

**California Department of Food and Agriculture
2017 Dairy Digester Research and Development
Program Frequently Asked Questions May 3, 2017**

General Questions

1. What is the funding source for the 2017 Dairy Digester Research Development Program (DDRDP) and how much money is available?
California Department of Food and Agriculture (CDFA) received funding from Greenhouse Gas Reduction Fund (GGRF). CDFA allocated \$29-36 million for DDRDP and \$9-16 million for Alternative Manure Management Practices (AMMP).
2. 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 \$3 million per project.
3. When are DDRDP grant applications due?
2017 DDRDP grant applications must be submitted through the State Water Resources Control Board's (SWRCB) **Financial Application Assistance Submittal Tool (FAAST)** by 5 pm. PDT on June 28, 2017.
4. In order 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, Greenhouse Gas Emission Reduction Calculator, Environmental Performance, and Community Impacts, Financial Soundness documentation, and all other supplemental documentation (i.e. permits, letters of support, resumes, etc.).

All required grant application templates listed above are provided on the program's website, www.cdfa.ca.gov/go/dd.
5. 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.
6. Is an organization (i.e. Limited Liability Company (LLC)) registered outside California eligible for this program?
Yes, LLC organizations registered outside of California are eligible as long as the project site is located on a California dairy operation.
7. 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.
8. How can I get more information regarding the SWRCB's FAAST system?

Applicants seeking additional information should visit the [SWRCB FAAST FAQ](#).

9. If work by a contractor/consultant is performed outside the DDRDP project term, can those expenses be submitted to CDFA for reimbursement?
[CDFA can only reimburse for expenses that occur during the DDRDP project term \(i.e., October 1, 2017 – September 30, 2019\).](#)
10. 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.](#)
11. 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 upcoming Alternative Manure Management Program \(AMMP\).](#)
12. How will CDFA determine the reasonableness of job creation claims?
[CDFA will rely on the expertise of the Technical Advisory Committee \(TAC\) to evaluate applicant claims relative to the overall project plan.](#)
13. 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.](#)
14. 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 \(Refer to the "Eligibility and Exclusions" section, page 5\).](#)

Technical Questions

15. The Request for Grant Applications (RGA) defines retrofits and defunct digester on pages 5 - 6; 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." 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.

16. The RGA states that projects must use commercially available technologies. 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 still be eligible for funding. However, applicants must use matching funds to support auxiliary technologies not commercially available in California.

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.

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

Please see page 25 of 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.

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

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

19. Are flare-only projects eligible for funding?

Flare-only projects are not eligible for funding (Reference the “Program Requirements” section, page 7).

20. Are applicants required to conduct local outreach and commit to mitigate 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.

21. 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 DACs, or to any local

community? Please clarify that a project must benefit a local DAC but not be physically located in a DAC? Does location in a DAC impact the 10 points awarded under “Community Impact”?

Applicant response to the “Community Impact” section will be evaluated and scored out of 10 during the review process regardless of project’s location in a designated Disadvantaged Community (DAC). Proposed projects should provide responses to the “Community Impact” section in the RGA per guidelines provided pertaining to communities local to a project (page 14) 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.

22. 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 (page 14).

23. Can a project combine two different type of anaerobic digestion technologies? How should this be input in the ARB GHG Reduction Calculator?

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

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

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

25. 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; (3) GHG reduction per dollar 2017 DDRDP grant money requested over 10 years; and (4) GHG reduction per dollar total GGRF grant money requested over 10 years.

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

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

Herd size calculated as average from the prior 12 months is consistent with the ARB Compliance Offset Protocol - Livestock Projects. Project baseline GHG emissions and estimated GHG reductions are determined based on current herd size. Since a future expansion would result in increased baseline emissions, additional GHG emissions reduction benefits will not be considered.

27. Does the ARB GHG Reduction Calculator account for differences in cow housing, since this impacts quantity of manure collected and stored in anaerobic lagoon?

Input fields in ARB Dairy Digester GHG Emission Reduction Calculator have been modified to account for differences in cows housed in freestall or open lot corrals.

28. Does the ARB GHG Reduction Calculator 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, protein, and lactose to eliminate feed-efficiency differences between different cow breeds.
29. 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” (page 7).
30. Are costs incurred to cover energy generation systems allowable?
Electrical energy generation systems and biogas cleanup costs are allowable.
31. How will CDFA ensure that the ARB GHG calculator accounts for adequate size of biogas destruction device to ensure significant amount of baseline GHG emissions are reduced?
CDFA will rely on the expertise of the technical reviewers and TAC to evaluate that proposed project will achieve GHG emissions reduction as claimed.
32. 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 ARB GHG Reduction Calculator. CDFA will rely on the expertise of the TAC and technical reviewers to evaluate effectiveness of proposed technology employed to reduce GHG emissions at a dairy while accounting for current manure management practices employed at the dairy.
33. Can DDRDP funds support purchase of non-manure feedstocks to boost energy production?
Co-digestion is allowed up to 20% dry weight (Refer to the “Program Requirements” section, page 7), however using funds to purchase feedstocks is an unallowable expense (Refer to the “Unallowable Costs” section, page 10).
34. Does use of Best Available Control Technology (BACT) to keep NO_x emissions below 0.5 lb/MW-hr constitute adequate mitigation?
Applicants are expected to determine and provide a reasonable mitigation plan that reduces or eliminates NO_x emissions from their project. CDFA will rely on the expertise of the TAC to evaluate project impacts and mitigation measures. CDFA recognizes that NO_x is produced as a result of methane destruction during electricity generation from biogas.

Budget Questions

35. 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.

36. The Matching Funds 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.

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

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

38. Can unallowable costs for the DDRDP be considered as matching funds to the proposed project?

Yes, unallowable costs incurred during the grant agreement term can be considered as matching funds to the proposed project.

39. 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.

40. 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.

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

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

42. 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 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 a best estimate.

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

Matching funds refers 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.

44. 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 page 5 of the RGA for detailed information regarding project requirements).

45. 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 GGRF (page 6).

46. Are CalRecycle Organics Grant Program funds for composting an allowable match for DDRDP?

Projects that exclusively digest manure are not eligible under the CalRecycle Organics Grant Program. Eligible projects must include newly diverted California-generated green waste or food waste as feedstock. Please see CalRecycle Organics Grant Program Application Guidelines and Instructions for details.