

## § 452.5

## 10 CFR Ch. II (1–1–14 Edition)

(e) *Confirmation of continuing eligibility.* After receiving the progress report described in the paragraph (e) of the section and upon confirmation by DOE that the successful bidder has entered into a production agreement with DOE, as described in paragraph (d) of this section, DOE will confirm to the bidder that it continues to meet the eligibility requirements of this part.

(f) *Contractual condition on eligibility.*

(1) As a condition of the receipt of an award under this part, a successful bidder in a reverse auction under this part must demonstrate that it has fulfilled the terms of its production agreement entered into with DOE pursuant to paragraph (d) of this section.

(2) As a condition of continuing to receive production incentive payments under this part, a bidder that has entered into a production agreement with DOE must annually submit to DOE, by a commercially reasonable date specified by DOE, verification of the bidder's production volumes for the prior calendar year. Within 90 days of the submission of such verification, DOE shall notify the successful bidder whether the bidder has fulfilled the terms of the production agreement and shall make payment of any production incentive awards then outstanding for the one year period covered by the verified data submission.

### § 452.5 Bidding procedures.

DOE shall conduct an electronic reverse auction through a limited duration single bid per producer auction process open only to pre-auction eligible cellulosic biofuels producers. The following procedures shall be used:

(a) DOE shall accept only electronic bids received from pre-auction eligible cellulosic biofuels producers during the open window established in the solicitation. The open window shall consist of a single continuous period of at least four hours for each auction.

(b) Bids shall identify an estimated annual production amount from an eligible cellulosic biofuels production facility on a per gallon, site, entity, and year specific basis for a consecutive six year production period. A bid also may be submitted for additional incentives for uncovered production volumes at a

site where an award was made in an earlier auction round.

(c) All bids must set forth the methodology used to derive the estimates of annual production volumes covered by the bid and the bid shall be calculated on a gasoline equivalent volumetric basis using the lower heating Btu value of the fuel compared to the lower heating Btu value of gasoline.

(d) All bids will be confidential until 45 days after the close of the window for submission of bids for the reverse auction.

(e) Bid evaluation and incentive awards selection procedures include the following:

(1) After DOE evaluates the bids received during the open window, it shall, within 45 days following the close of the open window for submission of bids for the reverse auction, announce on DOE's website and by direct mail the names of the successful bidders and the terms of their bids.

(2) DOE shall issue awards for the bid production amounts beginning with the bidder that submitted the bid for the lowest level of production incentive on a per gallon basis.

(3) In the event of a tie among the lowest bids, preference will be given to the lowest tied bidder based on DOE's evaluation of the extent to which the tied bids meet the following criteria:

(i) Demonstrates outstanding potential for local and regional economic development;

(ii) Includes agricultural producers or cooperatives of agricultural producers as equity partners in the ventures; and

(iii) Has a strategic agreement in place to fairly reward feedstock suppliers.

(4) In the event more than one lowest tied bid equally meets the standards in paragraph (c)(3) of this section, the award will be distributed equally on a per capita basis among those lowest tied bidders meeting the standards.

### § 452.6 Incentive award terms and limitations.

(a) *Amount of incentive.* Subject to the availability of appropriated funds and the limitations in paragraph (c) of this section, an eligible cellulosic biofuels producer selected to receive an award

## Department of Energy

## § 452.6

shall receive the amount of the production incentive on the per gallon basis requested in the auction solicitation for each gallon produced and sold by the entity during the first six years of operation of its eligible cellulosic biofuels production facility.

(b) *Failure to commence production.* Except in the circumstance of a force majeure event, as solely determined by DOE, failure by an eligible cellulosic biofuels producer that made a successful bid to commence production of cellulosic biofuels, at the eligible cellulosic biofuels production facility that was the subject of the successful bid, by the end of the third year after the close of submission of the open window of bids for the reverse auction in which it submitted a successful bid, shall result in immediate revocation of DOE's award to that producer.

(c) *Failure of the successful bidder to meet annual production obligations.* Except in the circumstance of a force majeure event, as solely determined by DOE, a successful bidder's failure to produce at least 50 percent of the volumes specified in its production agreement by December 31 of any year covered by the bid shall result in immediate revocation of DOE's award; if the successful bidder produces 50 percent or more of the volumes set forth in the production agreement on an annual basis by December 31 of any year covered by the agreement, any production shortfall will be carried forward and added to the successful bidder's production obligations for next year covered by the agreement.

(d) *Shortfalls remaining at the end of the production period.* If, for any reason, by December 31 of the last year of the production agreement, the bidder has failed to produce the total production volumes for all years covered by the agreement, any such remaining shortfall shall be awarded to the bidder with the next lowest bid in the auction round for which the award was made. If, however, the next best bidder is unable to enter into a production agreement with DOE within 30 days after being notified of its award, the shortfall shall be allocated instead to the next reverse auction.

