



GAP III ENERGY GRANT 2022-2023 OPPORTUNITY

MassDEP's Official Answers to Questions

On May 26, 2022, the Massachusetts Department of Environmental Protection (MassDEP) posted the Gap III Energy Grant 2022-2023 Opportunity for the Clean Energy Results Program (Gap Program) seeking proposals from drinking water and wastewater facilities, nonprofit multifamily affordable housing, agricultural and food producing organizations, and small businesses in food distribution and processing to apply for Gap energy grant funding. In accordance with the Gap Program's Estimated Procurement Calendar, MassDEP held 2 Bidders' informational conferences via Zoom, on June 2, 2022 (for water and wastewater facilities) and on June 14, 2022 (for nonprofit multifamily affordable housing, agricultural and food producing organizations, and small businesses in food distribution and processing) where MassDEP informally responded verbally to the questions from interested parties. In addition, MassDEP accepted the email submission of Questions through the Procurement Calendar Deadline of Friday, June 17, 2022 at 5 p.m.

Presented below are MassDEP's Official Answers to all Questions received during the 2 Bidders' Informational Conferences, and by email, through the June 17, 2022, Procurement Calendar deadline. These official Answers clarify the responses provided by the CERP Team verbally on an informal basis at the 2 Bidders' Conferences and are intended to assist all parties interested in submitting an application for funding through the Gap Program. To further assist interested parties, the CERP Team has also provided general topic headings for various QA sections in this document.

General Questions

Q1(Question): Will these questions and the answers from the two sessions be posted?

A1(Answer): Yes, MassDEP is posting these Official Answers to Questions on June 24, 2022.

Note to Interested Parties: Due to technical difficulties, the conference video could not be posted. However, MassDEP will post the Power Point Slides as soon as possible, as well as this Q&A document, by no later than June 24th.

Q2: Is there a chance the deadlines will be extended?

A2: MassDEP will not extend the deadlines for the Gap Program, which will remain as posted in the Grant Procurement Calendar.

Q3: What dollar value is the threshold that differentiates smaller vs. larger projects?

A3: The grant project threshold that differentiates smaller projects from larger projects is the size of the applicant's gap grant request in relationship to the overall cost of the energy project and projected estimated energy savings. The Gap Grant funding award will be up to but not greater than \$100,000 for smaller projects; and for larger projects, the Gap grant funding award will be up to but not greater than \$200,000. See Grant Program, Section I. (Funding Availability) and Section K. (Prerequisites of applying for a Gap III Grant).

Q4: Is there a minimum \$\$ grant request?

A4: No. The Gap Grant does not have a minimal dollar grant request. Prior Gap Grants have funded small grants of \$10,000, which resulted in significant energy savings projects. An applicant should submit a grant application request regardless of the size of the proposed energy project. The Gap Program's objective is to maximize energy and cost savings for the applicant so that a competitive application will be one with greater energy and cost savings.

Q5: Can you send the 4 page document that Jane created (Jane Pfister, Grant Coordinator, DOER Green Communities Program, prepared a Gap III Grant handout which was referenced at the at the June 2, 2022 conference)?

A5: Yes, the 4-page document - the Gap III Funding Grant Application Handout - can be found under "Additional Resources" at: <https://www.mass.gov/doc/gap-iii-grant-bidders-conference-handout/download>

Q6: If a 501(C)3 will own a Project that is being developed for an entity that would normally not qualify for this Program - will it be qualifie[d] by virtue of the 501(C) 3 owning the Project?

A6: Based on the limited information provided, it is highly unlikely that this project/grantee would be eligible. At the June 2nd Bidder's Conference, MassDEP asked that the interested party re-submit this question with more information in writing so that MassDEP could fully analyze and respond to this issue. No follow-up question was submitted in writing to MassDEP as of the June 17, 2022 Question deadline.

Q7: Will in-kind work be accepted as match?

A7: No, in-kind work will not be accepted or applied to an applicant's required 10% minimum cost share amount.

Questions 8-13: the following questions were received via email pertaining to a specific small food manufacturing business. The following is the factual background included for Questions 8-13:

We are a small food manufacturing business planning to apply for gap funding for a clean energy installation (19 kW photovoltaic array).

We expect our project will be eligible for a 22% federal tax credit (based on 2023 project completion date). We understand, from the presentation at the June 2nd informational conference, that this tax credit should be listed as a source of project funding.

Our project will provide us with three sources of annual cost savings: electric bill savings, SMART program payments, and tax savings from depreciation (based on 5-year depreciation schedule).

Q8: On Appendix A (Application and Funding Overview), does the calculation for “Total Annual Expected Energy Cost Savings” include all three sources of annual cost savings that I listed (electric bill savings, SMART program payments, and tax savings from depreciation)?

A8: Your SMART program payments will not be calculated in the Total Annual Expected Energy Cost Savings column, as these future payments will be tracked separately. The SMART payments should be listed in the “Other Revenues” column located after the green gap grant funding column on Appendix C. All other funding sources listed above should be included as follows: electric cost savings in the (Project Annual Costs savings) column and your 22% anticipated tax credit in the (Other grant contributions) column.

Q9: What documentation should be included in our grant application to demonstrate our qualification for SMART program payments? Our solar installer has provided us with general SMART program documents showing that our project can expect to qualify for SMART payments. Our solar installer also tells us they can apply to the SMART program now for our Preliminary Statement of Qualification but that we’d be unlikely to receive the Statement prior to the grant application deadline.

