

California Department of Food and Agriculture
2023 Dairy Digester Research and Development Program
Frequently Asked Questions

General Questions

1. What is the maximum grant award that will be funded under the DDRDP?
The maximum grant award CDFA will fund is up to 50% of the total project cost with a maximum grant award of \$1.6 million per project.
2. When are DDRDP grant applications due?
DDRDP grant applications must be submitted through the application submission portal by 5 P.M. PT on AM on Monday, August 28, 2023.
3. For a DDRDP grant application to be considered complete, what forms and attachments are required?
Grant applications must contain the following: Project Narrative, Work Plan, Budget Worksheet, the latest CARB DDRDP Benefits Calculator Tool, Project Readiness, Environmental Performance, and Community Impacts, Financial documentation, and all other supporting documentation (i.e., permits, letters of support, and resumes, etc). All required grant application templates listed above are provided on the program's website, www.cdfa.ca.gov/ddrdp.
4. If a digester developer and dairy operation created a partnership for a specific digester project, is that partnership organization eligible for the DDRDP?
Yes, partnership organizations formed specifically for a digester project are eligible for the DDRDP.
5. Is an organization (i.e., Limited Liability Company (LLC)) registered outside California eligible for this program?
No, LLC organizations registered outside of California are not eligible for this program. Individuals and/or entities receiving grant award funds must be located in California with a physical California business address.
6. Will CDFA provide answers to specific questions, or assist applicants with their grant applications?
To maintain the integrity of the competitive grant process, CDFA is unable to advise and/or provide applicants with feedback on specific grant applications.

7. If work by a contractor/consultant is performed outside the DDRDP project term, can those expenses be submitted to CDFA for reimbursement?

No, CDFA can only reimburse for expenses that occur during the 2023 DDRDP project term (i.e., anticipated dates as March 1, 2024, to August 31, 2026).

8. When are grant recipients required to submit the annual five-year greenhouse gas emissions report to CDFA?

Once the digester becomes functional, CDFA will require grant recipients to begin submitting the annual five-year greenhouse gas emissions report. Note: Failure to work with CDFA or its designees to provide the necessary project-related documentation will be considered non-performance. In the event of non-performance, CDFA shall take any action deemed necessary to recover all or any portion of the grant funding.

9. Are non-digester technologies that can reduce GHG emissions from a dairy eligible for funding through the DDRDP?

No, applicants that propose non-digester manure management methodologies should apply for the Alternative Manure Management Program ([AMMP](#)).

10. How will CDFA determine the reasonableness of job creation claims?

CDFA will rely on the expertise of the DDRDP Technical Advisory Committee (DDRDP TAC) and Technical Reviewers to evaluate applicant claims relative to the overall project plan.

11. Can a cluster project mean a project where several digesters are located at neighboring dairies (spokes) and hub consists of a centralized cleanup and/or pipeline injection/boiler/electricity generation facility?

Yes, dairy digesters may be located at dairies and biogas can be delivered to a centralized facility for clean-up or used in a central electricity facility. Alternatively, a cluster project could also include a centralized digester for closely located dairies.

12. Should a project only be located at a dairy, or can it be located at a non-dairy site?

Projects must be located on a commercial dairy operation, however, if a project is a "cluster" or "hub-and-spoke" project, it can be at a non-dairy site (Refer to the "Eligibility and Exclusions" section of the RGA).

13. How does CDFA handle confidential financial information and who has access?

CDFA will determine what information provided by applicants is confidential under the California Public Records Act (Governmental Code 6250, et seq.) and related statutes definition of "confidential or proprietary information." The Request for Grant Applications (RGA) Appendix C: Confidential Information directs applicants to clearly mark, on each page "confidential/proprietary information" on those documents they feel contain

confidential or proprietary information. However, marking documents as "confidential/proprietary information" will not necessarily result in their being treated as confidential if they are not exempt from disclosure under the California Public Records Act. CDFA treats the applicant's financial documentation as confidential and restricts access (e.g., password-protected files) to specifically authorized individuals, such as the CDFA Audit Office in order to conduct the Financial Soundness Review.

14. Does completion of the California Environmental Quality Act (CEQA) satisfy the requirements for the Community Impact?

The Community Impact criteria must be addressed by applicants prior to the submission of applications. If the above requirements were fulfilled during the process for demonstration of CEQA compliance for the project, applicants must provide supporting documentation referencing page numbers as applicable. Refer to the "Community Impact" section of the RGA for more information.

15. Can there be two digesters located within a short distance of each other?

The DDRDP does not restrict projects by location, however, each grant application must represent an individual digester project at a unique project site (i.e., dairy operation). Please note that the "Community Impact" specifications/guidelines will need to be addressed for each project.

