

**Michigan Energy Efficiency – Smart Grid Energy Storage
Pre-Proposal Conference
April 22, 2009**

Q. How will the review process be conducted?

- A. The Request for Proposal (RFP) issued on April 9, 2009 explains the review process and selection criteria. Applicants can submit questions no later than 5:00 p.m. on April 30, 2009 to the e-mail address stated in the RFP. The due date for proposals is May 7, 2009 at 12:00 p.m. The RFP contains six parts and has three appendices. Please read the RFP in its entirety.

Q. Do we need to have a utility involved to do this grant project?

- A. Yes, we highly suggest and urge applicants to get in touch with their utilities and see what types of storage projects they have been doing. It will be helpful if you start talking with your utilities and see what specific projects they have done. They are going to have a say in the interconnection process. The applicant needs to develop a considerable relationship with them in preparing a proposal.

Q. You mentioned local utilities, is there any preference if a utility applies for this grant, or would you like to see a manufacturer apply for this and partner with a utility?

- A. In the case of your statement, we would like to see the manufacturer apply for this RFP. Utilities need to be involved, but we would prefer not to see the utility be the main applicant.

Q. If the utility has Michigan presence and the manufacturer is an out-of-state manufacturer, would there be less preference given to this applicant?

- A. In the case of your statement, it is our preference to see a Michigan presence. We do not discourage you from applying, but preference will be given to Michigan manufacturers. If the manufacturer is not in Michigan, you could strengthen your proposal by highlighting the fact that you would be utilizing Michigan vendors and contractors within your proposal.

Q. Is it viable to propose a research and development project?

- A. We are primarily interested in demonstration, not research and lab projects. The MPSC might fund lab projects in the future. This RFP is for hardware on the ground. The proposed project should typically describe tasks such as design, procurement, construction and testing.

Q. Could there be a research project with advancing technology, but with something plugged in the ground at the end of the period?

- A. Possibly, but that is not the focus, we do not want something with operational problems at the end of the project. We want something that works with the grid. We know this can be done. We want grid support and quick response. The concept of smart grid is fairly well understood and should be

designed to improve grid operational efficiencies. We want the proposed project to demonstrate improved grid efficiency.

Q. Will universities and colleges have preference?

- A. The RFP explains the Statement of Purpose, Work Plan, the review process, and selection criteria. Please read the entire RFP. There will be no preference. Every applicant will be taken seriously and we would like to see a robust number of proposals. Remember, the awarding of grants is the result of a competitive process. Proposals compete against each other.

Q. Did you mention Michigan organizations will get preference?

- A. We are looking to build up Michigan based organizations, definitely.

Q. We produce lithium batteries, are you looking for a 1 MW (megawatt) storage project? Or a 10 MW?

- A. The optimal size is 10 MW, but with this kind of funding it is looking like 1 MW. We wish we could have put something in the RFP regarding size, but we left it up to the applicant. Hopefully, the applicant can leverage funds. We did not have a specific size in mind. There's such a huge spread in size. We are aware that development costs or storage technologies are in the area of \$1million per MW, so you are looking at 4 MW.

Q. For the demonstration purpose, would the 1 MW suffice?

- A. We will take a look at it. 1 Mgw might be a suitable demonstration.

Q. Originally the proposal stated two awards for \$2 million, now you are talking possibly four awards for \$1 million. Has this changed?

- A. The RFP does not require a specific size or technology. We are seeing some very wide spreads in technology costs and the RFP is flexible in this regard; maybe one project or more depending on whether or not projects can leverage funds from other sources. We would like several projects, but if applicants cannot leverage funding, it could be one project.

Q. Can we keep the salaries of people involved and timesheets not exposed?

- A. All documents submitted to the MPSC shall be subject to the Michigan Freedom of Information Act ("FOIA"). In the event a request for submitted documents is made to the MPSC from the public, the Grant Administrator will redact or withhold information and/or withhold information and/or documents that are exempt from disclosure under FOIA, e.g. personal data.

The MPSC has to have access to information showing the derivation of numbers contained in the applicant's budget. In addition, we will require actual expenditures incurred within the grant period be supported by source documentation. For example, for a line-item such as Personnel, we will

require the general ledger and timecards, *at a minimum*. Supplies, materials, equipment, and travel will require invoices, copies of checks, and itemized receipts. Depending on the circumstances, we will conduct on site audits to verify expenditures. It is important to note on site audits can be conducted during and after the grant period. It is important that the selected applicant maintain all grants records, ledgers, etc. for seven (7) years. See Part II of the RFP.

Q. Can we put confidential on documents to keep it out of the FOIA process?

A. Unfortunately, there is nothing we can do to exclude your proposal from FOIA. However, documents such as resumes that contain personal data can be redacted and excluded from FOIA disclosure.