A9: You may upload your correspondence and documentation that reflects your anticipated SMART payments and that demonstrates that you are following the SMART process and timelines as part of your grant application.

Q10: What documentation should be included in our grant application to demonstrate our project’s qualification for the federal tax credit? Should we ask for a signed letter from our certified public accountant (CPA) indicating that our project will qualify for the tax credit?

A10: A signed letter from your CPA or financial advisor would be helpful documentation to demonstrate your tax credit eligibility.

Q11: Where do I include annual SMART revenue at the bottom of *Appendix A (Funding Overview)*?

A11: Because the SMART revenue is documented in Appendix C, in the “Other Revenues Column”, but is not included in the calculation of the Gap Grant funding request, there is no need to include the SMART revenue in the Appendix A (Funding Overview). See also, A8 above.

Q12: What forms of annual cost savings will the MassDEP review committee be including in its formula for Cost-Effectiveness (25 points)? When applicable to a project, will the committee include in its definition of “annual cost savings” (1) electric bill savings, (2) SMART payments, *and* (3) annual tax savings (from 5-year depreciation)?

A12: In response to the first part of your question regarding forms of annual cost savings, please see the formula noted on page 12 of the Grant Opportunity document, “Evaluation Criteria Components,” Item #1. As to the 2nd part of your question, the Review Committee will review all eligible energy savings that are included in your project application. However, future SMART payments will be tracked separately in the “Other Revenues” column located after the green Gap Grant funding column in Appendix C. See also, A8 and A11 above.

Questions regarding tax credits, reimbursements, and eligible projects

Q13: Should a federal tax credit (for a renewable energy project, for example) be presented as a source of available project funding?

A13: Yes. All applicable project incentives, grants, other funding sources should be listed in Appendix A: Application and Funding Overview, and Appendix C: Grant Application Data Table.

Q14: Say we are applying for this grant to help fund a photovoltaic system with a total project cost of \$100k. If our CPA informs us that we will be eligible for a 26% federal tax credit, do we need to present this future \$26k tax credit as a form of available funding for our project? (If yes, what do we do if we're uncertain as to whether we'll have the business tax liability to be able to actually claim the tax credit?)

A14: If you are eligible for the 26% federal tax credit and will use it as a funding source to reduce the total cost of the solar project, you must provide this information in Appendix C “Other Revenues Column” of the application.

Q15: Key question about Reimbursements for Funding: Lots of equipment is in high demand with long lead times, what if we have to buy the equipment now and then we may get awarded your grant later, would that be applicable for reimbursement? Or you must purchase after the MASS grant is awarded for qualification?

A15: MassDEP will only provide reimbursement for eligible equipment purchases, costs, and services incurred for the project only after the Grant Agreement and all required Contract forms are fully executed and in place between MassDEP and the Grantee. If you are a funded applicant, equipment purchases made prior to the execution of all contract forms required for the Gap grant cannot be submitted for reimbursement, but those purchases could be considered part of your 10% cost share contribution if presented in your grant application.

Q16: Is this grant applicable to new construction or ongoing projects?

A16: Eligible projects for Gap Grant funding include both new construction projects as well as the retrofitting of existing buildings.

Energy Assessments/Audits

Q17: What level of energy assessment is required? ASHRAE Level I, Level II, etc?

A17: Energy assessments/audits must include energy conservation measures and estimated energy savings, so it can be an ASHRAE Level I (only if cost and energy savings estimates are quantified), or ASHRAE levels II, or III audit.

- Note to interested parties: the term ASHRAE stands for the **American Society of Heating, Refrigerating and Air-Conditioning Engineers**. In the context of energy efficiency, ASHRAE includes the following three levels of energy audits:
 - A Level I audit -is the most basic audit and designed to give businesses a starting point for making changes or for further in-depth auditing. A Level 1 audit is to identify glaring areas of energy inefficiency. For Gap Grant purposes, a Level I audit is useable if includes cost and energy savings estimates.
 - A Level II audit - is for those businesses seeking to improve energy efficiency, and the focus is on how the whole building is functioning, to identify the projects that will provide the greatest energy reduction at the best return on investment (ROI).
 - A Level III audit - builds on the findings and recommendations of a Level 2 audit by offering a more in-depth engineering analysis of potential changes.

Q18: How recent does the energy assessment have to have been completed?

A18: While MassDEP prefers that applicants apply for Gap Grant funding based upon a recent energy assessment audit, there is no specific grant requirement stating that the audit needs to

have been completed within a particular timeframe. However, if an applicant is seeking to implement a project based upon an older energy assessment/audit, the applicant will need to demonstrate that the proposed project based upon that audit can still achieve the energy savings that is the focus for this program. See also, Grant Program, Section K (Prerequisites of applying for a Gap III Grant). MassDEP also notes that applicants can contact the energy utility that previously performed the audit to obtain updated energy assessment incentive information, which might make their application more competitive.

Q19: Are there any specific requirements for the energy efficiency audits or assessments?

A19: Please see A18 above for details on the type of energy efficiency audits or assessments required. MassDEP has also provided a list of Eligible Projects, and Recommended Project Adders, in its Gap Grant Program Document to assist interested parties in the submission of grant applications that are most responsive and competitive to the focus for this program. See Grant Program, Section D (Eligible Projects) and Section E (Recommended Project Adders). MassDEP's CERP website also provides detailed information and resources for parties interested in performing energy audits.

Q20: On the energy audit requirement, we have an energy audit performed by a consulting engineering firm of the wastewater treatment plant. Will that meet the requirement of the energy audit as it relates to and includes equipment we are proposing to be replaced?