16. Can applicants include more than three letters of support?

The Community Impact section of the RGA requests that applicants submit "up to three letters of support..." with their application. Applicants may submit more than three letters of support, but they will not receive additional points in the scoring criteria.

17. Is the DDRDP grant solicitation highly competitive?

CDFA anticipates that the grant solicitation will be highly competitive. During the 2022 DDRDP solicitation, only 52% of the applicants that submitted applications received a grant award.

18. If interconnection happens after August 31, 2026, due to utility delays, will the recipient still receive reimbursement? Are there clawback provisions?

The anticipated grant term is expected to be between March 1, 2024 to August 31, 2026. CDFA does not have specific "clawback" provisions but will withhold 10% of the grant funds until a Critical Project Review Report, Final Performance Report, Final Invoice, and resolution of any project concerns are completed.

19. Can the grant funds be used as a down payment toward a bank loan?

If awarded funds, recipients will be reimbursed for actual, allowable project costs on a quarterly basis. While reimbursement of project costs would not appear to constitute a

down payment toward a bank loan, applicants should contact their financial institutions with any questions regarding loans and/or down payments.

20. Where can applicants find a list of required permits?

Permits will vary depending on the scope and the location of your project. Applicants are responsible for obtaining all necessary permits for the proposed project. Refer to "Project Readiness Resources" of the RGA for more information.

21. Cluster hub and spoke models are being planned with digesters on each dairy. Will CDFA confirm that a reasonable and acceptable approach for the cost of a centralized gas upgrading facility or centralized electric generation facility (built with the capacity to serve several dairies), as well as the gathering line, is to allocate to each individual dairy digester project its proportional share of the centralized plant's total cost?

CDFA cannot guarantee that each digester project submitted as part of a cluster will be selected for award. Therefore, the total cost of a centralized facility may not be guaranteed funding. Grant funds cannot be used to fund duplicate equipment or activities that will receive funding from the California Public Utilities Commission (CPUC) pilot project authorized by California Health and Safety Code Section 39730.7(d)(2).

22. Does the Application ID number need to be in the top left corner of every page of the attachments and supporting materials?

For the 2023 solicitation, we are shifting from using the "Application ID" to "Project Title" due to the limitations of our new online application portal, Amplifund. At a minimum, the first page for each attachment or supporting materials document (e.g., Attachment 4: Financials, Supporting Materials 1.2, etc.) must include the Project Title. This requirement will help ensure a consistent review of grant applications.

23. If awarded, will recipients be required to comply with the California Labor Code and Public Contract Code, which includes prevailing wage?

Currently, recipients and CDFA will enter into a grant agreement that is not subject to prevailing wage requirements. CDFA will comply with all necessary California laws to the extent that they apply to grant agreements. Grant recipients must comply with their own organization's policies and procedures.

24. The RGA requires that letters of support be submitted in Arial font size 12. Will CDFA accept letters of support that don't adhere to this requirement?

CDFA understands that it may not be feasible for all of the attachments and supporting materials (e.g., site plan, schematics, and letters of support) to adhere to the font and size requirements established in the RGA. Attachments and supporting materials that do not require specific templates will be accepted even if they do not adhere to the font and size requirements.

25. What are the requirements for completing the community outreach portion of the Community Impact Template? Must all community outreach activities be complete by the time the application is submitted?

All applicants must fulfill the community outreach requirements as specified on the RGA. Applicants will be reviewed and scored based on the "Appendix E: Detailed Scoring Criteria". All community outreach activities must be completed by the time of application submission.

26. The RGA states that contractor and consultant fees are limited to labor only. How should applicants describe the costs if the contractor/consultant will charge a flat fee?

For a contractor/consultant charging a flat fee, the cost should be reasonable and include a basis for the flat rate estimate (i.e., length of services, services provided, and parts installed, etc.). Additionally, the description of the costs should tie back to the task number identified in the Work Plan.

27. Does CDFA have predetermined job classifications/trades that should be used for completing the "Localized Economic Benefits" section of the "Community Impact Template"?

No. Applicants should describe the job classifications/trades (e.g., electrician, site foreman, etc.) as best as possible. If a job classification/or trade is not easily recognizable, please include a short description of the work the position performs.

28. In the Application Questionnaire, does the answer to the question "Does the applicant belong to a socially disadvantaged group as defined below?" affect the scoring of the application? If the applicant does not fit into a socially disadvantaged group, can this question be left blank?

