The Ohio Development Services Agency, Office of Energy

Ohio Coal Demonstration and Pilot Program

Request For Proposals (RFP) Number: DSA-ENERGY #13-01

Questions and Answers

Q1: The RFP states that projects are anticipated to be completed in 12 -24 months. While phase 1 of our proposed project is less than one year, we are expecting a Phase 2 of our proposed project to likely take three years or longer. Can a longer than two year project period be accommodated?

A1: Projects that have a period of performance longer than the anticipated 24 month project period are acceptable. Please be sure to address in your proposal why the project period needs to be longer than a 24 month period.

Q2: If you have a project that is looking to request funds for phase 1 of a project now, and request phase 2 funds at a later date, when will be the next opportunity for submitting a proposal be expected? Are funds expected to be appropriated and an RFP be released next year at a similar time to this one?

A2: It is anticipated that a similar RFP will be issued next fiscal year (after July 1, 2013). An exact date release has not been determined. Yes, funds were appropriated for both Fiscal Year 13 and for Fiscal Year 14. An exact amount that will be available in Fiscal Year 14 is not known at this time, but will be based on the amount of awards executed this fiscal year.

Q3: Assuming that a proposal is submitted by the end of August, how fast would it be expected to get through the selection process and have an award be announced? How quickly can it be expected for a grant agreement to be executed once an award has been announced? Could either or both be completed before October 1, 2012?

A3: It is possible awards could be announced on or before October 1, 2012 if a proposal (that is complete and doesn't have any tax, EPA or other issues) is received by the end of August. Most likely a go forward letter would be issued and not a grant agreement within this timeframe. The length of time between an award being announced and the issuance of a grant agreement will be dependent upon the number of exceptions requested by the proposer to the grant agreement template and the completeness and transferability of a proposal's Statement of Work to a binding legal document.

Q4: We anticipate requesting up to $5 million for the phase 2 portion of this project. Our phase 2 development would probably not meet the "demonstration to full scale" definition in the RFP. How flexible are these definitions and the amounts associated with each?

A4: It is the Ohio Development Service Agency's (ODSA) intention to maintain the maximum award sizes listed in the RFP. ODSA reserves the right to re-categorize proposals, if it deems necessary.

Q5: Regarding the EPA Form found on page 40 of 72 "EPA Information." Which participants need to be listed in this document? What is the FTI# noted in the last line?

A5: This document is for the project's address only. The FTI # is the Federal Tax Identification number.

Q6: Regarding Section IV, C, 6 and 7 on page 11 of the RFP ("Audit" and "Litigation"), for a private company, are the audited financial statements and information regarding litigation from our SEC filings sufficient to satisfy the requirements of this section? As a private company some of the information could be considered as confidential, trade secret, or insider information if it has not been previously released to the public.

A6: Yes, audited financial statements and information regarding litigation from your SEC filings are acceptable. The Ohio Department of Development is not permitted to release trade secret or proprietary information submitted to the Ohio Coal Office in connection with our agreements pursuant to ORC 1555.17 which reads: "Any materials or data, to the extent that they consist of trade secrets, as defined in section 1333.61 of the Revised Code, or other proprietary information, that are submitted or made available to, or received by, the department of development or the director of the Ohio coal development office, in connection with agreements for assistance entered into under this chapter or Chapter 1551 of the Revised Code, or any information taken from those materials or data, are not public records for the purposes of section 149.43 of the Revised Code."

Q7: Regarding Section IV, C, 5 on page 10 of the RFP ("Financial History"), what constitutes a major contributor or participant? Is there a percentage of the work or value of their cost share that would establish that criteria?

A7: A major contributor or participant is the proposer or entity that is expected to enter into a grant agreement with the Ohio Department of Development (if selected for an award), and any university, non-profit or governmental entity that are financial contributors to the cost share portion of the budget.

Q8: On page 5 of 18 in the RFP the application instructions indicate proposal are to be submitted on 8.5 x 11 paper, no less than 11 point font and no more than 6 lines per inch. We understood that to be lines of text i.e. single spaced text. On page 8 of 18 under proposal format the instruction indicate double spaced text. Which is correct?

