

Questions & Answers

PowerForward: ZEV Battery Manufacturing Grant Program

May 17, 2024

The following answers are based on CALSTART staff's interpretation of the questions received. It is the Applicant's responsibility to review the purpose of the solicitation and to determine whether or not their proposed project is eligible for funding by reviewing the Eligibility Requirements within the solicitation. CALSTART cannot advise whether a particular project is eligible for funding, because not all proposal details are known.



ELIGIBILITY

Q1. Can a project have more than one private, for-profit business as primary respondent?

A1. There can only be one primary applicant per award, but projects may have more than one private, for-profit business as part of a project team (App. Manual Section 3.1 Eligibility, pages 13-15).

Q2. Is funding for projects for direct manufacture of batteries only?

A2. Please see the below table for eligible project categories for PowerForward. For addition details, please see Section 3.1.3 Project Categories Table 2. Eligible Project Categories, pages 14-15.

Category #	Eligible Project Activities	Description
1	Cathode Production	<ul style="list-style-type: none">• The manufacturing of cathodes for cells and batteries for zero-emission vehicles.
	Cathode Active Materials Processing	<ul style="list-style-type: none">• The processing of precursor materials for cathodes for cells and batteries for zero-emission vehicles.
2	Materials Processing	<ul style="list-style-type: none">• The processing of precursor materials for batteries from raw material (graphite, lithium, etc.) for cells and batteries for zero-emission vehicles.
	Cell Component Manufacturing	<ul style="list-style-type: none">• The manufacturing of separators, electrolyte, or electrodes for cells and batteries for zero-emission vehicles.
	Cell Manufacturing	<ul style="list-style-type: none">• Production of lithium-ion, sodium-ion, or solid-state cells for light, medium, or

		heavy duty zero-emission vehicles.
	Module, Pack, and Battery Management Systems (BMS) Manufacturing	<ul style="list-style-type: none"> • Production of modules, packs, and BMS for light, medium, or heavy duty zero-emission vehicles.
	Remanufacturing & Recycling	<ul style="list-style-type: none"> • The processing of faulted or damaged batteries to like-new conditions for re-use in light, medium, or heavy duty zero-emission vehicle. • Processing of end-of-life cells and batteries to recover critical battery materials (lithium, cobalt, manganese, nickel, etc.) for re-use in the production of new batteries for zero-emission vehicles.

Q3. What is considered a zero-emission vehicle?

A3. A zero-emission vehicle (ZEV) is defined as a vehicle that produces zero exhaust emissions of criteria pollutants or greenhouse gases. For the purpose of this solicitation, eligible ZEVs include complete light-, medium-, or heavy-duty zero-emission vehicles. The ZEV can be an on-road or off-road battery-electric vehicle (BEV). Additionally eligible ZEVs include cars, trucks, motorcycles, rail, and aircrafts such as electric vertical take-off and landing (eVTOL). (App. Manual, Section 2.6.1 Eligible Project Cost pages 6-7 or 3.1.3 Project Categories, page 14)

Q4. What is the expected minimum TRL (Technology Readiness Level) level acceptable for the program, and what evidence is needed to support it?

A4. Applicant's products manufactured from the project must have been demonstrated at a TRL of 9 to be eligible under this solicitation. Evidence required may include proof of commercial sales, established supply chain with vendor agreements, facility operation and maintenance records, purchase orders written/received/outstanding, etc. Please refer to

definitions of TRL level 9 for further details. (App. Manual, Section 3.1.3 Project Categories, pages 13-14)

Q5. Can you clarify what it means to be a project located in California?

A5. The project must be located in California, which means the manufacturing facility and staff must be located in California. (App. Manual, Section 3.1 Eligibility, pages 12-13)

COSTS

Q6. Is match funding allowable for R&D on this project?

A6. TRL level 9 are required at the time of application. While research and development efforts maybe allowed for match funding, production part validation, production part approval process, and other comparable items and activities may be considered for reimbursement if the end product is available for commercial sale by the end of the project. If the project was solely to produce validation or sample products, such activities are ineligible for match or reimbursement. (App. Manual, Section 2.6.2 Ineligible Project Cost page 7 and 2.6.3 Match Funding Requirements, pages 8-9)

Q7. Can equipment or tools that are purchased before project commencement and are used in the manufacturing line in the project be considered as match cost as contribution in kind?

A7. Yes. The value of in-kind match is based on the fair market value of the goods and services provided at the time it is claimed as match. Details regarding product purchasing cost, asset depreciation, etc. will be required to be furnished for consideration as *match*. Additionally, costs that were reimbursed under prior agreements with the CEC are not eligible as match costs. (App, Manual, Section 2.6.3 Match Funding Requirements, pages 8-9)

Q8. Will materials used for production validation build be eligible for reimbursable or match or both?