As consistent with the [Farmer Equity Act of 2017](#), Socially Disadvantaged Farmers or Ranchers will be prioritized for funding. In case an applicant does not fit into a socially disadvantaged group, this question should be answered as no, or decline to state.

29. If the dairy farm is owned 50/50 by husband and wife, which response must an applicant select to the gender question (i.e., "Please select your gender") for the project to qualify for benefits to Socially Disadvantaged Farmers and Ranchers?

The gender of the dairy operator/owner who will be the primary applicant and person responsible for implementing the grant project activities and reporting should be included.

30. In the Application Questionnaire, how does the question "Is the project located within boundaries of a low-income household" differs from the question "Is the project located within the boundaries of a low-income community census tract"?

The definitions for “low-income household” and “low-income community census tract” are provided in [Assembly Bill 1550](#) and also summarized on the [CARB Priority Populations Investments webpage](#). This webpage lists two tools: (i) the Low-income Households tool to identify low-income households, and (ii) the Priority Population Maps tool to identify low-income community census tracts.

31. Cost-effectiveness scoring for projects has changed from utilizing total GHG reductions versus a fraction of GHG reductions, proportional to the fraction of total project cost represented by the DDRDP grant amount. How will CDFA ensure this scoring fairly evaluates projects which may not have fully committed and calculated their matching funds beyond the required minimum?

CDFA will evaluate cost-effectiveness on the basis of total GHG reductions per dollar of the DDRDP grant. Additionally, projects that do not demonstrate fully secured match may be less competitive in the Financials and Budget section of the application.

32. Can I apply to both DDRDP and AMMP at the same time?

The intent of the programs is to ensure a wide distribution of funds across individual operations. While an applicant may submit an application to both DDRDP and AMMP, the choice to apply to both programs should be considered carefully. AMMP and DDRDP projects differ greatly in their scope as well as permitting requirements. Inadequate preparation of applications may impact the quality and competitiveness of applications. If after review, the project submitted to both programs receives a competitive score for an award, only one of the AMMP or DDRDP award would be made during that application cycle.

33. If two developers desire to establish a single biogas upgrading system to RNG for two separate digester projects at each of their host dairies and elect to share the upgrading system, can they jointly file a grant application for the upgrading system?

No, the developers cannot submit a joint grant application for requesting two separate dairy digester projects, as each grant application must represent an individual digester project at a unique project site (i.e., dairy operation). Please see the Eligibility and Exclusion section of the RGA.

34. Can previous AMMP recipients apply for DDRDP?

Yes, previous AMMP dairy operation recipients who were funded and successfully completed an AMMP project (i.e., have a closed-out, completed, and operational AMMP project) are eligible to apply for DDRDP to a maximum grant amount of \$1 million to further reduce methane emissions.

35. Which previous AMMP practices are eligible to apply for DDRDP?

Any previous AMMP dairy operation recipient may be eligible to apply regardless of the

past practice type implemented, but for certain practices (i.e., compost bedded pack barn, conversion from flush to scrape, pasture-based management), the digester must be addressing the portion of the herd not already covered by the previous AMMP project.

36. Can two digesters on the same site apply separately, or do they have to be on different sites?

Only one digester can be installed per commercial dairy operation under a DDRDP grant. More than one digester on a single dairy operation site would not be eligible to receive an award.

37. Can a community town hall as part of Outreach be done over Zoom?

No, a community town hall over Zoom will not be accepted as a community outreach effort by itself. Community outreach efforts must occur within the local community or county where the project is proposed, and in-person community meetings are required. Additional outreach through social media is acceptable; however comprehensive records of the meetings held for individual projects or for each specific project in a cluster must be provided, including but not limited to dates/times, location, attendance, meeting notes, or follow-up reports, transportation service provided, childcare provided, meals provided, and video recordings. **Links for accessing the meeting recordings can be provided in the “Community Impact template”.**

Refer to [DDRDP RGA](#) page 25.

Technical Questions

1. The RGA defines retrofits and defunct digesters; however, can CDFA provide additional guidance regarding these eligibility requirements for purposes of this program?

For purposes of this program, eligible defunct digesters are those digesters previously constructed that have become “entirely non-functional, or never became functional since their construction.” Additionally, defunct digesters must be non-functional for a minimum of 12 consecutive months. For example, eligible defunct digesters may include a digester system with a broken engine not producing energy, where methane is being vented to the atmosphere. DDRDP grant funds **cannot** be used for upgrades to existing, functional dairy digesters to boost emission reductions and energy production. In other words, applicants cannot retrofit an existing, functional digester merely to boost emissions reductions and/or energy output. For example, doubling the size of an existing digester, currently functional and generating energy to boost energy output is not eligible for funding through this program.

