

Alternative Fuels Incentive Grant Program Frequently Asked Questions

Question: What is new this year?

Answer:

New Application Format and Instructions

Applications will be evaluated based solely on the data provided; therefore, completeness and accuracy are important. Applications that do not meet the requirements for the program will not be reviewed and are not eligible for funding.

The application, project description and budget sheets must:

- Be submitted; along with all required attachments, via the environmental eGrants system (www.grants.dcnr.state.pa.us);
- Be complete, including: project description, signatures of responsible parties and all items contained in the application instructions;
- Include documentation supporting the anticipated energy savings; and
- Be in compliance with all application conditions

Incremental Cost Requirement for the Purchase of Alternative Vehicles

Reimbursement cost of alternative fuel fleet vehicles will be limited to the incremental cost difference between the conventional fuel base model and the alternative fuel model.

Project Start Time and Duration

Projects may start on or after July 1, 2010. No project may exceed 24 months. No projects applied for may end later than June 30, 2012.

Question: What funding opportunities are available this year?

Answer: In accordance with Act 178, reimbursement funding is available to the following entities for the project types listed below:

- School districts, municipal authorities, political subdivisions, incorporated nonprofit entities, corporations, limited liability companies or partnerships incorporated or registered in the commonwealth for:
 - the retrofit of fleet vehicles to operate on alternative fuels
 - the incremental cost of the purchase of alternative fuel fleet vehicles
 - the cost to install fleet refueling equipment for alternative fuel vehicles

- next phase advanced research, development and training related to alternative fuels and alternative fuel vehicles
- School districts, municipal authorities, political subdivisions and incorporated nonprofit entities for the incremental cost to purchase biofuel with or without the purchase of related refueling and storage equipment or tank cleaning
- Qualified renewable fuel producers for the reimbursement of up to 10 cents per gallon of renewable fuels produced in a calendar year up to 12,500,000 gallons

Answer: Additional funding opportunities for Innovative Energy Technology Grants to Biofuel Production Facilities

Capital cost projects for building new biofuel facilities are encouraged to apply to the Pennsylvania Energy Development Authority (PEDA). PEDA will fund capital cost biofuel construction projects.

Biofuel production facilities can apply for AFIG's Innovative Energy Technology grant to accomplish research, demonstration, training or development of a new fuel production technology as part of a retrofit or an expansion at existing biofuel facilities in Pennsylvania. A lab-scale or bench-scale demonstrations of new biofuel production technologies are also eligible for proposal development. Please see the guidance and instructions for details.

Question: How much money is available in the AFIG fund for grants?

Answer: AFIG has approximately \$6 million available. This may be increased based on the number and types of applicant projects.

Question: Is there a limit to how much of the fund can be awarded for a project?

Answer: A single project cannot receive more than 10% of the Alternative Fuels Incentive Fund (AFIF) amount. Note that may be greater than the amount of funding available for the AFIG Program since the AFIF also funds other related alternative fuel transportation projects. DEP is anticipating not supporting any grant requests in excess of \$1 million.

Grants awarded in one political subdivision (County) may not exceed 15% of the AFIF fund.

Question: Is there a cost share or match requirement?

Answer: Yes, an applicant will be required to provide a cash and/or in-kind cost share. This does not apply to incremental buy down grants of biofuel only without equipment and renewable fuel production reimbursement grants. The amount of cost share is taken into consideration during scoring and contributes toward the overall score of the project.

Question: What alternative fuel projects are eligible for AFIG funding?

Answer: Transportation projects that use mixtures of 85% ethanol 15% gasoline (E85); liquid or compressed natural gas (LNG or CNG), liquid propane (LPG), hydrogen and hythane (hydrogen/natural gas mixture), coal-derived liquid fuel, electricity and biodiesel/diesel blends or other potential R&D advanced transportation fuels.

Question: What is the biodiesel and E85 buy-down program funded under AFIG?

Answer: School districts, transit authorities, local government agencies, municipal authorities and other tax-exempt entities may receive a grant to buy-down the added cost to purchase E85 or biodiesel blends for use in their vehicle fleet. Applicants utilizing the fuel may receive funding to help install refueling equipment or tank cleaning as well.

Question: What is a fleet?

Answer: A group of 10 or more vehicles comprised of passenger cars, buses, or light, medium and heavy-duty trucks.

Question: What type of refueling stations will AFIG fund for construction?

Answer: AFIG funds the costs to install CNG/LNG, Electrification and E85 refueling stations servicing fleets.

Question: Does AFIG have any incentives for biodiesel or ethanol producers?

Answer: AFIG will reimburse up to 10 cents per gallon in a calendar year for up to 12,500,000 gallons of biodiesel or ethanol produced for use as a transportation fuel by a qualified Pennsylvania producer.

In addition, for biodiesel producers that produce over 25,000 gallons per month, there is the "Biomass-based Diesel Production Incentive" Program

that reimburses 75 cents per gallon for PA-sold biodiesel. This is a non-competitive month-to-month program. Details can be obtained on the AFIG website.

Question: What measures are being taken to assure biodiesel fuel quality?

Answer: At the present time, all biodiesel produced and sold in PA must meet ASTM D6751. A testing certificate of analysis from an accredited laboratory is required to guarantee that the biodiesel quality meets the ASTM standard. The AFIG guidance provides detailed information on the requirements.

Question: Will AFIG fund individuals who want to convert their own car to operate on an alternative fuel?

Answer: Due to concerns for the safe operation of converted vehicles, aftermarket conversions will not be funded.

Question: Will AFIG fund engineering studies or feasibility studies?

Answer: No, but R&D and demonstration projects will be funded.

Question: Will AFIG fund engineering or consultant costs?

Answer: Yes. In some cases engineering and consultation is needed to determine the size and the best location of equipment. AFIG will cover up to 5% of the total project cost for engineering or consultation costs not including the cost of the engineering or consultant.

Question: Will AFIG fund overhead or indirect costs such as administrative costs of projects?

Answer: No. Only costs directly related to the project are covered. However, overhead and indirect costs may be used as cost share.

Application Timelines

- July 17, 2010 – Announcement in *Pennsylvania Bulletin*
- July 19, 2010 - Application link and Guidance document available from DEP website
- August 27, 2010 – Application Deadline
- November – Approximate time of grant award announcement
- December – Approximate time grants mailed to grantee.
Six – eight weeks for executed grant agreement.