NEBRASKA FOREST SERVICE

TREES HEAT NEBRASKA PROGRAM

nfs.unl.edu/trees-heat-nebraska

Wood Energy Conversion Grant Funding

ANNOUNCEMENT AND REQUEST FOR APPLICATIONS

Application Deadline: October 31, 2014 5:00 PM Central Time

Submit Applications To:

Adam Smith
Nebraska Forest Service
102 Forestry Hall
Lincoln, NE 68583-0815

PURPOSE

The Nebraska Forest Service (NFS) is offering cost-share assistance for the conversion of fossil fuel thermal energy systems to wood energy systems for public, private, for-profit, and not-for-profit agencies/organizations. Wood energy in Nebraska is an under-utilized, environmentally friendly, economical option for thermal energy applications. Energy produced from wood boilers is currently being utilized to heat the Nebraska College of Technical Agriculture, both heat and cool Chadron State College and Arbor Day's Lied Lodge and Conference Center, as well as generate process steam for other applications at these facilities, such as laundry services and swimming pool heating at the Lied Lodge. Wood energy is also used at alfalfa dehydration facilities across the state to dry alfalfa before it is pelletized as livestock feed. All of these facilities benefit from significant utility savings versus traditional fossil fuel use.

The purpose of the Wood Energy Conversion (WEC) cost-share grant funding is to provide financial assistance to public, private, for-profit, and not-for-profit agencies or organizations located in Nebraska to install thermal and/or electrical wood energy systems in their facilities.

The objective of the WEC program is to provide financial capital for organizations and businesses to contract for services to convert their facility's thermal and/or electrical energy system to a wood energy system. The WEC program is intended to help reduce the capital costs associated with the purchase of boilers and associated equipment as well as construction and installation of these systems.

BACKGROUND

The NFS Forest Products Utilization (FPU) program manages the TREES Heat Nebraska Program designed to provide financial and technical assistance to interested parties for the establishment of woody biomass utilization markets, including thermal and electrical energy. Historically there has been a lack of capital assistance for the development and installation of these energy systems, often derailing potential projects. The NFS and its FPU program is dedicated to addressing common barriers associated with the development of woody biomass utilization markets. The use of woody biomass for thermal and/or electrical energy generation and the production of wood-based economic products provide direct environmental, economical, and societal benefits to Nebraska's communities and citizens.

The TREES Heat Nebraska program currently consists of two (2) financial assistance programs; the WEC program outlined in this announcement and the Wood Energy Feasibility (WEF) cost-share program. The WEF program is available to provide financial assistance for contracting services related to completing technical engineering feasibility studies. For more information on the TREES Heat Nebraska program, please visit www.nfs.unl.edu/trees-heat-nebraska.

GENERAL GUIDELINES AND INSTRUCTIONS

ELIGIBLE APPLICANTS

Eligible applicants are public, private, for-profit, and not-for-profit agencies or organizations. Wood energy systems to be installed under this program must be done so at facilities located in Nebraska. Examples of such facilities include, but are not limited to, municipal buildings, universities, colleges, schools, hospitals, correctional facilities, livestock and agricultural facilities, and horticulture greenhouses.

ELIGIBLE ACTIVITIES

Contract services for the final design, construction, and installation of wood-fueled energy systems for the generation of thermal and/or electrical energy at a proposed facility, including the purchase of the boiler system and associated equipment. Final design alone is not eligible for financial assistance from the WEC program. WEC funding can also be used as capital to leverage additional funding from other sources to fund the conversion of the facility.

FUNDING AVAILABLE

NFS will provide WEC funds, on a reimbursement basis, for **up to 50% of the total project cost, not to exceed $200,000 per project for 2014-2015 program year**. Funding is not available for projects that have incurred costs prior to WEC program application and approval. Claims for reimbursement will not be accepted after 18 months from the WEC application approval date, unless granted a written extension by NFS.

PROJECT PLANNING PROCESS

NFS is dedicated to providing impactful technical and financial assistance. In order to ensure successful assistance and projects, it is strongly encouraged facilities to engage with NFS early in the project planning process. NFS is available to assist with project pre-feasibility assessments and pre-WEC application planning. Below is an example of the project planning process which should be completed prior to WEC funding application;

1. Interested agencies or organizations engage with NFS in discussion regarding wood energy potential at their facility.

2. The interested party and NFS visit on-site to discuss the potential for wood energy in their region and at the facility.

3. Using the facility's previous three (3) years utility expense records and estimating local availability of wood fuel, NFS and the facility complete a pre-feasibility assessment of facility wood energy potential using the Wood Energy Financial App program.
    a. This online tool will provide an estimate of project related construction costs, energy savings, and project payback period.

4. If the pre-feasibility assessment returns favorable results, NFS has funding available to cost-share for the completion of a technical engineering feasibility study. These funds are available through NFS under the separate Wood Energy Feasibility program.
    a. This study, contracted with an engineering firm with wood energy experience, will provide deeper detail into the project cost and provide an assessment of the engineering and construction needs related to the potential wood energy system.