A8: Single spaced. Page 8 should read: "The Proposal must not exceed 30 pages."

Q9: On page 28 of 72, Attachment 6, it asks about Prior Legal Actions. As a large public corporation with a significant number of respective officers the questions regarding convictions for felonies or participants in civil actions seems a bit extreme. In addition questions regarding violations in securities laws could be considered inside information. How far back in time does this apply? Again would the information contained in our annual reports and SEC filings be sufficient to fulfill the requirements of this section?

A9: On Page 11 of 72, in Section 4, C. 7, it clarifies: "…please describe any material litigation that your company has been involved in over the last three (3) years regarding coal or coal technology (Attachment 6 Questions). Finally, please provide (as an appendix) a list and describe litigation brought or threatened against your company by existing or former clients over the past five (5) years regarding coal or coal technology." Information contained in your annual reports and SEC filings is sufficient to fulfill the requirements of this section. Please send us information for the last five (5) years.

Q10: On page 38 of 72, Attachment 6, it asks for authorization to release tax information. As a publicly traded corporation we are not prepared to release our corporate tax information. Is this an absolute requirement of the grant process? Would the information contained in our annual reports and SEC filings fulfill the requirements of this section? If not, is there another means to answer any questions regarding taxes?

A10: Receiving this authorization is a requirement of the grant process. ODSA typically just receives confirmation from the Ohio Department of Taxation that you/your company are in tax compliance or if you/your company has any outstanding tax issues.

Q11: The Attachment 1, Proposal Summary Sheet Application and Attachment 2, Budget Summary lists space for four Co-sponsors but there are seven Co-sponsors providing cost share for our proposed project. Is it acceptable to combine co-sponsors?

A11: An Attachment 1 and Attachment 2 sheet has been posted that is in a Word format with eight available co-sponsors fields. Please use this format and list all co-sponsors separately.

Q12: Regarding the statement found on page 10: "Overhead and general/administrative charge rates will be carefully scrutinized and should be kept to a minimum." What would be an acceptable/recommended rate for this solicitation?

A12: Each entity is unique and will be evaluated on an individual basis, but as a general rule of thumb, rates should not exceed their entity's federally approved indirect cost rate. For entities that do not have a federally approved indirect cost rate, rates should not exceed the average of comparably sized/structured entities that have an approved indirect cost rate.

Q13: Will laboratory-scale proposals for independent individuals be accepted for review/funding under this solicitation?

A13: No, these types of proposals will not be accepted under this solicitation. Page 3 states: "Projects under this solicitation should be categorized as full-scale, first-of-a-kind deployment, demonstration-scale, pilot-scale, process development unit or proof-of-concept-scale." The OCDO typically solicits laboratory and bench-scale projects through a separate solicitation with the Ohio Coal Research Consortium. Proposals for this solicitation must be submitted by a professor that is affiliated with a Consortium member university (currently Ohio University, the Ohio State University, the University of Akron, University of Dayton, University of Cincinnati, and Case Western Reserve).

Q14: Does the Ohio Coal Development Office or the Ohio Department of Development maintain a list of approved laboratories in Ohio that Proposers should be working with?

A14: Neither the OCDO nor the ODSA maintains a list of acceptable laboratories.

Q15: According to: http://homelandsecurity.ohio.gov/dma/dma.asp "Effective September 10, 2012, the repeal of the Declaration of Material Assistance/Non-assistance (DMA) will take effect per H.B. 487. The DMA requirement will no longer exist, and this site will be removed." Can this attachment be eliminated from the required submittals?

A15: Yes. This form is no longer required and has been removed.

Q16: Is there a maximum number of proposals that an individual, institution, or company can submit?

A16: No. There is not a set maximum number of proposals that can be submitted by an entity.

Q17: Can a single proposal be submitted that covers two or more of the technologies/areas targeted under this solicitation, or does each proposal need to address a single area of interest?