A20: Yes. The energy audit performed by the consulting engineering firm should meet the Gap Grant Program requirements if the audit includes the total estimated cost, annual cost savings, annual kWh saved, and incentives that apply.

Q21: Does the energy assessment have to be finished before the application deadline?

A21: Yes. By the application deadline, the applicant must have obtained an energy efficiency assessment /audit or feasibility study for the facility that identifies the energy-saving project types, total estimated project costs, and estimated annual energy saving amounts. See also, Grant Program, Section K (Prerequisites of applying for a Gap III Grant). See also, A18, A19, and A20 above.

Q22: Does the applicant have to complete the Energy Audit prior to submitting the grant application in order to qualify?

A22: Yes. See A21 above.

Q23: Does the energy assessment have to be finished before the application deadline?

A23: Yes. See A21 and A22 above.

Q24: Can someone start an energy audit now and apply and submit it after the due date if it is completed after the grant deadline? (Audits take 6-8 weeks to complete generally.) Thank you!

A24: No. See A21, A22, and A23 above.

Q25: Then do you want to delay the application deadline so folks can complete energy audits?

A25: No, MassDEP will not extend the Gap Grant Program application deadline. See A2 above.

Q26: Would implementing an energy management system/control for optimizing a facilities energy performance be eligible?

A26: Yes, an energy management system is an eligible project for the Gap Grant Program.

Q27: Is there a minimum COP (Co-efficient of Performance) to qualify?

A27: The Gap III Energy grant does not have a COP to qualify, but MassDEP will follow Mass Save® requirements. Mass Save® does have performance standards, eligibility requirements and a required Qualified Projects List (QPL). For more information, please visit Mass Save® at: <https://www.masssave.com/en/saving/business-rebates/ci-heat-pump>

Q28: Does an applicant need to have confirmed external incentives (e.g., Mass Save ®) for the project prior to application submission? Or is intention to apply sufficient? Will DEP supplement project awards if these other incentives are not received?

A28: Yes, the applicant's Gap Grant application package should contain identified or secured external incentives from Mass Save® (or other incentives) that the applicant anticipates will be received for the project. Interested parties should note that MassDEP will not increase an applicant's requested funding solely because incentives are not secured.

Q29: How does one become a Mass Save customer[?]

A29: Mass Save® is a program that delivers the statewide energy efficiency programs. Any applicant who is a utility customer of one of the investor-owned electric or natural gas utilities or Cape Light Compact pays into the Mass Save® energy efficiency program. The Gap Grant is available to fund projects proposed by municipal light plant customers as well; applicants will need to check with their respective utility programs to see what incentives may be available.

Q30: So just to be clear, would a Mass Save (Level I) energy assessment be sufficient for this application?

A30: While MassDEP initially responded "yes" verbally to this Question at the June 2nd bidder's conference, upon further review, MassDEP is further clarifying this response as follows: a Level

I assessment is sufficient **IF** it also includes cost and energy savings. Please also see MassDEP's answers A18 -A21 above.

Q31: Regarding "simple payback" for project cost-effectiveness: Is there a number of years to aim for that will gain high points?

A31: MassDEP does not specify that applicants identify a certain number of years; however, past Gap program water projects have ranged from a number of months to several years (e.g., less than 10 years). MassDEP will consider applications that specify a shorter payback period to be more competitive proposals for funding through the Gap Program.

Q32: Can grant funding be used to buy down a solar PPA rate?

A32: No, the Gap Grant funds cannot be used to buy down a solar PPA rate.

Q33: Can qualifying applicants submit for multiple categories (hydronic heat pumps, refrigerant reduction, DER, and solar, for example?) Or better to do each separately?

A33: Yes, MassDEP encourages the "bundling" of the different energy-saving measures as beneficial to the application process and would consider such an application to be more competitive. MassDEP requests that the applicant submit a single application for multiple categories.

Q34: Can we apply for multiple items? For example, could we apply for the grow lights and the condensing boiler?

A34: Yes, an applicant can submit a grant proposal for multiple projects. Please see A33 above. See also A47 below for more detail on lighting.

Q35: Is the MA DEP reaching out and promoting this with MMA and NEWEA members in MA?

A35: Yes, MassDEP has provided outreach to both entities regarding the Gap Grant program.

Q36: @Keith will you include your contact information in the chat pls? (Keith Black is with CPower Management, the company that provides demand response services to eligible municipalities and nonprofits under a statewide Commonwealth contract. Keith was a presenter at the informational conferences, and MassDEP is providing his contact information for the benefit of interested applicants.)

A36: keith.black@cpowerenergymanagement.com

- <https://cpowerenergymanagement.com/new-england-energy-market/>

Technology-based Questions

Q37: Would Hydronic/Water Source Heat Pumps count? (reduction in GWP by eliminating refrigerant leakage in the environment, water as refrigerant)

A37: Yes, Hydronic Water Source Heat Pumps are an efficient HVAC option that can be funded. Also, applicants should check with their energy utility provider to determine their rebate or incentive amount for these Pumps, which should be included in the applicant's project application.

Q38: Is Solar eligible? Can we combine multiple energy efficiency measures?

A38: Yes, solar photovoltaic and solar thermal projects are eligible, See Grant Program, Section D. (Eligible Projects). MassDEP recommends that an eligible applicant combine energy efficiency and renewable energy projects in a single application to make the application more competitive for grant funding. The applicant must fill out the Attachment C spreadsheet and list the Energy Efficiency and Clean Energy projects on different lines of the spreadsheet. For more information, please review the example provided in the Grant Opportunity document.