A8. Raw materials and components used in eligible manufactured products are eligible as Applicant cash match share, but not as reimbursable share. Details regarding product purchasing cost, asset depreciation, etc. will be required to be furnished for consideration. (App. Manual, Section 2.6.1 Eligible Project Costs, pages 6-7)

Q9. What are allowable match share costs?

A9. All match share information on allowances/restrictions can be found in the application manual Section 2.6.3 Match Funding Requirements on pages 8-10.

Q10. If manufacturing equipment or tools are used to produce battery packs that will be integrated into BOTH zero-emission and non zero-emission vehicles, can the entire cost of the equipment or tool be considered eligible project cost for reimbursement?

A10. Herein, the eligible cost for reimbursement shall be evaluated on a case-by-case basis depending on equipment usage for zero-emission vehicle (ZEV) vs non-ZEV products.

Q11. Can indirect costs be eligible reimbursable and/or match costs?

A11. Yes, indirect cost is eligible as reimbursable or match share, please refer to the application manual (App. Manual, Section 2.6 Cost Eligibility, pages 6-12) for what classifies as indirect cost and examples.

NARRATIVE

Q12. What is a card check neutrality agreement?

A12. A card check neutrality agreement is a form of standardized labor agreement. Card check allows workers to gain union recognition by a simple majority show of authorization cards. This tactic is usually spelled out in a “neutrality” agreement in which an employer agrees not to attack the union while it recruits the majority necessary to gain recognition. Additional workforce plan resources are available in the Resources section. (App. Manual, Section 5 Resources, pages 49-50)

Q13. Will applications be made public after NOPA posting?

A13. CALSTART may share information with the California Energy Commission (CEC), which is a state agency and can be subject to public records act requests for documentation related to any CEC funded project. Documents labeled as confidential for example an applicant's financial documentation to demonstrate financial and economic viability as described in the Financials criterion in Section 3.3.4.1 may be kept from public records act requests if submitted in accordance with Section 3.3.13. After seven (7) years following the posting of the NOPA, the records will become publicly available upon request. (App Manual, Section 3.3.4.1, Project Operations Narrative, pages 18-20; App Manual, Section 3.3.13 Confidential Volume, pages 29-30)

Q14. Do raw materials need to be sourced from California?

A14. It is not a requirement, but applications will be scored based on where they source materials used in their project and preference is given to companies with domestically sourced content and California-sourced content. (App. Manual, Section 4.8 Project Impact Gate Table 13 Project Impact Scoring Criteria, pages 46-47)

Q15. What are some examples of labor required in pre-production, including non-recurring engineering?

A15. Examples might include tooling welding, one-time equipment installation efforts, labor involved in feasibility, certification, and validation testing, etc.

Q16. Is there any priority given to minority lead organizations or companies that naturally have less access to funding?

A16. There is no specific preference given to minority lead organizations or companies. However, there is priority given to projects that hire from and/or provide specific and measurable benefits for disadvantaged, low-income, and Justice40 communities local to the project site. (App. Manual, Section 4.7 Project Design Gate Table 11 Project Design Scoring Criteria, pages 42-45; App. Manual, Section 4.8 Project Impact Gate Table 13 Project Impact Scoring Criteria, pages 46-47).

Q17. Is there a preference or advantage to having the project located in Lithium Valley?

A17. There is no specific preference for having a project located in Lithium Valley; however, there is preference for projects that hire from and provide benefits to low-income and disadvantaged communities, which Lithium Valley is classified as according to the California Office of Environmental Health Hazard Assessment CalEnviroScreen4.0 (<https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40>). Additionally, there is preference for projects which source materials from California, such as material from Lithium Valley. This also includes sourcing from other companies who source California-based materials, for projects more removed from materials' processing in the supply chain. (App. Manual, Section 4.8 Project Impact Gate Table 13 Project Impact Scoring Criteria, pages 46-47)

ADMINISTRATIVE

Q18. When are projects expected to start and what is their expected duration?

A18. Projects are expected to begin in Quarter 4 of 2024 and all work must be scheduled for completion by no later than July 2, 2027. (App. Manual, Section 3.3.6 Schedule of Products and Due Dates, pages 26-27; Section 3.3.10 CEQA Worksheet, pages 28-29)

Q19. Can site selection occur post-award?

A19. Yes, site selection can occur post-award. Applications are evaluated on the degree that applicants demonstrate site control for their proposed project. The funds under this solicitation have a strict encumbrance deadline. The CEC requires the project site to be finalized and the CEQA approval of this site at a CEC business meeting before an agreement can be executed between CALSTART and the awardee prior to the applicable encumbrance deadline. (App. Manual, Section 4.6 Project Operations Gate Table.9 Project Implementation Scoring Criteria, pages 40-41; Section 3.3.10 CEQA Worksheet, pages 28-29)

Q20. Can a foreign entity be an eligible applicant if it has a business presence in California and a fully owned subsidiary registered with the California Secretary of State?