A17: Yes, a proposal can be submitted that covers multiple technologies/areas targeted under this solicitation.

Q18: I am thinking about submitting a proposal for an absorption technology that can be used to capture CO2, to use the rich solvent from the absorber for microalgae cultivation without any additional treatment, and to recycle the lean solvent back to the absorber, does such a proposal meet an interest of this RFP?

A18: This would potentially fall under item #4 of the listed clean coal technologies targeted under this solicitation: "Cost effective carbon dioxide capture…" and would depend on the economics of such a process. Please be sure to outline the technology/process anticipated cost in the Marketability section of your proposal (D.2.)

Q19: If I am currently being funded by the U.S. Department of Energy (DOE) and the National Science Foundation (NSF) for related work, can I submit a new proposal as long as the efforts to be included in the proposals are different from the ones currently being supported by the U.S. DOE and the NSF?

A19: Yes, you may submit a new proposal that is different and that builds upon related work previously and/or currently funded by the federal government or other entities.

Q 20: The submission window in the RFP lists March 1, 2013. Is there any approximate deadline that proposals need to be submitted by to be considered for funding?

A20: The RFP states that the last day proposals will be accepted is either March 1, 2013, or upon commitment of all Fiscal Year 2013 available funds, whichever occurs first. Approximately $17 million in ODSA funding is available under this solicitation. ODSA commitments will be made on a rolling basis. Once a sufficient number of proposals have been received, scored and commitments made by ODSA, RFP DEV-ENERGY #13-01 will close. This could occur before March 1, 2013, but no proposals, regardless of the amount of commitments made, will be accepted after March 1, 2013. Please note that the RFP also states that the ODSA reserves the right to adjust these dates for whatever reason it deems appropriate.

Q 21: Can you elaborate why Ohio included Enhanced Oil Recovery as a targeted clean coal related technology and what specifically you are looking for?

A21: Enhanced Oil Recovery (EOR) is listed under byproduct utilization. This was because of EOR's ability to create a revenue stream/reduce the cost of carbon dioxide capture, thus enhancing the market for, or marketability of Ohio coal as required under Ohio Revised Code (ORC) 1551.30. EOR was targeted since it is consistent with the purposes of the Ohio Coal Development Office, as listed in ORC 1551.32, "Improve environmental quality, particularly through cleaner use of Ohio coal."

Q 22: Can I include a cost for a maintenance contract for a major instrument to be used for the research activity to be conducted? If yes, are there any guidelines and/or restrictions for such a maintenance contract? Can a portion of the funding be allocated for equipment repair instead of a maintenance contract? If allowable, how should a repair budget be prepared?

A22: A maintenance contract for a major piece of equipment could not be billed to a project unless that piece of equipment was: 1) specifically purchased to be used on the project and was not subject to any other use; and 2) the maintenance contract applied only to the contract project duration. The cost associated with the use of an existing piece of equipment may be billed to the project, only if this is standard operating procedure and there is a fee schedule applicable to any user of that piece of equipment. The billing may include routine maintenance associated with the equipment. Where equipment repair is placed in the budget is dependent upon who is conducting the work and what expenses are expected. If proposers are intending to do maintenance internally this time should be accounted for in the personnel line item. If repair materials are expected to be needed and purchased by the proposers, this would most likely fall under the supplies line item. If this works is to be contracted out, it should be listed in the contractual line item.

Q 23: My firm has offices in multiple states, including Ohio. All/most of the work for this project will be completed in the Ohio office. There may come a time when the expertise of an engineer or other staff from within our company, but in an office in another state would be needed. Would this still be considered a project located within Ohio?

A23: This structure could qualify as an Ohio project, but as stated on page 2 of the: "funds received from ODSA must be used…for support of project staff based in Ohio. Project activities conducted out of Ohio by project participates may be used as cost share." Your staff that works in another state on your project cannot receive direct funding from ODSA, but their expenses/time can count towards your cost share. To reiterate, staff who are based in another state (regardless of whether the parent company is located in Ohio, or a company office is located in Ohio or not) may not receive grant funds to pay their salary. These employees are located outside of Ohio, and must be paid with cost share funds. Staff must be based in Ohio if they are to receive funds from ODSA.