(e) *Incentive award limitations.* The following limits shall apply to awards

of cellulosic biofuels production incentives under this part:

(1) During the first four years after the commencement of the program, the incentive shall be limited to \$1.00 per gallon. For purposes of this limitation, the program shall be deemed to have commenced on the date that the first solicitation for a reverse auction is issued;

(2) A per gallon cap over the remaining lifetime of the program of \$.95 per gallon provided that—

(i) This cap shall be lowered by \$.05 each year commencing the first year after annual cellulosic biofuels production in the United States exceeds 1 billion gallons;

(ii) Not more than 25 percent of the funds committed within each reverse auction shall be awarded to any single project;

(iii) Not more than \$100 million in production incentives shall be awarded in any one calendar year; and

(iv) Not more than \$1 billion in production incentives shall be awarded over the lifetime of the program.

(f) *Participation in subsequent auctions.* A successful bidder in a reverse auction under this part may participate in subsequent reverse auctions if the incentives sought will assist the addition of plant production capacity for the eligible cellulosic biofuels production facility associated with its previously successful bid.

(g) *Transferability of awards.* A production incentive award under this part may be transferred to a successor entity at the same production facility for which the award was made, provided that the successor entity meets all eligibility requirements of this part, including execution of an agreement with DOE to commence production of cellulosic biofuels in commercially significant quantities not later than three years of the date that bidding closes on the reverse auction in which the predecessor entity submitted a successful bid.

**PART 455—GRANT PROGRAMS FOR  
SCHOOLS AND HOSPITALS AND  
BUILDINGS OWNED BY UNITS OF  
LOCAL GOVERNMENT AND PUB-  
LIC CARE INSTITUTIONS**

**Subpart A—General Provisions**

Sec.

- 455.1 Purpose and scope.
- 455.2 Definitions.
- 455.3 Administration of grants.
- 455.4 Recordkeeping.
- 455.5 Suspension and termination of grants.

**Subpart B—State Plan Development and  
Approval**

- 455.20 Contents of State Plan.
- 455.21 Submission and approval of State Plans and State Plan amendments.

**Subpart C—Allocation of Appropriations  
Among the States**

- 455.30 Allocation of funds.
- 455.31 Allocation formulas.
- 455.32 Reallocation of funds.

**Subpart D—Preliminary Energy Audit and  
Energy Audit Grants [Reserved]**

**Subpart E—Technical Assistance Programs  
for Schools, Hospitals, Units of Local  
Government, and Public Care Institu-  
tions**

- 455.60 Purpose.
- 455.61 Eligibility.
- 455.62 Contents of a technical assistance program.
- 455.63 Cost-effectiveness testing.
- 455.64 Life-cycle cost methodology.

**Subpart F—Energy Conservation Measures  
for Schools and Hospitals**

- 455.70 Purpose.
- 455.71 Eligibility.
- 455.72 Scope of the grant.

**Subpart G—State Administrative Expenses**

- 455.80 Purpose.
- 455.81 Eligibility.
- 455.82 Scope of the grant.

**Subpart H—State Grants for Technical As-  
sistance, Program Assistance, and  
Marketing**

- 455.90 Purpose.
- 455.91 Eligibility.
- 455.92 State technical assistance awards.

**Subpart I—Cost Sharing**

- 455.100 Limits to Federal share.
- 455.101 Borrowing the non-Federal share/ title to equipment.
- 455.102 Energy conservation measure cost-share credit.
- 455.103 Requirements for applications for credit.
- 455.104 Rebates from utilities and other entities.

**Subpart J—Applicant Responsibilities—  
Grants to Institutions and Coordinating  
Agencies**

- 455.110 Grant application submittals for technical assistance and energy conservation measures.
- 455.111 Applicant certifications for technical assistance and energy conservation measure grants to institutions and coordinating agencies.
- 455.112 Davis-Bacon wage rate requirement.
- 455.113 Grantee records and reports for technical assistance and energy conservation measure grants to institutions and coordinating agencies.

**Subpart K—Applicant Responsibilities—  
Grants to States**

- 455.120 Grant applications for State administrative expenses.
- 455.121 Grant applications for State technical assistance, program assistance, and marketing programs.
- 455.122 Applicant certifications for State grants for technical assistance, program assistance, and marketing.
- 455.123 Grantee records and reports for State grants for administrative expenses, technical assistance, program assistance, and marketing.

**Subpart L—State Responsibilities**

- 455.130 State evaluation of grant applications.
- 455.131 State ranking of grant applications.
- 455.132 State evaluation of requests for severe hardship assistance.
- 455.133 Forwarding of applications from institutions and coordinating agencies for technical assistance and energy conservation measure grants.
- 455.134 Forwarding of applications for State grants for technical assistance, program assistance, and marketing.
- 455.135 State liaison, monitoring, and reporting.

**Subpart M—Grant Awards**

- 455.140 Approval of applications from institutions and coordinating agencies for technical assistance and energy conservation measures.