Q39: Are ground source heat pump Projects also eligible?

A39: Yes. Ground Source Heat Pumps (GSHP) are eligible for both a Gap III grant and Mass Save® incentives (<https://www.masssave.com/saving/residential-rebates/heat-pump>). See also Grant Program, Section D. (Eligible Projects). An applicant should include all applicable energy utility rebates and incentives as part of their Gap grant application.

Q40: Can DER (Deep Energy Retrofit) count if it is a tenant improvement?

A40: Yes, if the applicant submits the required paperwork for the leasing of a facility. A minimum of a 5-year lease, excluding the option to renew or extend is required, and a written letter of authorization from the owner demonstrating support and commitment for the project. A copy of the current lease should also be provided. See also, Grant Program, Section G. (Facility Ownership and Authorization to perform Energy Efficiency and Clean Energy Projects).

Q41: We're interested in doing a photovoltaic project with battery storage. But it appears that including battery storage will reduce cost-effectiveness by increasing cost without increasing annual savings. So we would likely increase our chances of receiving a grant if we omit the battery storage. Is that a reasonable assessment?

A41: MassDEP advises applicants to review all calculations in advance of submitting their Gap Grant applications. MassDEP also notes that the Gap Program Evaluation Criteria provide additional points for clean energy technologies, with a 10% adder for the PV and battery storage. (see Gap Program, INSTRUCTIONS FOR APPLICATION SUBMISSION: Part A, second paragraph, Evaluation Criteria Components). The Gap Grant program encourages this blend of projects, and the MassDEP review committee will take this information into consideration when evaluating and scoring applications. Applicants may also want to consider the demand response battery storage provider programs to enhance the cost-effectiveness of their Gap III Grant applications.

Food Sector Questions

Q42: Could a Food Co-operative (grocery store community owned and worker owned) qualify in both the last category (cooperative) or this one (small business)?

A42: MassDEP recommends that the applicant review the requirements set forth in the Small Business Eligibility Attestation Form and the Non-Profit Eligibility Attestation Form (found in Appendix A of the Gap Grant Program Document) to determine the most appropriate category for the organization based upon the respective eligibility requirements for each Form (i.e., the applicant should select only one eligible category and then fill out the applicable Form). In addition, MassDEP recommends that applicants review Appendix E: Glossary for the definitions of Nonprofit Agricultural/Food Producing Organizations and Small Businesses Engaged in Food Distribution and Packaging for more information regarding eligibility.

Q43: If we are a small commercial farm, would we qualify?

A43: Possibly. All applicants need to review the Gap Program's eligibility criteria to see which category best suits their organization. Next, applicants should review a descriptive but not all-inclusive list of eligible projects to see if the proposed project for application submission for Gap Grant funding is eligible and feasible within the required timelines of the program. For more information, please see: <https://www.mass.gov/info-details/massachusetts-gap-energy-grant-program#what-you-need-to-know/do-to-apply-for-a-gap-iii-energy-grant->

In addition, MassDEP notes that, for farm organizations that are interested in funding for energy efficiency projects, the MA Dept of Agricultural Resources (MDAR) and the USDA also provide energy grants to farms. <https://www.mass.gov/how-to/how-to-apply-to-the-climate-smart-agriculture-program>

Q44: A commercial kitchen that is nonprofit can qualify, but can a for profit kitchen qualify?

A45: A For profit kitchen that qualifies as a small business would qualify as an eligible entity in the small business category. Interested applicants should review the small business definition and the Small Business Attestation Form in the Gap program document for the pertinent information regarding the small business eligibility requirements. See also, A42 above.

Q45: What if you are not a commercial industrial facility for water source heat pumps from MASS Save, but small retail?

A45: If you're a Mass Save® customer, check with Mass Save® as they offer heat pump rebates and incentives for residential and small business buildings - <https://www.masssave.com/heatpump>.

Q46: On the small business attestation form: What does it mean to attest to being a “single owner firm”? Can a worker-owned cooperative food processor apply for this grant?

A46: Yes, a worker-owned cooperative food processor can apply. The “single owner” term can be confusing, as it is meant to address single-owner organizations, but for Gap Grant purposes disregard that term and focus on whether your organization falls into one of the categories listed within the parenthesis (Sole Proprietorship, LLC, LP, or Corporation) . If you are a cooperative, you are considered a corporation unless you are a nonprofit cooperative. Please check your appropriate business type on the form and provide the supporting documentation.

Q47: Are grow lights for a farm eligible?

A47: The Gap Grant program will only fund a limited amount of lighting; up to 20% of the overall adjusted project cost as reflected in the grant application proposal. See Gap Program, Section D. Eligible Projects, footnote 4. Therefore, “grow lights” should not be the only project that an applicant submits for gap grant funding, since this limited type of proposal may not be competitive as a grant application. MassDEP therefore recommends that an applicant submit multiple proposed energy projects, in addition to a lighting proposal, and include the anticipated amount of energy savings for all projects, to make the application more competitive.

Q48: Is an energy efficient farmstand eligible[?]

A48: Yes; technically, a farmstand could satisfy the definition of an eligible small business engaged in food distribution.

Q49: Do small commercial urban farms qualify? We distribute vegetables.

A49: MassDEP cannot respond to this question without additional information regarding the applicant's proposed project for the program. With respect to additional information regarding farms and eligibility, please see A43 above.

