

DOCKETED	
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Document Title:	Memo Summarizing Upcoming Changes to the Food Production Investment Program
Description:	This memo summarizes proposed upcoming changes to the Food Production Investment Program, including changes to the next grant funding opportunity
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California Energy Commission

Tuesday, July 2, 2019

Memo Summarizing Upcoming Changes to the Food Production Investment Program

Background

The Food Production Investment Program (FPIP), funded by Assembly Bill 109 (Stats. 2017, ch. 249, § 10) and Senate Bill 856 (Stats. 2018, ch. 30, § 17), provides grants to California's food processing industry to reduce greenhouse gas (GHG) emissions by adopting advanced energy efficiency and renewable energy technologies at California food processing plants, and demonstrating the reliability and effectiveness of these technologies. Funding for the program comes from the Greenhouse Gas Reduction Fund (GGRF) and is administered through California Climate Investments, a statewide initiative which puts Cap-and-Trade dollars to work.

Summary of Upcoming Changes

On May 9 and May 14, 2019, staff conducted stakeholder workshops to present the results from the first year of FPIP funding and to seek input on potential program changes. Stakeholder feedback was accepted both orally and through written comments submitted to the FPIP docket by May 24, 2019.¹ Staff asked stakeholders to respond to the following 5 questions:

1. What other technologies should be considered for Tier I or Tier II and why? Provide justification and references for suggested additions.
2. Currently, Tier I projects are providing up to 100 percent in match (35 percent minimum required) and Tier II projects are providing up to 20 percent in match (15 percent minimum required). What adjustments, if any, should be made on the match funds requirement?
3. What adjustments, if any, should be made on the criterion that provides preference to capped facilities that emit more than 25,000 metric tons of CO₂e annually or to uncapped facilities that emit between 10,000 and 25,000 metric tons of CO₂e annually?

¹ FPIP Docket Log, 18-MISC-01, <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=18-MISC-01>

4. The Energy Commission is providing three months for the application period. Is this sufficient time? Should the Energy Commission include a second deadline in the solicitation to applicants who need more time to prepare its application?²
5. What other program requirements have been a barrier for application (e.g., securing match funding commitment letters)?

Staff has considered stakeholder feedback and will implement changes to the program guidelines and upcoming grant funding opportunities based on this feedback. Changes to the program guidelines are detailed in a separate memo available here:

<https://efiling.energy.ca.gov/GetDocument.aspx?tn=228883&DocumentContentId=60257>

These changes include addition of eligible technologies for Tier I, changes to maximum award size for Tier I, and changes to the technical scoring criteria consistent with previous and upcoming funding opportunities. The Amended Program Guidelines will be considered for approval at the July 15, 2019 California Energy Commission Business Meeting.

In addition to the guideline changes, staff plans to implement the following changes for upcoming grant funding opportunities:

- Technology
 - Add “Waste heat to power” as an eligible technology for Tier I, consistent with previous funding opportunities (reflected in proposed Amended Program Guidelines);
 - Add “Low global warming potential refrigerants” as an eligible technology for Tier I (reflected in proposed Amended Program Guidelines);
 - Add definitions in the solicitation manual for each technology to clarify what is eligible for each technology.
- Match Funding and Deadlines
 - Increase application window to 3 months for first application deadline;
 - Include a second application deadline 2-3 months after the first deadline (if funds remain);
 - Allow additional time for match commitment letters (specific details will be provided in the GFO solicitation manual).
- Capped Facility Criterion
 - Lower capped entity scoring criterion from 20 points to 10 points for the second deadline (see Attachment 1 for detailed breakdown).
- Changes to Award Size and Match Requirement
 - Increase maximum award amount for Tier I from \$3 million to \$6 million (reflected in proposed Amended Program Guidelines).

In addition, individual responses to stakeholder feedback are provided in Attachment 1.

² If a second deadline is included, the Energy Commission cannot guarantee that funds will remain after the first deadline.

Attachment 1

Responses to Feedback by Question

Stakeholder Feedback	Staff Response												
Add condensing economizers; Add latex-based insulation coating	These technologies are already eligible, will add definitions to the eligible technologies for clarity												
Add low-GWP refrigerants as separate technology category in Tier I	This technology was previously eligible but not explicitly, will add as a separate technology category in Tier I												
Add all-electric fuel cells	Not added due to poor GHG reduction potential												
Add carbon capture technologies	Not added due to lack of consensus on quantification												
Add on-site mobile sources as part of tier II fuel switching	Not added due to ample funding for these technologies provided by other programs.												
Extend deadline for match funding commitment letters	More time will be allowed for match funding commitment letter submission in upcoming funding opportunities.												
Reduce match funding requirement for both Tiers	Match funding requirements will remain unchanged.												
Extend application deadline and have a second deadline upfront	Initial application deadline will be extended to at least 3 months and a second deadline will be included 2-3 months later.												
Lower points awarded to capped facilities	Capped entity scoring criterion will be lowered from 20 points to 10 points for the second deadline. The remaining 10 points will be reallocated to other scoring criteria. <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;">Facility GHG Status</th> <th style="text-align: center;">Points Received (1st Dead-line)</th> <th style="text-align: center;">Points Received (2nd Dead-line)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Capped (≥ 25,000 MT CO₂e)</td> <td style="text-align: center;">20</td> <td style="text-align: center;">10</td> </tr> <tr> <td style="text-align: center;">Uncapped (10,000 to 25,000 MT CO₂e)</td> <td style="text-align: center;">10</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">Uncapped (<10,000 MT CO₂e)</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>	Facility GHG Status	Points Received (1 st Dead-line)	Points Received (2 nd Dead-line)	Capped (≥ 25,000 MT CO ₂ e)	20	10	Uncapped (10,000 to 25,000 MT CO ₂ e)	10	5	Uncapped (<10,000 MT CO ₂ e)	0	0
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Uncapped (<10,000 MT CO ₂ e)	0	0											
Keep points for capped facilities the same for the first deadline, lower points for the second deadline													
Keep points for capped facilities the same													
Increase/remove entity funding limits and increase maximum project award limits	Maximum award amount for Tier I will be increased from \$3 million to \$6 million												

Stakeholder Feedback**Staff Response**

Remove requirement of “onsite” emissions and fund projects with GHG reductions in other areas throughout supply chain	No changes to “onsite” emissions requirement as it would require significant changes to the underlying quantification methodology of the program which only considers onsite emissions.
Give preference points to food processors participating in Strategic Energy Management (SEM) programs	No changes to preference points as SEM program timing is currently unknown and not available in all utility territories.
Allow more variety in format of commitment letters	No changes to commitment letter format. Will emphasize in future solicitations that commitment letters for utility incentives don’t need to come from the utility.