2. The RGA states that projects must use commercially available technologies for the capture and destruction of methane. Can a project use commercially available technologies as the "core technologies" (i.e., digester, engine and generator) in addition to "auxiliary technologies" that are not commercially available, such as for nutrient recovery, additional emission control, etc.?

Yes, projects must include core technologies commercially available in California that will achieve measurable, permanent, annual greenhouse gas emission reductions. Projects that also include auxiliary technologies not commercially available may be eligible for funding. Projects that include auxiliary technologies not commercially available must describe in detail those technologies and their application to the project in the Project Narrative, and if applicable, in additional sections of the grant application (e.g., Environmental Performance). All technologies employed in the project must fulfill their respective permitting requirements.

3. What is the distinction between pre-commercial and commercial technologies?

Please see the RGA for specific definition of commercially available technologies. To be eligible for DDRDP funds, technology components employed in proposed projects must be commercially available.

4. Will Regional Water Boards expedite the permitting process for these projects?

CDFA is unable to provide a commitment for permitting processes implemented by the Regional Water Boards. Applicants should direct questions regarding permitting processes to their respective Regional Water Quality Control Board.

5. Are flare-only projects eligible for funding?

Flare-only projects are not eligible for funding. Reference the "Program Requirements" section.

6. Are applicants required to conduct local outreach and commit to mitigating impacts before or after being an awardee?

Per SB 859, CDFA shall review the applicant's analysis identifying potential adverse impacts of the proposed project, including a net increase in criteria pollutants, toxic air contaminants, and hazardous air pollutants; groundwater and surface water impacts; and truck traffic and odor. A project shall not receive funding unless the applicant has demonstrated to CDFA that the applicant has done all of the following:

- (1) Conducted outreach in areas that will potentially be adversely impacted by the project.
- (2) Determined potential adverse impacts of the project.
- (3) Committed to measures to mitigate impacts.

Therefore, public outreach per RGA must be conducted before submission of the application and this information must be included in the application at the time of submission.

7. Per SB 859, "A project funded by the Department of Food and Agriculture that results in localized impacts in disadvantaged communities shall not be considered to provide a benefit to disadvantaged communities for the purposes of Section 39713 of the Health and Safety Code." Does the Community Impact requirement apply only to disadvantaged communities (DAC), or to any local community? Please clarify that a project must benefit a local DAC but not be physically located in a DAC?

Applicant response to the "Community Impact" section will be evaluated and scored during the review process regardless of the project's location. Proposed projects should provide responses to the "Community Impact" section in the RGA per guidelines provided pertaining to communities local to a project regardless of designated DAC status of such a community. Physical location in a designated DAC will only be used to determine a project's contribution to DAC benefits for the purposes of Health and Safety Code section 39713.

8. If an electric generation project creates NOx in a DAC, will that be considered a benefit to the DAC?

If a project results in localized impacts in a DAC, it will not be considered to provide a benefit to DAC for the purposes of Health and Safety Code section 39713. Applicants must demonstrate commitment to mitigate impacts in the "Community Impact" section of the RGA.

9. Can a project combine two different types of anaerobic digestion technologies? How should this be input in the CARB DDRDP Benefits Calculator Tool?

For two different digester technologies, the technology handling a greater quantity of volatile solids should be selected in the calculator tool.

10. Should an applicant use industry-standard defaults or operation-specific values for the percent of milk fat, and protein when calculating energy-corrected milk (ECM)?

CDFA encourages applicants to use dairy-specific data for the percent of milk fat, and protein to eliminate feed-efficiency differences between different cow breeds.

11. How are the following GHG emission reduction metrics scored: (1) total project emission reductions over 10 years; (2) GHG reduction per unit of energy-corrected milk (ECM) produced by the dairy operation over 10 years; and (3) GHG reduction per dollar DDRDP grant money requested over 10 years.

Applications will be competitively ranked on their total scores, which include estimated GHG emission reductions.

12. The CARB DDRDP Benefits Calculator Tool considers the number of cows based on averages from the prior 12 months. Since a dairy may expand its herd, can an applicant provide the maximum permitted herd size level instead?

Herd size calculated as an average from the prior 12 months is consistent with the CARB Compliance Offset Protocol - Livestock Projects. Project baseline GHG emissions and estimated GHG reductions are determined based on the current herd size at the time of application. Once a project is awarded and during the project term, the project may not change or alter the proposed manure management practice to be implemented or change herd size beyond the dairy's existing permits at the time of application.