Q50: I apologize you cut out. Could you please repeat your answer about small commercial farms[?]

A50: This answer has been addressed in A49 above.

Question received via email:

Q51: I work for the Lower Cape Outreach Council, Inc. which serves the needs of the Lower and Outer Cape including addressing food insecurity through our food pantries. We need several commercial refrigerator/freezers to replace our current outdated models which are beginning to show early signs of failure via temperature fluctuations. I'm considering the submission of the Gap III Funding Grant, and wanted to confirm that the grant is designed for the purchase of energy efficient food storage units?

A51: MassDEP's Gap III energy grant can fund all documented energy efficiency measures that will save kilowatt hours or therms. Replacing highly inefficient food storage units with new energy efficient food service equipment has the potential to yield significant energy savings. In this scenario, MassDEP's Gap energy grant funding can be utilized, in combination with all available energy utility rebates, discounts or incentives, for the replacement of currently energy-inefficient commercial sized refrigeration / freezer equipment. The applicant should check with its local utility provider for eligibility information on qualified equipment. In the alternative, if the applicant is a Mass Save® customer, please refer to Mass Save®'s Instant Foodservice Incentives which offer discounted pricing on energy-efficient foodservice equipment for commercial customers: <https://www.masssave.com/saving/business-rebates/food-service-equipment/instant-rebates>. When submitting the Gap grant application, the applicant must include its current annual electrical costs and kWh usage with the existing equipment along with the estimated annual cost and kWh savings anticipated from the upgrade to the new energy-efficient equipment.

Q52: The following questions labeled "Q52" were submitted in multiple parts, both at the bidder's conference, and through email.

Q52a : We are a small commercial urban farm. We are an LLC. We grow microgreens, edible flowers, herbs and vegetables. We are planning to have a commercial kitchen where we will produce value added products that we will sell at farmer's markets. Are we eligible? We would

like to get grow lights so that we can grow year round. Are the grow lights eligible?
Additionally, we would like to get a condensing boiler so that we can heat our radiant floor.

A52a. In terms of farm eligibility, see A43 above. Regarding lighting, see A47 above. With respect to a proposed plan to install a condensing boiler, MassDEP cannot respond to this question without additional information.

Q52b :We also would like to build a farmstand that would be energy efficient where we could sell our farm products. We plan to have solar panels on the farmstand, collect rainwater off the roof and insulate the farmstand. Would the construction of the farmstand be covered?

A52b: MassDEP cannot respond to this question without additional information.

Q52c :Will we need an energy audit for all of the different items or a general energy audit?

A52c: An energy audit is required that will quantify the energy savings for all items that are submitted by the applicant for funding through the Gap program. See also A21 above.

Q52d :We are applying for many grants and won't hear about some of them until September. What if we are awarded duplicate awards? Can we repurpose the money for a different item?

A52d: MassDEP cannot respond to this question without additional information. In general, since the purpose of the Gap program is to address the “gap” in funding after utilization of all other funding sources/incentives, the “gap” funding cannot be utilized to subsidize other projects that are unrelated to the proposed project as described in the grant application.

Housing Sector Questions

Q53: What about Solar PV owned in a Power Purchase Agreement on the rooftop of a non-profit multifamily affordable housing?

A53: If the rooftop solar array is owned by the nonprofit housing entity and all the energy benefits and incentives accrue to the nonprofit affordable housing entity, the project would be eligible for a Gap Energy Grant. See Gap Program, at p. 6 (item 2. Clean Energy Projects).

Q54: Would funding from Long Island Sound Futures Fund Grant (LISFF) count as a match? The LISFF grant is from the National Fish and Wildlife commission and US EPA.

A54: In general, the 10% cost share (i.e., “matching funds”) cannot include other grants that the applicant is securing for the proposed energy project. See Grant Program, Section J – Applicant Cost Share (10% minimum requirement) and Other Funding Obligations, second paragraph (“The required applicant cost share contribution is a minimum of 10% of the total adjusted project costs (total project costs - less incentives - less other grants = adjusted project costs x 10% minimum applicant cost share). The required 10% cost share contributed by the facility

may include donor funds and other contributions but may not include other grants or Mass Save® incentives.”). If the LISFF grant funding identified in this question has not already been awarded to this entity, the LISFF grant funding cannot be applied toward the 10% cost share.

Water Utility Sector Questions

Q55: Can municipalities that do not have treatment facilities but are seeking to implement measures at their water/wastewater pumping stations participate?

A55: Yes, the Gap Grant program has previously funded municipalities that are doing energy upgrade work at their water/wastewater pumping stations (for example, those municipalities in the MWRA service area, such as Lynnfield).

MassDEP provides its Official Answers to the following questions received at the June 14, 2022 Bidder's Informational Conference. In addition, MassDEP provides its Official Answers to Questions received via email following the June 14th conference through the close of the June 17, 2022 Question deadline.

General Questions

Q56: Will we have access to these slides after?

A56: Yes, the Power Point slides from both the June 2nd and the June 14th Bidders' Conferences have been posted on MassDEP's website. The only difference between the two Power Point presentations is the addition of the demand/response presentation from Eversource at the June 14th session.

Q57: I emailed questions that were specific to our business. I would prefer that the response is not made public. Is it possible to get a response that is emailed directly to us please?

A57: All communications with a state agency, such as MassDEP, are generally considered to be public record information and are not deemed confidential, and this includes the submission of questions by applicants about this publicly funded grant program. However, when responding to questions regarding the Gap Grant, MassDEP endeavors to the extent possible to make all questions and answers generic to be of the most assistance to all potential applicants. However, MassDEP must also ensure that its Official Answers to Questions for the Gap Program are available to all applicants so that everyone has the same information.

