuss the progress of the grantee in committing the funds and meeting their savings targets. It is crucial that the grantee make progress towards meeting savings targets and committing funds. The Department of Commerce reserves the right to structure reporting requirements on a project-specific basis. The Department of Commerce project manager will monitor the grantee's compliance with the terms of the grant agreement.

Grant Duration/Performance Period. The grant term/performance period will be determined on a project specific basis, targeted at 12 months.

Freedom of Information Act/Confidential Information. Applications are subject to disclosure, in response to requests received under provisions of the Freedom of Information Act (5 ILCS 140/1 *et seq.*). Information that could reasonably be considered to be proprietary, privileged or confidential commercial or financial information should be identified as such in the application. The Department of Commerce will maintain the confidentiality of that information only to the extent permitted by law.

Authority/Approvals. The applicant's signature on the application form is its certification that all authorizations required to perform the project have either been obtained or will be obtained no later than 90 days following the grant beginning date set forth in the Notice of Grant Award issued by the Department of Commerce.

Legal Compliance. The applicant must certify on the application that the project complies with all applicable state, federal, and local environmental and zoning laws, ordinances, and regulations and that all permits, licenses, etc., required to perform the project have either been obtained or will be obtained no later than 90 days following the incentive beginning date.

Dissemination of Information/Technology Transfer. Grantees will be contractually required to allow the Department of Commerce access to the project site and the ability to obtain, publish, disseminate or distribute any and all information obtained from the project (except any data or information that has been negotiated as being confidential or proprietary), without restriction and without payment or compensation by the Department of Commerce.

Ownership/Use of Equipment. The grant agreement will specifically prohibit the sale, lease, transfer, assignment, or encumbrance of any equipment or material purchased with grant funds, without the express written approval of the Department of Commerce for the duration of 5 years or end of product life, whichever is less. In the event of a grantee's failure to comply with this requirement, the grant agreement will provide that the Department of Commerce may, at its discretion, require the grantee to return all grant funds provided by the Department of Commerce, require the grantee to transfer to the state ownership of equipment and material purchased with grant funds and bar the grantee from consideration for future funding. The Department of Commerce reserves the right to require the grantee to give it a purchase money security interest in equipment purchased with grant funds for the duration of the grant term.

Prevailing Wage Requirements. Grantees are responsible for determining if their projects will trigger compliance with the Illinois Prevailing Wage Act (820 ILCS 130 *et seq.*). The Department of Commerce will not render a legal opinion as to the applicability of the Prevailing Wage Act to any project. Questions regarding the applicability of Prevailing Wage requirements may be referred to the Illinois Department of Labor at 312.793.2800 or 217.782.6206. Attorney General Opinion No. 00-018, which addresses applicability of Prevailing Wage requirements, may be accessed on the Attorney General's Web site at <http://www.ag.state.il.us/opinions/2000/00-018.pdf>.

State Not Liable. Grantee shall hold the State of Illinois harmless from any and all claims, demands, and actions based upon or arising out of any services performed by grantee or by their agents or employees under a grant agreement. The Department of Commerce, by entering into a grant agreement, does not pledge or promise to pledge the assets of the state nor does it promise to pay any compensation to the grantee from any moneys of the treasury or the state except such moneys as shall be appropriated and paid to the grantee by the Department of Commerce.

Indemnity. The grantee agrees to assume all risks of loss and to indemnify and hold the Department of Commerce, its officers, agents and employees, harmless from and against any and all liabilities, demands, claims, damages, suits, costs, fees, and expenses, incidents thereto, for injuries or death to persons and for loss of, damage to, or destruction of property because of the grantee's negligence, intentional acts or omissions. In the event of any demand or claim, the Department of Commerce may elect to defend any such demand or claim against the Department of Commerce and will be entitled to be paid by the grantee for all damages.

Insurance. The grantee shall provide Workers' Compensation Insurance or the same, as required, and shall accept full responsibility for the payment of Unemployment Insurance, premiums for Workers' Compensation, Social Security, and retirement and health insurance benefits, as well as all income tax deductions required by law for its employees who are performing services specified by the grant agreement.

Return of Funds. The grantee shall return to the Department of Commerce any and all funds that are determined by the Department of Commerce to have been spent in violation of the grant agreement.

F. Application Process

Application Format/Submittal. Applications under this program will be accepted on an ongoing basis, subject to funding availability. No new applications for program year ending May 31, 2017, will be accepted after April 14, 2017. Projects must be 100 percent complete by May 31, 2017.

- Each application submitted under these guidelines must include all of the information required in the grant application documentation.
- A copy of the applicants utility bill must be submitted along with the application.
- A summary showing utility consumption (kWh and therms) for one year as well as the summary of the funds paid into the program.
- In addition, throughout the application, applicants must demonstrate that they have a full understanding of the Illinois Energy Now energy efficiency measures and show how the proposed project will meet all the basic requirements of the Public Sector Energy Efficiency Programs Support guidelines. A good example of this would be the use of the Public Sector Standard, Custom, & Clean Water Incentive Program, when defining measures and calculating potential savings. The Guidelines and Application for that program can be found at www.ilenergynow.org. The energy savings for standard measures offered under the Public Sector Standard, Custom, & Clean Water Incentive Program must be based on savings methodology specified in the current version of the IL Technical Reference Manual (<http://www.ilsag.info/technical-reference-manual.html>).

Application Evaluation. Evaluation criteria have been developed to assist the Department of Commerce in identifying those projects that display the most potential for achieving the goals and objectives of the Public Sector Energy Efficiency Program Support. Applications satisfying the general review will be evaluated competitively on the basis of the following criteria:

- Overall quality of the application including measurable project goals, tasks and activities, a well-developed work plan, and easily identifiable deliverables.
- Potential for the project to maximize cost-effective investment in electric and natural gas energy efficiency measures. This includes an estimate of the total savings (kWh and therms) from the aggregated energy efficiency projects and the proposed method for measuring kWh and therm savings, as well as cost-effectiveness (savings in kWh and/or therms per program dollar spent). Preference will be given to projects that clearly demonstrate the potential to achieve both electric (kWh) and natural gas (therms) savings. Preference will also be given to projects that take a whole building approach to electric and natural gas savings.
- Likelihood of actual project development, potential to accomplish defined objectives and technical feasibility. This includes a clear description of the relationship of the applicant to the identified public sector entities, the access they have to the members of that sector, and why their approach to securing energy efficiency projects within that sector will succeed.
- Potential for the project to support economic development in the state of Illinois through job creation and business development.
- Capability of the applicant including previous experience and additional professional resources available.
- Other criteria as determined by the Department of Commerce to be in the best interest of the State of Illinois.
- Any applicant that is a previous or current grantee of the Department of Commerce and was/is delinquent in its grant provisions shall have such delinquency included as one of the application evaluation criteria for this current application.

Rejection of Applications. The Department of Commerce reserves the right to reject any application. The submission of an application under these guidelines confers no right upon any applicant. The Department of Commerce is not obligated to award any grants under this program, to pay any costs incurred by the applicant in the preparation and submission of an application, or pay any grant related costs incurred prior to the grant beginning date.