Q 24: Can the proposal page limit of 30 pages be increased?

A24: Proposals must be limited to 30 pages or less. The 30 page limit may only be exceeded if ODSA exercises its right to "require the submission of modifications or additions to proposals as a condition of further participation in the selection process" as reserved on page 6 of the RFP. Please note that this process will not be used by ODSA to secure information that was not included by the proposer due to the page limit requirement.

Q 25: Is there a Letter of Intent submission needed for this solicitation?

A25: No, a letter of intent is not required.

Q 26: The technologies listed as targeted in the RFP include: #7, "Byproduct utilization: High volume fly ash and flue gas desulfurization byproduct utilization in mine remediation/reclamation…" Is this RFP specifically limited to mine remediation/reclamation, or will other byproduct utilization practices, specifically the use of FGD gypsum in land applications, be considered?"

A26: The by-product technology referred to in Item #7 is aimed at high volume usage of fly ash and FGD by-product material. Mine reclamation has traditionally been demonstrated to be the only option able to utilize a high volume of these materials. Ultimately, it depends on what land application you are proposing, with the determining factor being the quantity of by-product material that can be beneficially used. The use of FGD gypsum in land application might qualify if byproduct usage is deemed significant, i.e.: measured in tons not pounds. Additional Ohio funding sources can be found in Exhibit H of Attachment 7. Possible federal funding programs through the U.S. Department of Energy can be found: Here. There may also be relevant programs through the U.S. Department of the Interior. All federal funding solicitations are posted: Here.

Q 27: We have received an inquiry from a company in our district concerning a full-scale first of a kind deployment of an innovative treatment system for acid mine drainage from a deep coal mine in Ohio. Would this be an eligible for funding through the Ohio Coal Demonstration and Pilot Program?

A27: It would depend on how thorough and cost-effective the treatment system was. A project that expedited permitting and reduced long-term mine management costs may qualify. If the treatment system involves the opportunity to use large quantities of coal byproducts, then this could qualify as well.

Q28: We are interested in submitting a proposal around the synthesis of graphene from Ohio coal. This project brings a potential new market for Ohio coal while minimizing greenhouse emissions as graphene is emerging as a promising new nanomaterial. If this topic is of interest, can we submit a white paper for your review prior to submitting a full proposal? Would the white paper need to be posted on your website?

A28: As noted in the Overview Section of the RFP, Development is seeking proposals related to clean coal related technologies outlined in Section A on page 2, including: "Improved technologies/processes that enable the more efficient conversion of Ohio coal to a chemical feedstock, liquid, or gas." Provided the proposer meets the eligibility requirements of the RFP, this proposal may fall within the scope of the RFP, but a determination cannot be made until the proposal is submitted. In light of RFP requirements, a white paper will not be accepted or considered by Development. As noted in the Section C. Definition of Project Scale, projects should be categorized as full-scale, first-of-a-kind

deployment, demonstration-scale, pilot-scale, process development unit or proof-of-concept scale.

Please note that Development is also seeking proposals from qualified Ohio institutions of higher education for the 2013 Ohio Coal Research Consortium. The interested proposer may wish to review RFP #13-02 as well.

Q29: Can multiple proposals be submitted by the same individual to the Demonstration and Pilot Program RFP?

A29: Yes. There are no restrictions on the number of proposals that can be submitted by the same entity for the Demo RFP, Energy #13-01. This is different than for the Research Consortium RFP (Energy #13-02), where there is a restriction of one proposal per Principal Investigator, as explained on page 11 of that solicitation.

Q30: How much of the anticipated $17 million has been awarded or otherwise encumbered/requested to date and how much remains available to be awarded?

