

ICCS questions received by March 19, 2010

1. Is property tax on land or equipment directly attributable to the project eligible for cost share?
2. Is insurance, with coverage comparable to that purchased for similar projects, eligible for cost share (construction and operating)?

Response: The answer to both questions is yes. The specific cost principle that the Applicants can go to for further information, as well as the regulations on cost sharing are given below.

Question 1 - FAR Part 31.205-41, Taxes

Question 2 - FAR Part 31.205-19, Insurance and Indemnification

Cost Sharing regulations - 10 CFR 600.123; 10 CFR 600.224; or 10 CFR 600.313

Since both questions indicate that the costs to be incurred will be used as potential cost share for the project, additional details will be needed to verify and validate the proposed cost sharing. For example, if the Applicant is paying property tax on a parcel of land (e.g., 100 acres) and the project footprint requires 10 acres, then the entire property tax on the 100 acres would not be allowable as cost share.

3. How much flexibility does a Recipient have deviating from what was proposed in the Phase 1 application to what is contained in the Phase 2 renewal application? For example, the Recipient originally proposed installing a CO₂ capture system on existing equipment in sub-recipient A's plant. The Recipient will now submit in the Phase 2 application a CO₂ capture system on existing equipment in a different (new) sub-recipient B's plant that is the same industry as the original application. This change could also affect the storage formation used to sequester the CO₂.

Response: The Applicant may propose something different from what was in the original proposal provided the project meets all requirements of the Funding Opportunity Announcement. DOE will not, however, look favorably on a project that, in essence, requires a second Project Definition Phase. Application of the merit review criteria will assume substantial progress has been made during Phase 1. Applicants should present a definitive Phase 2 renewal application, including establishing binding commitments for the non-federal cost share for Phase 2a, firm commitments from the proposed capture and sequestration sites, and firm commitments from the team required to perform the Phase 2 project.

4. We are confused about the Environmental Management Plan (EMP). In the Model Cooperative Agreement on page 22, it is listed as required in the Phase 2 Renewal Application under the Section III. INSTRUCTIONS FOR PREPARING AND

SUBMITTING THE RENEWAL APPLICATION. There is no mention of it under III. INSTRUCTIONS FOR PREPARING AND SUBMITTING THE RENEWAL APPLICATION in the fully executed Cooperative Agreement that we have been instructed to use in preparing our Renewal Application. In the fully executed CA, there is only one reference to an EMP and that is on page 11 where it is described as an evaluation criterion. I think [this] will create confusion among the respondents.

Response: The Instructions for Preparing and Submitting the Renewal Application (Section III of the fully executed Cooperative Agreement) do not specifically identify an Environmental Management Plan to be submitted with the Renewal Application. Therefore, Renewal Applications will not be evaluated on the “adequacy of the Environmental Management Plan”. If selected to proceed into Phase 2, the Project Management Plan will be modified to require submission of an Environmental Management Plan.

5. Please confirm that, although an *Environmental Questionnaire* was required in the Phase 1 proposal, it is NOT required in the Phase 2 Renewal Application and appears to have been replaced with the Environmental Information Volume.

EIVs will be used to supply environmental information for the Renewal Applications. EIVs should be much more detailed and more comprehensive than Environmental Questionnaires. Therefore, Environmental Questionnaires should not be submitted with Renewal Applications.