5. Once the technical engineering feasibility study has been completed, and shows favorable results, the facility would then have the opportunity to apply for financial assistance under the WEC program.

6. Depending on the size and cost of the proposed wood energy system, additional funding may need to be secured to fund the entirety of the wood energy conversion. NFS WEC funds can be used as state-funded match dollars in an effort to leverage additional funding from other funding sources. Assistance and/or guidance can be provided to the applicant related to developing a project funding strategy.

Completing thorough project planning efforts will help ensure project readiness and provide the necessary information for the completion of the WEC Application Form.

APPLICATION PROCESS

WEC applications must be received by the scheduled deadline date. Depending on the number of applicants, applications will be evaluated by a review team consisting of NFS staff and partners to ensure project feasibility and completeness. Applicants should engage NFS staff upon consideration of applying for the WEC program for assistance related to project planning and WEC application completion.

1. Applicant submits completed WEC Application Form to NFS. NFS may request additional information pertinent to the application.

2. Each WEC application will be reviewed to evaluate the project's economic feasibility and planning completeness related to the installation of a wood energy system at the proposed facility.

    Factors considered in the evaluation include:
    - Application completeness
    - Project location and wood fuel availability
    - Potential economic benefits for facility and region
    - Environmental and natural resource sustainability considerations
    - Technical strength and project readiness

3. NFS will meet with the applicant and conduct a site visit to discuss the system setup at the facility and the wood fuel availability in the area.
    a. Required for agencies and organizations not previously engaged with NFS.

4. NFS will notify applicants of their project selection or denial within four (4) weeks of application deadline. Applicants not selected for WEC funding will be provided information regarding their denial.

APPLICATION EVALUATION AND REVIEW

Applications must include the completed WEC Application form and supporting documents outlined in the WEC Application Instructions. This is the information that the review team will use to score and prioritize projects for funding assistance.

Evaluation Criteria	Maximum Points Possible Per Criteria
Total Score Possible	***100***
1. Application Completeness a. Contact information included? b. All boxes completed? c. Detailed project summary provided? d. Detailed proposed energy system summary provided?	**20**
2. Project Planning Completeness a. Pre-feasibility/economic analysis complete? b. Technical engineering feasibility complete?	**20**
3. Project Feasibility a. Significant estimated annual savings? b. Simple payback period less than 15.0 years? c. Wood fuel available within economical distance? d. Potential wood fuel suppliers identified and contacted?	**30**
4. Project Financing a. Detailed project funding strategy included? b. Additional required project funding assistance currently acquired? c. Project fully financed with inclusion of WEC cost-share funding?	**25**
5. Project Location a. Project located within an economical distance from a sustainable wood fuel resource?	**5**

Applications may be reviewed and evaluated collaboratively by a panel which may include, but is not limited to, representatives from Nebraska Forest Service, University of Nebraska-Lincoln, Nebraska Energy Office, Nebraska Department of Environmental Quality, Nebraska Department of Economic Development, and/or U.S. Department of Agriculture – Rural Development.

PROJECT FUNDING PROCESS

1. Applicants will receive a letter from NFS with the project evaluation outcomes via US mail.

2. After NFS has approved the WEC application for the proposed project, the applicant's WEC Application Form will be signed by NFS director/State Forester, acting as NFS approval of the project and recommendation for funding. This approval does not signal the beginning of expense-incurring project activities.

3. Once the applicant has received confirmation of project acceptance and funding approval from NFS, they will be required to sign a Memorandum of Understanding (MOU) with the University of Nebraska – Lincoln (UNL). This MOU serves as an acknowledgement and agreement between the applicant and UNL to complete the project as outlined in the project application and authorizes payment of cost-share funds upon project completion and NFS final approval. A completed MOU serves as a confirmation for project work to begin.

4. Upon initial project approval by NFS, it is the applicant's responsibility to coordinate processes with project contractors.

SUBMISSION GUIDELINES

Grant application instructions and forms are available at nfs.unl.edu/wood-energy-conversion-funding.

Applications must be received by NFS by Friday, October 31, 2014 at 5:00 PM Central time. Applications received after the submittal deadline may be reviewed after initial submittal reviews are complete, pending available funding.

Applications can be submitted in one of two (2) ways:

- **Electronic Application and Submission (Preferred)**

  Complete the "Grant Application Form" and submit it and any supporting documents by visiting nfs.unl.edu/wood-energy-conversion-funding. Here you will find necessary forms and steps required to submit your application online.

- **Mailed Hard Copy.** Mail completed necessary application form (available at website address above) and include any supporting documents to:

  Nebraska Forest Service
  Attention: Adam Smith
  102 Forestry Hall
  Lincoln, NE 68583-0815