13. Does the CARB DDRDP Benefits Calculator Tool account for differences in cow housing, since this impacts the quantity of manure collected and stored in the anaerobic lagoon? Input fields in CARB DDRDP Benefits Calculator Tool have been modified to account for differences in cows housed in freestalls or open lot corrals.

14. Does the CARB DDRDP Benefits Calculator Tool account for cow breeds since they can have varying methane emissions?

CDFA encourages applicants to use dairy-specific data for the percent of milk fat, and protein to eliminate feed-efficiency differences between different cow breeds.

15. Does DDRDP Benefits Calculator Tool account for differences in cow breeds?

The DDRDP Benefits Calculator Tools uses the California average value for volatile solids production per livestock category (see Table A.2 and A.4 of the Livestock Protocol). At this time, the tool does not account for differences in individual breeds' volatile solids production.

16. Is the use of biogas as a transportation fueling station at a neighboring facility an eligible end-use?

Yes, Renewable Compressed Natural Gas (RCNG) could be delivered to a neighboring facility for further use. This is addressed under "Program Requirements".

17. Are costs incurred to cover energy generation systems allowable?

Electrical energy generation systems and biogas cleanup costs are allowable.

18. How will CDFA ensure that the CARB DDRDP Benefits Calculator Tool accounts for the adequate size of biogas destruction device to ensure a significant amount of baseline GHG emissions are reduced?

CDFA will rely on the expertise of the Technical Reviewers and DDRDP Technical Advisory Committee (TAC) to evaluate whether proposed projects will achieve GHG emissions reduction as claimed.

19. How would CDFA determine that a proposed technology is well-suited to a project, for instance, a plug-flow digester may not be well-suited to a flush dairy?

The volatile solids quantity is an input field in the [CARB DDRDP Benefits Calculator Tool](#). CDFA will rely on the expertise of the Technical Reviewers and TAC to evaluate the effectiveness of the proposed technology employed to reduce GHG emissions at a dairy while accounting for current manure management practices employed at the dairy.

20. Can DDRDP funds support the purchase of non-manure feedstocks to boost energy production?

Co-digestion is allowed up to 20% dry weight (Refer to the "Program Requirements" section of the RGA), however using funds to purchase feedstocks is an unallowable expense (Refer to the "Unallowable Costs" section of the RGA).

21. What is meant by "dry weight"?

Dry weight refers to only the volatile solids fraction of the manure, not including liquids such as urine or flush water. At least 80% of the dry weight of the feedstock for anaerobic digestion must be manure from dairy livestock. Other substrates such as dairy processing wastes including whey, or other agricultural waste, can be added to the feedstock up to 20% dry weight. Refer to the "Program Requirements" section of the RGA for more information.

22. Within the application submission portal under "Digester Project Plan and Long-Term Viability" and on the CARB DDRDP Benefits Calculator Tool, what should applicants use for the herd size?

Applicants should provide the 12-month average number of lactating cows housed in freestalls and open lot corrals, dry cows, replacement calves, and replacement heifers, in the operation.

23. How can a dairy with a small herd size be competitive with a large dairy that can generate more methane reductions?

Dairies with a smaller herd size can be competitive with larger dairies because the [CARB DDRDP Benefits Calculator Tool](#) accounts for each project's GHG Emission Reductions per lb of energy-correct milk (ECM) production and per grant dollar requested by the applicant. Refer to the DDRDP Benefits Calculator Tool for more information.

24. Is a project eligible for Bioenergy Market Adjusting Tariff (BioMAT)?

An electric generation project can participate in the BioMAT process to get a power purchase agreement with their local utility.

25. Can a biogas upgrading technology that is used to upgrade biogas from other sources (not dairy) or outside of California be deemed commercially available in California?
Please refer to the definition of "commercially available technology" stated in the RGA. With respect to biogas upgrading technology, please submit documentation with your application that the proposed technology meets the definition of "commercially available technology" (i.e., that the system has proven operating history, that there are established design/installation procedures, that professional service providers, equipment and spare parts are available).
26. A farm has a digester system that is currently operating, but which is planned to be decommissioned when a new digester system is built. The new digester system will employ different digester technology from the previous system. Would the new digester system be eligible for a grant since the old one will be decommissioned?
Upgrades to existing functional dairy digesters to boost emission reductions and energy production are not eligible for DDRDP funds.
27. A dairy is currently expanding in size and adding cows to their herd. The digester will be built to accommodate the waste from the final, larger total number of cows. For cow numbers in the CARB DDRDP Benefits Calculator Tool, should the future expanded cow numbers be accounted for?
Applicants must enter the number of livestock by category based on the average of the preceding 12 months' data. Herd size calculated as an average from the prior 12 months is consistent with the CARB Compliance Offset Protocol - Livestock Projects. Project baseline GHG emissions and estimated GHG reductions are determined based on the current herd size at the time of application. Once a project is awarded and during the project term, the project may not change or alter the proposed manure management practice to be implemented or change herd size beyond the dairy's existing permits at the time of application.
28. What should be included with Supporting Materials 5.1: Explanation of variables different from the Estimated GHG Reduction Calculator?
Examples of explanations to be included under Supporting Materials 5.1 include but are not limited to, the non-default volume of manure volatile solids deposited on land and not entering the anaerobic environment; use of default values for standard milk in absence of dairy-specific data; explanation of how biogas destruction is apportioned between primary and secondary destruction devices when two are present; explanations for inputs to the boiler worksheet, if applicable. Applicants are welcome to provide any other detailed explanations of inputs to the CARB DDRDP Benefits Calculator Tool that may be helpful to the Technical Advisory Committee when reviewing project applications and quantification.