Q. What will happen to the intellectual property?

A. The intellectual capital remains yours. All intellectual property developed using grant funds, including copyright, patent, trademark and trade secret, shall belong to the selected applicant.

Q. Are you considering the storage system to generally be associated with wind and solar resources?

A. It does not matter, but most renewable sources tend to be the non-dispatchable variety. Solar or wind would be typical of this type. Your utility may require specific requirements for operational compatibility with existing non-dispatchable resources. Each utility will know the requirements for connecting the project locally. We have struggled through development of interconnection procedure rules and have tried to simplify the process of connecting distributed resources. It is definitely an issue that gets the attention of the utilities. It benefits everyone to have an efficient and reliable grid with interconnected resources.

Q. Would you like to see multiple battery manufacturers' work together?

A. That is okay, however, we need to see one primary manufacturer as the applicant. These are complex systems. We could envision manufacturers coming together; some manufacturers have already possibly worked together.

Q. Would it be beneficial to have Michigan renewable systems working together?

A. Yes, definitely, but you would have to also work with the utility.

Q. \$4 million is small change, would there be more consideration for a small company rather than a large company who will just pocket the money?

A. The RFP explains the review process and the selection criteria. If your proposal meets the RFP requirements, we will review it. Higher proposal evaluation scores will be given preference. There will be no preference to a small business. Every applicant will be taken seriously and we would like to see a robust number of proposals. Remember, the awarding of grants is the result of a competitive process. Proposals compete against each other.

Q. Hopefully applicants can use the state money to attract Federal funds.

A. Yes, the Commission is aware of this strategy and we find it acceptable.

Q. If we are trying to leverage Federal stimulus money yet it has not been awarded, can we list this as match money?

A. You can not list dollars that are not promised as matching or in-kind funds. If you list match dollars, please state the level of firmness of the match commitment. Please note the applicant must be able to document the matching and in-kind dollars utilized by the project.

Q. If an applicant has applied for other state and federal grant funds, can this potential funding be included as leverage funds in a proposal submitted in response to the Michigan Energy Efficiency Grant – Smart Grid Energy Storage initiative?

A. Applicants are encouraged to take advantage of any available state and federal grant money to achieve economies of scale between state and federal smart grid initiatives giving the State of Michigan a higher return on its investment. However, the proposed project must be sustainable should federal or other state funding not be received.

Q. Can the utility be paid out of the grant funds?

A. Yes, if a utility provides services and equipment then it would be entitled to payment for the items provided. Items that the utility provides without cost for the project can be counted as matching or in-kind contributions.

Q. Since we should partner with the utility can some of the funding be for the connection with the utility.

A. Yes, every viable proposal must be partnered with a utility and each proposed project will require interconnection costs associated with connecting to the utility grid.

Q. We produce magnetic batteries, are we ahead of the game?

A. We do not want to discourage you from applying. It sounds like you are more at the research and development stage.

Q. Can monies from other State of Michigan agencies be used as matching funds in the grant proposal? For example, we have Michigan Economic Development Corporation money and would like to use this with the grant award.

A. Yes, money from other state sources can be used as match funds in a Low-Income and Energy Efficiency Fund grant. As previously stated, the applicant cannot list dollars that are not promised as matching or in-kind funds. If you list matching dollars, please state the level of firmness of the

matching commitment. Please note the applicant must be able to document matching and in-kind dollars utilized by the project.

Q. What about Department of Defense money? Would you prefer a foreign battery over an American battery? Would you like to see more money on research & development (R & D), or just getting a system in and running?

A. In the case of your statement, we prefer a Michigan battery. We would like to see an operational energy storage system. The idea is not focused on R & D. Control systems are a particular area that is not yet developed. We have to move technology forward, so there is no value in re-plowing plowed ground. As proposers involve the local Michigan utility, the control aspects of the proposed grid-connected storage project will become more obvious.

Q. The challenge is the integration, not the battery itself. Costs are all out of the pocket. Since the utility is putting out all this effort would that count as matching funds?

A. You can try to get the utility to match funds for your proposal. The utility will be partnering and if they are supplying cash or supplies or labor, etc. that is match.

Q. Who is the contact and is their contact information available?

A. Ms. Cheryl Rojas is the Grant Administrator and contact person for this RFP. Her contact information is provided in the Request for Proposal. She is in constant contact with the technical Staff at the MPSC who developed the Smart Grid Energy Storage RFP.

Q. How do we stay informed as to the MPSC's decision for this grant?

A. Please go to the MPSC web site: www.michigan.gov/mpsc. Scroll down to the bottom of the page and follow the link within the box entitled "Stay Informed". Then click on "MPSC-MIEE" to subscribe to the notification list.