A30: As of January 17, 2013, $1,993,819 has been executed and awarded. An additional $2,299,997 was recommended by the Technical Advisory Committee during the January 11, 2013 meeting and is pending award. As a result, the net amount to be awarded is: $12,706,184

Q31: Is there an F&A cap for this RFP? Our normal rate is 58.5 percent so making sure that is allowable?

A31: Page 10 of the RFP states: "Overhead and general/administrative charge rates will be carefully scrutinized and should be kept to a minimum." As a general rule, overhead charges should not exceed a University's or institutions' federally negotiated indirect rate for comparable work.

Q32: We are applying to proof-of-concept-scale projects and it indicates a max of $250,000 total and cost share two-thirds of total project costs. Does this mean one-third is funded from OCDO (83,333.33) and the university provides two-thirds of project cost in cost share (166,666.67)?

A32: OCDO funds for proof-of-concept projects can cover up to two-thirds of the total cost of the project, with a cap of $250,000 per project from OCDO. This means that if the maximum available amount were requested ($250,000), the proposer should provide $125,000, to meet the cost share guidelines. If the project totaled $250,000, a maximum of $166,666 could be requested for funding from OCDO, with $83,333 needed in cost-share from the proposer.

Q33: Are there any Academic or tuition restrictions on this award?

A33: None that specifically apply to academic or tuition. A copy of the grant agreement template is included with the RFP as Attachment 7, which outlines the restrictions for all potential grantees. Section VI of the RFP also outlines the general requirements and restrictions.

Q34: Answer #13 (posted on the Q&A), looks like proposals submitted by a university professor are not encouraged. I am wondering what the requirements are for a proof-of-concept-scale proposal to be submitted by a university? If a joint consortium consisting of a university and a company submit a proof-of-concept-scale proposal, is it eligible for submission and consideration for review and funding?

A 34: The response to Question #13 was not meant or implied to discourage a university professor from submitting a proposal. It only applied to laboratory-scale projects, which are not solicited under this RFP. University professors are allowed to submit demonstration to full-scale project proposals, pilot-scale project proposals and proof-of-concept-scale project proposals. The requirements of a university submitting a proof-of-concept-scale proposal are the same as every other entity submitting a proposal and can be found listed in the RFP. There is a separate solicitation that is geared toward laboratory-scale projects, specifically for universities located in Ohio. That RFP (DSA-Energy #13-02) is currently closed, but will be re-released for state fiscal year 2014, later this year.

Q35: Regarding the requirement that the prime sponsoring entity "must be located in or doing business in the state of Ohio." And "Persons not presently doing business in Ohio are also eligible if the grants will be used to establish new businesses in Ohio." Would it be allowable for our proposed project to 1) collect coal samples from Ohio and conduct research at our facility in Virginia, and 2) prepare for a large scale pilot project using Ohio coal [at our Virginia facility], then a pilot demonstration will be conducted at or near a coal mine in Ohio?
Following a successful demonstration, our intent would be to open a new business in Ohio to fulfill the RFP requirement.

A35: In all cases, the requirement listed on page 2 still applies: "funds received from ODSA must be used to construct pilot plant or demonstration facilities in Ohio, cover operating costs of such facilities in Ohio and for support of project staff based in Ohio. Project activities conducted out of Ohio by project participates may be used as cost share." Also, if your company is not currently doing business in the state of Ohio, a commitment to establish new business in Ohio would be needed. Regarding <u>Part 1, c</u>ollection of coal samples from Ohio and adaptation of our natural microbes to Ohio coal and the fact that this work will be conducted at your R&D facility in Virginia: OCDO funds cannot be

spent out of state, therefore they could not be used to fund work in a Virginia R&D facility.

<u>Regarding Part 2, p</u>reparations of large scale cultures for a pilot unit for bioconversion of Ohio coal to biogas and humic byproducts for agriculture and environmental applications, then a pilot demonstration shall be conducted at or near coal mine in Ohio: OCDO funds could not be used to produce large scale cultures in Virginia. However, OCDO may consider helping to fund a physical pilot demonstration in Ohio provided that there was sufficient evidence that the concept has been sufficiently developed to prove technical and economic viability.