29. If a proposed project has an existing lagoon that meets the Central Valley Regional Water Quality Board (Region 5) Dairy General Order but is not double-lined (Tier 2); will the existing liner be grandfathered in and qualify for the funding?

Refer to "Environmental (Water and Air Quality) Protection Requirements" for guidance regarding how alternative digester vessel designs will be accepted. CDFA requires that covered lagoon anaerobic digesters are double lined (Tier 1). CDFA recommends that applicants with an alternative digester vessel design contact the appropriate representatives at the Regional Water Quality Control Board to assist in making that determination.

30. If an applicant seeks to pilot a three-step system that includes the production of electricity from biogas byproduct; what permits would be required to operate such a system if the electricity would be connected to the grid and would permits need to be acquired prior to the project grant application submission?

Digester projects in California require numerous permits which can vary by the location of the proposed project. Applicants should also check with their respective county in which their project is located. More information on permitting and CEQA is found at: <https://www.cdfa.ca.gov/oefi/ddrdp/>. For more information regarding interconnection with an electricity provider contact the local utility provider in the project area. With respect to power purchase agreements (PPAs), Legislation (SB 1122) amended Section 399.20 of the Public Utilities Code and adds an additional 250 MW of capacity for investor-owned utilities to offer feed-in tariff Power Purchase Agreements for eligible bioenergy projects. SB 1122, the California Public Utilities Commission established the BioMAT through Decisions (D.) 14-12-081 and (D.) 15- 09-004. Check with the local utility provider to learn more about the status of the BioMAT.

31. If a project's estimated GHG reductions reflected in the DDRDP Benefits Calculator Tool seem low, can the default factors be modified, or can additional information be submitted to CDFA to justify greater GHG reductions?

Applicants may not alter any default values that are locked in the DDRDP Benefits Calculator Tool. However, applicants may submit additional information regarding GHG reductions to be achieved by the proposed project for consideration by the technical reviewers. If an applicant submits additional technical information and documentation in the Project Narrative Template and Supporting Materials 5.1 regarding how site-specific features or project-specific technologies will achieve greater GHG reductions than estimated by the DDRDP Benefits Calculator Tool, technical reviewers may evaluate and consider this information in application review if deemed to have sufficient justification.

32. What does CDFA define as project term? What are applicants/recipients allowed to do regarding changing and/or altering the biogas end use during the project term?

The project term is the time period between the start and end dates on the executed grant agreement for an awarded project. For 2023 DDRDP, the project term is anticipated to be between March 1, 2024, and August 31, 2026. The life of the project is the minimum expected period of time of 10 years for a funded dairy digester project to successfully operate. Applicants/recipients are not allowed to change and/or alter the proposed biogas end-use during the project term. Recipients may change and/or alter the biogas end-use of a funded dairy digester project during the project life if these changes were clearly discussed in the Project Narrative, Estimated GHG Emissions Reduction, Environmental Performance, Community Impact, Budget Worksheet, and Work Plan sections in the project application and evaluated by DDRDP reviewers during the selection process.

33. If multiple applicants apply for dairy digesters that will produce biogas that will flow into a common private pipeline to a central cleanup facility, can the costs of the private pipeline or gas cleanup system be allocated across multiple applications?

CDFA cannot guarantee that each digester project submitted as part of a cluster will be selected for award. Therefore, the total cost of a shared pipeline or centralized facility may not be guaranteed funding.

34. Is a high-performance anaerobic denitrification system for removing nitrate from agricultural waste/process water eligible for DDRDP funds?