A20. Yes, if the project is located in California. All Applicants must be registered and in good standing with the California Secretary of State prior to executing an agreement with CALSTART. Please note that the proposal must identify which company is the prime Applicant that, if awarded, would enter into a grant agreement with CALSTART. (App. Manual, Section 3.1.2 California Secretary of State Registration, page 13)

Q21. Is there preference for companies that already have active CEC projects to be towards the end of the project or is it possible to have 2 projects simultaneously?

A21. It is acceptable for companies to already have active CEC projects, if the project they are proposing for PowerForward is a different project. As part of the Past Performance Reference Form, applicants must be in good standing and sustain their ability to successfully complete projects in a timely manner. It is possible to have 2 projects simultaneously if the distinction between the projects is clear. (Attachment 6, Past Performance Reference Form)

Q22. What is the maximum number of project partners?

A22. There is no maximum number of project partners. (App. Manual, Section 3.3.4.2 Project Design Narrative, Table 5. Project Design Narrative, pages 21-23)

Q23. When does manufacturing need to be operational?

A23. Applicants are expected to comply with TRL level 9 at the time of application submission. All work must be scheduled for completion by July 2, 2027. (App. Manual, Section 3.2.6 Schedule of Products and Due Dates, pages 26-27)

Q24. What is the reporting frequency for this project and how are milestones decided?

A24. There will be a minimum reporting frequency of monthly, quarterly, and critical project review reports, but all reporting and milestones will be decided per project in the contracting process in collaboration with CALSTART. Planning, pre-production and production reporting requirements shall be established by CALSTART during the contracting process. (Attachment 1, Scope of Work, Task 1.2 Critical Project Review

Meetings, pages 9-10; Task 1.4 Monthly Calls, page 12; Task 1.5 Quarterly Progress Reports, page 13)

Q25. What is the duration of the data collection period?

A25. Applicants that are awarded funds will be required to collect and submit operation and performance data to CALSTART for at least six (6) months after the proposed project starts production. (App. Manual, Section 2.4 Data Collection, page 5)

Q26. Is there any benefit in scoring in submitting the confidential portion, and any information not allowed to be submitted in the confidential section?

A26. No, and the confidential volumes portion is not required. Except for information submitted in the “Financials” section, Applicants should not submit materials that are marked or otherwise delineated as confidential. In addition, any such materials will be promptly destroyed or returned to the Applicant. (App. Manual, Section 3.3.13 Confidential Volume, pages 29-30, and Section 4.6 Project Operations Gate Table 9. Project Operations Scoring Criteria, pages 40-41)

Q27. Are Customer offtake agreements required as part of the submission package?

A27. Customer offtake agreements are not required, but applications will be evaluated on the degree to which project can overcome market barriers. Please see the manufacturing operations evaluation criterion for additional details. (App. Manual, Section 3.3.4.1 Project Operations Narrative Table 4. Project Operations Narrative pages 19-20)

Q28. Is the goal of the program to position awardees for future federal support or bolster projects already selected for funding from federal sources?

A28. The structure of this opportunity sets companies up to be competitive for federal support and funding. (App. Manual, Section 1.2 Objectives & Priorities, page 1) Additionally, scoring preference is given toward applicants that have applied for DOE loans, or grants, tax credits, or other support; as well as toward applicants that leverage federal funding and have received DOE loans, grants, tax credits, or other support. (App. Manual, Section 4.8 Project Impact Gate Table 13. Project Impact Scoring Criteria, pages 46-47)

Q29. Previous CEC ZEV manufacturing grants had additional funding added, will that happen with PowerForward?

A29. CALSTART, in consultation with the CEC, reserves the right to increase or decrease the amount of funds available under this solicitation. (App. Manual, Section 1.3 Available Funding second paragraph, page 2)

AWARDS

Q30. What is the range of the funding amounts per award for PowerForward?

A30. The award range is a minimum of \$5 million to a maximum possible award of \$17.5 million. Projects are eligible for awards up to 50 percent of total project costs. (App. Manual, Section 1.3 Available Funding, pages 1-2)

Q31. Is there a target number of awards to be given?

A31. The target range of awards is estimated to be between 2 to 7. (App Manual, Section 1.3 Available Funding, pages 1-2)

Q32. How is funding from the grant executed?

A32. Funds are reimbursed in arrears of project expenses incurred by the recipient during the executed agreement term through invoicing. Award payment schedules will be finalized in the agreement process and disbursements will be contingent upon reaching specified workforce, community benefits, and project deliverable milestones. Note that costs incurred prior to executing an agreement with CALSTART will not be reimbursed. (App. Manual, Section 2.5 Payment Schedule, page 5)