

## **NYSERDA Commercial and Industrial (C&I) Carbon Challenge**

**Funding Available: Up to \$10 million available**

### **DESCRIPTION**

The New York State Energy Research and Development Authority (NYSERDA) has \$10 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 Commercial and Industrial (C&I) Carbon Challenge provides incentives for projects at eligible New York State commercial, industrial, and institutional entities on a competitive basis. Applicants are required to identify a carbon savings goal and the projects they will complete to meet that target. The carbon savings goal must be at least 25,000 mtCO<sub>2</sub>e. Available awards range from \$500,000 to \$3.75 million. Award amounts are determined by the size of the carbon savings goal.

NYSERDA is especially interested in maximizing the impact of the available funding by coordinating with federal funding programs that support greenhouse gas reduction. Applicants who are currently receiving or have applied for federal support for greenhouse gas reduction projects are strongly encouraged to apply.

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.

Proposals may qualify under one of the two following categories:

**Category A** – Applications submitted by a commercial or industrial entity for projects at a single site or multiple sites in New York State.

**Category B** – Applications submitted by a service or solutions provider that will implement greenhouse gas reduction projects at their customer's commercial or industrial sites in New York State. Category B applicants can propose a single greenhouse gas reduction solution or a diverse range of solutions. Scoring consideration will be given to the administrative and technical effort required to manage the portfolio of projects if selected for an award as described in the Selection Criteria, Category B, Project Plan.

If selected for an award, funding associated with a Category B proposal will be administered directly to the service or solutions provider.

### **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 (Category A only), Data Collection Form
- Attachment D, Letters of Support (Category B only) – Applicants must include letters of support from the commercial, industrial, or institutional entity or entities where the project(s) will take place, signed by an authorized signatory for the organization. The letter must be on official letterhead and include:
  - The name of the business or institution
  - A statement of support for the submission of the application
  - A statement of their intention to participate in the program if selected for funding
  - A list of the addresses for sites where projects will be implemented and a brief description of the solutions being pursued at each
- Attachment E, Federal Funding Documentation (if applicable) – Applicants indicating that they have applied for or secured federal funding for their proposed projects must provide documentation including, but not limited to:
  - Concept Papers, if applicable
  - Proof of Funding Status
    - Proof of Final Submissions
    - Letters of Encouragement or Discouragement
    - Funding Decision Letter

Attachment templates 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 [carbonchallenge@nyserda.ny.gov](mailto:carbonchallenge@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](mailto: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 for Category A, they are not an eligible applicant type.

Decarbonization solutions providers implementing projects for customers are eligible to apply under Category B if they are providing services to eligible commercial, industrial, or institutional entities in New York State.

### **PRE-APPLICATION REQUIREMENTS**

- Projects must save a minimum of 25,000 metric tons of CO<sub>2</sub> 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.

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)
- 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, Category A 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 in 2025. 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. This award is available for four years from the date of award. If the project is making progress and funding is still available, the grant may be extended for an additional period of time at NYSERDA's discretion.

NYSERDA will issue awards ranging from \$500,000 to \$3.75 million per applicant. Category A applicants who pay the electric System Benefits Charge (SBC) and Category B applicants providing solutions to customers who pay the SBC will be eligible for a maximum award of \$3.75 million. Category A and B applications including sites that 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+	\$26.00

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

$$(25,000mt \times \$20) + (35,000mt \times \$22) + (65,000mt \times \$24) + (5,000mt \times \$26) = \$2,960,000^*$$

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 justification for incurred costs and remittance of payment will be at the discretion of the Project Manager.

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.

Proposals that receive an award under the C&I Carbon Challenge program will not be eligible to apply for any other incentives from NYSERDA or the proposer's utility for the projects awarded in this proposal. 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

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\* \$2,000,000 in the case of an application including entities that do not pay the SBC

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 for each Category 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.

### **Category A Proposals**

#### **1. Project Plan (20 points)**

- Does the proposed plan and approach utilize well established means of implementing emissions reduction 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 (15 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. Resiliency & Disadvantaged Community Impacts (15 points)**

- Is the applicant located in a [disadvantaged community](#)? Will the proposal offer benefits to disadvantaged communities? Does the proposal outline a strategy to ensure that the projects are resilient to future climate change impacts?

**5. Cost Share (10 points)**

- Is the applicant contributing at least 50% cost-share?

**6. Federal Funding (5 points)**

- Has the applicant submitted a concept paper or application for federal funding for the projects included in the proposal? Have they received a response from the federal government? How much funding is potentially available? How much funding has been offered to date?

**Category B Proposals**

**1. Project Plan (25 points)**

- Does the proposed plan and approach utilize well established means of implementing emissions reduction projects? Does the proposed approach utilize technologies or solutions that have proven themselves in the marketplace? How does the proposal help the applicant's customers meet their long-term sustainability goals? Can projects feasibly be completed according to the proposed schedule? 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? Has the applicant secured letters of support from their participating customers? Will the geographic dispersal of participating customers or the diversity of project types being pursued present challenges for controlling measurement and verification administrative costs?

**2. Project Analysis (15 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? Have projects in the proposal been examined in a NYSERDA FlexTech study or an investment grade audit?

**3. Resiliency & Disadvantaged Community Impacts (15 points)**

- Are the participating customers located in a [disadvantaged community](#)? Will the proposal offer benefits to disadvantaged communities? Does the proposal outline a strategy to ensure that the projects are resilient to future climate change impacts?

**4. Experience (10 points)**

- Does the proposer have a demonstrated record of implementing similar projects in similar operational environments? Do the participating customers have specific net-zero goals, science based targets, or other industry-standard emission targets?

**5. Cost Share (10 points)**

- Is the applicant contributing at least 50% cost-share?

**6. Federal Funding (5 points)**

- Have the applicant or its participating customers submitted a concept paper or application for federal funding for the projects included in the proposal? Have they received a response from the federal government? How much funding is potentially available? How much funding has been offered to date?

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:

- Monetary value of the applicant or participating customer'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;
- Degree to which the proposed project, or group of projects, represent a desired geographic distribution (considering past awards and current applications);
- Potential for the project portfolio to contribute to a shifts in an industry or market ecosystem toward a low-carbon product;
- Degree to which there are of 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 ext 3804, email [carbonchallenge@nyserda.ny.gov](mailto:carbonchallenge@nyserda.ny.gov) or visit: <https://www.nyserda.ny.gov/All-Programs/Programs/CI-Carbon-Challenge>.