Q58: Is it possible to post bidder conference attendee list? If not, is there a way to facilitate networking between bidders and resources?

A58: Upon further review, MassDEP has determined that the attendee lists from both Bidders' Informational Conferences are public information and will be posted with MassDEP's Official Question and Answer document on the MassDEP website.

Q59: Can detailed energy assessments be rolled into funding request?

A59: No, the completed energy assessment is required to apply for this program. See Grant Program, Section K (Prerequisites of applying for a Gap III Grant). See also, A21, A22, and A23 above.

Q60: The required 10% cost share contributed by the facility may include donor funds and other contributions but may not include other grants or Mass Save® incentives. Does this include the Mass Saves ALL Electric program?

A60: As noted in Gap Grant Program document, Section J, (Applicant Cost Share- 10% minimum requirement), the Gap III Energy Grant is designed to fill the financial Gap in funding that an energy efficiency or clean energy project has after all other sources (and opportunities) of funding have been integrated, and these other funding sources include both other grants and financial incentives programs. The Mass Save® All-Electric Program does provide some financial incentives of up to \$40,000 in residential new construction – as further described in the link: <https://www.masssave.com/saving/residential-rebates/all-electric-home>.

If these All Electric incentives are applicable to your Gap III project then it could be included as an additional funding source and leveraged incentive for your energy project; however this financial incentive cannot be included in your application's required 10% cost share contribution (See Section J., second paragraph: “The required applicant cost share contribution is a minimum of 10% of the total adjusted project costs (total project costs - less incentives - less other grants = adjusted project costs x 10% minimum applicant cost share). **The required 10% cost share contributed by the facility may include donor funds and other contributions but may not include other grants or Mass Save® incentives**”).

Q61: Is the ten percent cost share for the cost of the items that we are requesting or is it for the total cost of the project? Does the ten percent cost share have to be from our business funds or can they be from another grant?

A61: The cost share is the total *adjusted* project cost (total cost less energy utility incentives and grants) that the 10% is calculated on. It would not be the total project cost unless the applicant does not have any other financial incentives or grants available. If the applicant has received a grant or other funding support, these organizational funds are used to calculate the required minimum cost share contribution of 10% of the total adjusted project costs, as described through the various examples listed in Appendix C of the Gap Program document. The 10% contribution cannot be from another grant. See also A60 above.

Q62: Does that mean that larger solar projects would be prioritized in reference to item 2 of the evaluation criteria? On this point, the phase of electric service of the facility sometimes artificially limits the size of a solar array due to net metering regulations. Also, the total electricity usage of the facility sometimes needs to be taken in consideration when sizing solar PV arrays, which can limit kWh generation in some instances.

A62: No, all eligible project types (e.g., energy efficiency and clean energy, including solar PV) will be evaluated equally for Gap funding within the two categories, as follows:

(1) for smaller projects, the Gap grant funding award will be up to, but not greater than, \$100,000; and

(2) for larger projects, the Gap grant funding award will be up to, but not greater than \$200,000.

A large solar project will not have any priority over a small solar project submission, as it relates to the Total Estimated Renewable Power Generation in kilowatt-hour, under evaluation criteria #2. MassDEP is aware that there are potential constraints on system size, and in past Gap program opportunities, MassDEP has funded small solar PV projects at both drinking water and wastewater facilities

Q63: Are there requirements for who conducts the energy assessment. Does it have to be done through utility or Mass Save® or can it be done by independent entity or expert?

A63: An energy assessment can be completed by an independent entity or expert.

Q64: For cost-effectiveness, what rates do you want us to use for electric, gas and other prices? As you know, the costs are increasing, and that could affect payback.

Q64: MassDEP recommends that applicants use the current (most recent) electric, gas, or fuel oil rate available to estimate their annual cost savings from their energy-saving projects.

Q65: Re: energy assessment - we asked for an expedited assessment and referenced the grant requirement - it didn't seem to influence them to assist us in a quick manner.

A65: MassDEP recommends that the applicant continue to follow-up with the energy utility or efficiency provider. Also, MassDEP provides additional information on its website that includes providers who can do an energy assessment for you; please see the following link - <https://www.mass.gov/info-details/massachusetts-gap-energy-grant-program>. In addition, if an older energy assessment is available that has not yet been implemented, this may present a viable and expedited project option for applicants, provided that they meet other program requirements. See also A18 above.

Q66: If applying for two projects (e.g., a heat pump system and a solar PV system) will each project be evaluated independently? e.g., Might one project be approved even if the second is not?

A66: MassDEP requests that applicants submit all proposed projects (i.e, one, two or more projects) at the same time as a single grant application. Since the Gap grant program provides for an upper limit of funding for large projects, (\$200,000), the MassDEP review committee would review, evaluate, and fund the overall project based on competitiveness, and single project components would not be reviewed independently. However, applicants should note that, while

multiple projects would be considered as part of the same application for your entity, the MassDEP review committee may not award the total funding requested.

Q67: Do plants need actual confirmed utility incentives with offer letters to apply? Or if TBD can they estimate or enter TBD?

A67: Identified estimates or confirmed incentives from your energy utility provider (e.g., Mass Save®, Municipal Light Plant, etc.) are both acceptable. Please include any written confirmation provided by the utility and identify the estimated or confirmed amounts in Appendix A – “Funding Overview” Total Other Funding Sources (Mass Save®, MLP, MassCEC, DOER USDA, Other Grants etc.) and individual amounts should be detailed in the Grant Application Data Table (Appendix C) in Excel form.