The DDRDP funds anaerobic digesters that specifically involve dairy manure feedstock to capture methane (biogas). At least 80% dry weight of the feedstock for anaerobic digestion must be manure from dairy livestock, while 20% of the feedstock by dry weight may be of a different substrate, including agricultural wastes. Applicants must evaluate to determine if their project would meet the program requirements.

35. If there is a cluster of 4 dairies that will transport manure to a central digester location which is submitted as one proposal, can the cluster request more than \$1.6 million?

Each application represents one digester, even if the feedstock is coming from more than one dairy. The maximum request for funding in this case would be limited to \$1.6 million per digester, and not per dairy.

36. If the dairy farmer passes their dairy to their child, does that count as a change of ownership?

Due to the reimbursement structure for the program, a change to tax ID or social security number may count as a change of ownership and not be allowable once a project has been submitted to the DDRDP application submission platform and awarded funds. However, if the parent remains the responsible party for the project and that information does not need to be altered, it may not qualify as a change of ownership. These would be evaluated on a case-by-case basis. Refer to [DDRDP RGA Page 7](#).

37. Can the financial review of the developer include a Letter of Intent from the bank that will provide funding?

Yes, a project financing letter from a financial institution can help demonstrate the financial viability of a project. A list of potential documents that can be included as part of Attachment 4: Financials can be found in the [DDRDP RGA](#), page 21.

Financial Questions

1. Can CDFA provide information about the details of the financial soundness review?

CDFA's Audit Office staff conduct the financial soundness review. They evaluate whether applicants have provided the requested information as required in the RGA, the level of completeness and validity of the documents being submitted and identify concerns regarding the financial strength of the dairy and/or the project developer. Additionally, they evaluate the organization's ability to pay for up-front project costs while waiting for reimbursement from CDFA and the ability to fund the project beyond the grant term. Please refer to "Appendix E: Detail Scoring Criteria" for more information.

2. The RGA in section "Attachment 4: Financials" states: "If the project will be a new partnership with little or no history, please submit key financial information from all collaborators (e.g., dairy operators and developer)." What is meant by "all collaborators"?

A collaborator is any entity that has a financial stake in the project (e.g., a bank supporting the project). Subcontractors do not need to be included.

3. What documents does CDFA consider "key financial information" for a dairy operator and developer?

Applicants are responsible for determining what key financial information is necessary to prove an organization's financial strength. Refer to the "Attachment 4: Financials" section of the RGA for a list of documents that applicants should consider when submitting key financial information to CDFA.

4. If a publicly traded company or a well-known bank or lender (i.e., with publicly available state or federal filings) is promising to support the project, will their publicly available financial information suffice as evidence of their financial capability to perform their project role?

The publicly available documents for a publicly traded company or financial institution are often voluminous and take considerable time to review. As a result, CDFA's preferred financial documents include a Certified Public Accountant Audit Report (i.e., opinion

page and financial statements) and bank or lender loan documents supporting the project.

5. Are applicants required to include a 10-year financial model showing the project's cash flow and how it can sustain itself in the future based on proven or contracted revenue and cost assumptions?

CDFA does not require financial modeling as part of the DDRDP application. If applicants determine this information is necessary to demonstrate their organization's financial soundness and strengths, they should consider including this information.

6. Can a lender financing the digester project take an assignment of the awarded CDFA grant monies?

If awarded funds, CDFA will enter into a grant agreement with the individual/organization identified on the application submitted to the application submission portal. Any subsequent changes to the recipient must occur with approval from CDFA and will be reviewed, when/if requested, on a case-by-case basis. However, in all cases, CDFA will only reimburse the recipient for actual, allowable project costs on a quarterly basis.

7. In the Financials (Attachment 4) section of the Request for Grant Applications (RGA), what does CDFA mean by "most recent CPA Auditor's report and most recent tax returns and accompanying schedules"? Would CDFA give a higher score to an application that submits more than one-year financial statements and tax returns? In addition, is a "CPA Auditor's Report" the same as a "Financial Statement and Independent Accountants' Review Report"?

CDFA defines "most recent Auditor's report" as the audit report for a period ending in 2022 (preferably), and "most recent tax returns and accompanying schedules" as the copy of the 2022 Federal Tax Return. Providing additional financial information may improve the competitiveness of the project. A "CPA Auditor's Report" refers to Independent Auditor's Reports, Basic Financial Statements and Required Supplementary Information, or a Financial Statement and Independent Accountants' Review Reports.

Budget Questions

1. If an applicant has secured a grant from another State or Federal program, are those separate grant funds considered "matching funds" for the proposed DDRDP project?