Q68: Can you start work on energy conservation measures for which you are not seeking Gap III funding, prior to the Gap award funding/agreement signing? We are doing multiple measures and would like to start some this summer.

A68: MassDEP encourages applicants to move forward with conservation measures that are not a part of the Gap III grant application. These independent energy conservation measures will not prohibit or otherwise disqualify an applicant from submitting a Gap III application for any eligible projects for work activities that have not yet commenced.

Q69: We [potential food-sector applicant] have installed a concrete floor with radiant floor heat. These costs have already been incurred and were partly funded by a Mass Dept of Agriculture and the City of Boston. We are missing the condensing boiler and the plumbing and electrical work required to hook up. When submitting the request for funds we would be submitting for the missing items. But part of the total project cost has already been incurred. When making our budget, do we total up all costs towards the radiant floor heat or just the items we are requesting?

A69: The Gap grant application should identify the condensing boiler work in your project application for consideration, with the total estimated cost and energy savings for that one item. If available and eligible, other energy-saving opportunities can also be submitted along with the condensing boiler for activities that have not yet been commenced. MassDEP cannot reimburse costs for work that has already been completed on the radiant floor installation.

Technology-based Questions

Q70: Question for Hannah from Mass Save, (Hannah Lyons, Energy Efficiency Consultant, Eversource, presented information on the Mass Save Connected Solutions program, see June 14th Conference slides 15-17) - We are providing electric heat pumps with integrated thermal storage for low-income facilities. These can be cycled deeper and more frequently than electric batteries - effectively making more kwh available per kw of capacity. Why is the incentive lower for thermal or would these qualify for electric battery incentive?

A70: (Provided by Mass Save® provider): Mass Save® would need to know more specific information about the thermal storage aspects of your heat pump project and review your thermal data to consider it for the Thermal Storage program. The thermal incentive remains unchanged as it was set years ago.

Food Sector Questions

Q71: I am not seeing food pantries listed.

A71: MassDEP has described general categories of eligible entities for the Gap grant program; however, it was not possible to provide an all-inclusive list of entities. MassDEP notes that the Glossary section of the Gap Grant program defines Nonprofit Agricultural/Food Producing Organizations as follows:

Nonprofit Agricultural / Food Producing Organizations: are organizations that hold a 501 (c) (3) designation such as community food banks and cooperatives (<https://nfca.coop/ma/>), commercial and shared-use kitchens (<https://www.mass.gov/service-details/shared-use-kitchen-space>), and local food processing, holding, and distribution organizations engaged in the production of agricultural products. Please note: this is not an all-encompassing list. 26 CFR 1.501(c)(3).

Based upon the definition above, it is likely that your organization would be eligible for the Gap program funding as long as the grant application meets all other requirements for the program. MassDEP also notes that a food pantry listing was present in the Power Point presentation, which has been posted on MassDEP's website.

Housing Sector Questions

Q72: Who is qualified to do a residential energy assessment? What will be accepted as meeting this requirement.?

A72: Please see A63 above. An energy assessment can be completed by an independent entity or expert. Mass Save® and other energy providers can perform a residential energy assessment. Please check with these resources on their specific energy assessment offerings. MassDEP's website is a resource, as well: <https://www.mass.gov/info-details/massachusetts-gap-energy-grant-program>

Q73: With respect to the energy audit requirement - if you are working with a low-income facility that has 100 apartments, are individual audits for each unit required, or will an audit from a representative apartment be sufficient?

A73: This question underscores the purpose of the Gap program's Appendix C document. Appendix C provides Examples of how to list and quantify multiple individual energy saving projects. For example, assuming that some apartments are the same square footage and have the same appliances, and HVAC equipment, an applicant could categorize/bundle the same types of apartments together (e.g., one bedroom, two bedrooms etc.) so MassDEP can see the (quantified) differences in savings. In this situation, the applicant's energy audit approach and recommended energy-saving measures would need to be consistently applied so that MassDEP can properly evaluate your application.

Q74: Regarding affordable public housing - does this mean that municipal housing authorities are NOT eligible? If that is the case, it would be helpful to know why.

A74: Municipal housing authorities are not eligible for funding through the Gap III Grant Program. MassDEP determined that, in expanding the Gap III program to include other groups beyond the wastewater and water utility sectors, the focus for Gap III would be upon non-profit affordable housing.

Q75: Can CDCs (Community Development Corporation) use this funding for already planned energy efficiency projects (i.e. if an organization was already planning on installing heat pumps later this year?)

A75: Yes, if that project has already been planned (but not yet implemented) and meets the other prerequisites for applying to this program. See Grant Program, Section K. One option to consider for an applicant that has already allocated organizational funding for a proposed project is that applications that provide more than a 10% cost share can receive up to 5 additional evaluation points from the MassDEP review committee, which may make the proposal more competitive.

Q76: I don't know if this was covered, but as this is the first open allocation under Grant III for nonprofits and housing is there commitment to continue funding for subsequent years?

A76: MassDEP's Gap III grant program is the first round of funding for an expanded list of eligible entities. While MassDEP is optimistic regarding the ongoing viability and potential expansion of the Gap Program, future rounds of Gap grant funding remain contingent upon public funding availability and overall MassDEP priorities.

Q77: Are Affordable homeownership projects eligible? For clarification, the project is for 4 units of affordable home ownership.

A77: Funding is available to non-profit multifamily (e.g. CDC) affordable housing projects, either on a rental or homeownership basis (of the entire unit). However, individual homeownership is not eligible for the Gap Program. Given the size of your project, it is likely to qualify as an affordable multifamily project if it falls under the definition for a nonprofit multifamily affordable housing, and meets all necessary requirements set forth in the Gap program document. As is the case with any proposed project for this program, the project's competitiveness will depend on the diversity of energy efficiency and clean energy measures, and the amount of cost and energy savings included in the application.

E-mailed Questions

Q78: Are projects that have already been bid, but work has not yet started, eligible for a grant award?

A78: If the project work has not begun, and the materials related to the project for which the grant funding will pay for have not been purchased, this project *may* be eligible provided that it qualifies as an eligible project that we have provided as a list in our Grant Opportunity document and will provide energy and cost savings as described in the Gap III grant program.

Q79: I am reaching out to inquire if this funding or similar energy grants are available to fund the capital costs for pilot of hot water solar-heat pump systems in homes across Massachusetts. A special focus will be on the 1-4 units family homes.

A79: The Gap Energy Grant is available to fund renewable energy and energy efficiency systems in nonprofit multifamily affordable housing. From your question it is unclear whether your organization is an eligible entity for this program. Please refer to our eligibility criteria in the Gap Grant Opportunity. Please note that Mass Save® also has a program for assessing new efficiency technologies as well, please see the following:

<https://www.masssave.com/learn/partners/assessing-new-efficiency-technologies>

Q80: The towns of Randolph, Holbrook and Braintree have share a surface water supply. Currently there are two water treatment plants. One is located in Randolph and services the Towns of Randolph and Holbrook and one is located in Braintree and services the town of Braintree.

The three communities are replacing the existing water treatment plants both originally constructed in the 1930's with one new regional water treatment plant. This new facility will certainly be more energy efficient than the two existing facilities each of which are well past their useful life. The question I have is would each of the communities file individually for a grant or would it be considered as one submission.

A80: As this is a single project, only one Gap Grant application can be submitted to MassDEP for consideration.

Q81: This project is an affordable homeownership development of 40 units in the south end of Springfield MA. All 40 Townhome units are condominiums and will be managed professionally by a HOA and the board will consist mainly of residents in the development. The eligibility restriction is that eligible buyers need to fall into the 70%-100% AMI range. We've calculated the highest allowable price at 100% AMI to be \$275,000 and the lowest at \$185,000 at 70% AMI (for a three-person Household for both). These numbers might change moving forward but not by much. The units are being designed to 1,200 SF & 1,500 Sf for the two & three bed units respectfully. We currently have a mix of 24 two beds and 16 three beds scheduled.

We're designing high efficiency and energy conscious units in every aspect, so we can pass on savings to the eligible homeowners. The goal of this development is to strengthen homeowner occupancy in the South End neighborhood of Springfield. And as you may have guessed from the interest in this Grant we have a funding gap. Though not specific, your program does describe nonprofit multifamily affordable housing to which this project falls within the boundaries of. We've already have most of the requirements to submit an application for this GAP III grant funding, we just need to clarify our eligibility.

A81: Upon further reflection of your question by the Grant Team, it appears your organization's project is eligible for the Gap Energy Grant. That said, your organization must complete and satisfy all requirements in the nonprofit attestation form to ensure full eligibility.

Q82: If a plant is already enrolled in either our Connected Solutions program and or the ISO Demand Response program does that qualify them for the points towards their application or does the project they are applying for have to fit into demand response somehow?

A82: If the new Gap III upgrade project measures will be connected and incorporated into a new or existing Demand Response program or plan, then the applicant would receive the additional 5

points for implementing an Active Demand Response Plan (see our Gap III Energy Grant 2022-2023 RFR on 5/25/22, page 12, criteria #7).

Q83: We are undergoing significant renovations to a building we just purchased so we will not have current data regarding the energy use [at] the facility. It is larger and will be used differently than our current space so data from our current facility will not be appropriate for comparison. Also, we are not eligible for a MASS Save audit because we do not have 3 months of occupancy and related data. What should we do in that instance?

Also, it is not clear (to me, at least) if an energy audit or assessment PLUS a technical report is due with the grant materials. I just want to make sure we are engaging all of the services/evaluators we need in order to complete the application.

A83: The Gap Grant requires an energy assessment/audit and you can explore Mass Save® new construction/renovation program as a potential resource to conduct your energy assessment/audit. Your organization may also obtain an energy assessment/audit from an independent entity or expert to provide MassDEP with information on what energy savings opportunities your proposed project will provide. If you have obtained an energy assessment/audit, you will not need a technical report. The names of these documents are often different depending on who is providing the information. The Gap Grant program uses all the terms to cover all possibilities.

Q84: About including renewable energy-- as a part of the overall project, although not paid for with Grant funds. Is ownership of the PV array a condition of the grant? Must the electricity generated be used exclusively on site or can it be sold off-site?

A84: If funding for the solar array is not a part of the Gap Grant application proposal, then it will not be an issue for MassDEP nor will it factor into the review committee's scoring.

Q85: Can you explain for each point scoring category, how scores are calculated? For example: 100% for __?__; 75% for __?__; 50% for __?__? Or any other method of prorating the scores?

A85: MassDEP has created its scoring criteria maximums for each category which can be found on p. 12 Instructions for Application Submission. MassDEP's review committee will refine the scoring details as part of the application evaluation process.