Yes, grant funds received from another State or Federal program are considered matching funds. Applicants must identify the project costs that will be covered by other

State or Federal grant funds in the Budget Worksheet under the "State/Federal Funds" column. Also, applicants must include additional information regarding the other State or Federal funding sources, including the program name, in the "Description" column.

2. The Cost Share section in the RGA states, "Activities funded under the DDRDP cannot duplicate tasks of the project work funded by another Federal or State program." What does CDFA mean by "duplicate tasks"?

CDFA cannot fund project costs or tasks funded by another Federal or State program. In other words, applicants cannot "double-dip" by requesting CDFA to cover project expenses or tasks already funded by another Federal or State program.

3. Is the cost of the energy generation system allowable as a match?

Yes, matching funds are defined as a portion of project costs not borne by the DDRDP grant. Matching contributions include allowable costs (i.e., supplies and materials, equipment, contractor/consultant fees, and other associated project costs) incurred that are directly related to the implementation of the digester system.

4. How can applicants document the source of cost share for Dairy Digester Research and Development Program (DDRDP) proposals?

Cost-share of 50 percent of total project costs is required for DDRDP proposals. Applicants must document the cost share associated with each budget category on the budget worksheet. Include the source of cost-share in the "Description" column, select the appropriate type of cost-share, and enter the amount of cost-share in the "Type of Funds" section. It is not necessary to provide additional documentation for cost-share.

5. Will all costs, including costs for community outreach, which are incurred by the applicant outside the grant term be considered matching funds?

No, only expenses occurring during the grant term will be eligible as matching funds. Additionally, costs incurred with the community outreach efforts are not allowable for reimbursement.

6. If applicants are eligible for tax or utility credits as a result of their project, are those anticipated credits considered matching funds?

No, anticipated tax or utility credits are not considered matching funds for proposed projects.

7. How often will grant recipients receive reimbursement for project expenditures?

Grant recipients must submit quarterly invoices for reimbursement for project expenditures.

8. If a project is built under a turn-key services agreement, do we need to fill out the “work hours” and “cost per unit” on the Budget Worksheet?

Applicants should provide as much information as possible regarding the work hours, cost per unit, and the number of units. CDFA will review the Budget Worksheet to ensure that costs are reasonable and consistent with the marketplace. If exact figures cannot be determined, please use the best estimate.

9. What is the difference between matching funds and in-kind contributions?

Matching funds refer to a dollar amount committed to a project from a source other than the DDRDP. An in-kind contribution is the estimated dollar value of any time, property, or supplies donated to a project.

10. Can an awardee accept an award amount less than that originally proposed in the application?

Yes. CDFA may offer an award different than the amount originally requested. (See the RGA for detailed information regarding project requirements).

11. Are expenses covered by the California Public Utilities Commission (CPUC) pilot project program pursuant to SB 1383 Sec. 4 allowable as match?

Duplicate equipment or activities funded by the CPUC pilot project authorized by SB 1383 Sec. 4 (e.g., interconnection costs) are not an allowable cost, however, they are an allowable match if incurred during the grant term. Match funds are those costs not borne by the DDRDP grant.

12. Are lease payments from a developer to a dairy operation an allowable cost?

No, expenditures for leasing land or buildings are unallowable.

13. If a project is selected for funding, are there limitations in moving funds identified on the Budget Worksheet between cost categories?

There is no threshold for moving costs from one allowable cost category to another, however, grant recipients will be required to notify CDFA in advance and obtain prior approval before moving costs between allowable cost categories. (e.g., Personnel Costs to Equipment Costs). Please note: Design and Engineering costs cannot exceed five percent of the total amount requested for DDRDP. Refer to the RGA for more information on allowable costs.

14. Is a bank loan a form of Matching Funds?

Yes, funds that have been secured in a bank loan are an acceptable form of matching funds.

15. What are examples of “Other” funds on the Budget Worksheet?

The "Other" category is a form of matching funds that do not fall into any of the other cost categories. For instance, funds from a utility district or local government may be classified as "Other."

16. CDFA is requiring a 50% cost share, does this mean that the maximum project budget cannot exceed \$3.2 million (i.e., \$1.6 million grant and \$1.6 million match)?

No, CDFA does not limit the total project budget but requires a minimum 50% match; applicants can provide additional matching funds.

17. Is the utility electric interconnection cost a grant eligible expense? On the grant application is it necessary to identify specific equipment and providers, such as the make and model of the electrical genset and the genset provider?

Utility interconnections costs are allowable costs provided they support the implementation of the digester project. It is not necessary to identify the specific equipment and providers, however, if they are known, please provide the information.