

1 Department of Energy and Economic Development

2

3 Adopted Permanent Rules Relating to Community Energy Council

4 Grants

5

6 Rules as Adopted

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COMMUNITY ENERGY COUNCIL GRANTS

8 4160.5100 DEFINITIONS.

9 Subpart 1. **Scope.** For purposes of parts 4160.5200 to  
10 4160.5900, the following terms have the meaning given them.

11 Subp. 2. **Commissioner.** "Commissioner" means the  
12 commissioner of the Department of Energy and Economic  
13 Development.

14 Subp. 3. **Community energy council.** "Community energy  
15 council" means a council, committee, board, or other body formed  
16 by a city or county, individually or through the exercise of  
17 joint powers agreements, to address local energy issues.

18 Subp. 4. **Department.** "Department" means the Department of  
19 Energy and Economic Development.

20 Subp. 5. **Eligible applicant.** "Eligible applicant" means a  
21 Minnesota city or county.

22 4160.5200 PURPOSE.

23 Parts 4160.5100 to 4160.5900 establish the method by which  
24 the department provides funds to Minnesota cities and counties  
25 in support of community energy council activities, as authorized  
26 by Minnesota Statutes, section 116J.381.

27 4160.5300 GRANT PROGRAM.

28 Subpart 1. **Application schedule.** After announcement by  
29 the department in the State Register, the department shall  
30 accept applications for community energy council grants from  
31 cities and counties, individually, collectively, or through the  
32 exercise of joint powers agreements. All available funds shall  
33 be announced at the beginning of each grant cycle. No applicant  
34 may apply for more than one grant per cycle. The department

1 shall consider for funding only applications received by the  
2 deadline announced in the State Register.

3       Subp. 2. **Review process.** The commissioner shall select  
4 the members of a committee to assist the commissioner to review  
5 and rank applications. The review committee shall score  
6 applications according to criteria in part 4160.5500 and  
7 transmit its recommendations to the commissioner. The  
8 commissioner shall approve, disapprove, or return for further  
9 consideration applications recommended by the committee. The  
10 department must complete its review and inform applicants of its  
11 decision within 45 days of the application deadline. Upon  
12 approval by the commissioner, a grant agreement may be  
13 negotiated with the department in accordance with part 4160.5800.

14       Subp. 3. **Maximum award amount.** The maximum amount of a  
15 community energy council grant to an individual applicant other  
16 than cities of the first class is \$30,000 for the first year and  
17 \$15,000 for the second year and requires at least a ten percent  
18 local match. The maximum amount of a community energy council  
19 grant to a joint application for the first year is \$30,000 for  
20 the first applicant and \$24,000 for each additional applicant up  
21 to a maximum of \$80,000, and requires at least a ten percent  
22 local match. The maximum amount of a community energy council  
23 grant to a joint application for the second year is \$15,000 for  
24 the first applicant and \$12,000 for each additional applicant up  
25 to a maximum of \$48,000, and requires at least a ten percent  
26 local match.

27       Subp. 4. **Cities of the first class.** When the department  
28 announces the availability of new grant funds in the State  
29 Register, the department shall announce that a portion of the  
30 funds is reserved to fund applications submitted by cities of  
31 the first class. The portion reserved for applications  
32 submitted by cities of the first class shall equal the  
33 percentage of available funds equal to the percent of the state  
34 population constituted by cities of the first class. The  
35 department shall calculate the percent of the population  
36 constituted by cities of the first class using the most recent

1 population figures available from the Office of the State  
2 Demographer or the United States Bureau of the Census, whichever  
3 is most recent. If the review committee awards its application  
4 an average score of at least 80 points according to the criteria  
5 in part 4160.5500, a city of the first class will be eligible  
6 for a grant amount equal to the percent of available funds that  
7 equals the city's percentage of the state population.

8 4160.5400 APPLICATION FOR COMMUNITY ENERGY COUNCIL GRANT.

9 Subpart 1. Form. Applications must be submitted in a form  
10 prescribed by the department.

11 Subp. 2. Contents. Applications must contain the  
12 following information:

13 A. Documentation of the existence of a community  
14 energy council must include a copy of the resolution of the  
15 governing body establishing a community energy council, and a  
16 list of members appointed by the governing body to serve on the  
17 community energy council, including the members' relevant  
18 affiliations, if any.

19 B. Applicants shall include a work plan that explains  
20 how the applicant intends to undertake program planning and  
21 implementation during the grant period. Applicants shall  
22 specify major tasks to be undertaken and a project schedule that  
23 includes beginning and ending dates for each task. The expected  
24 results or product of each task must be identified.

25 C. The budget must identify major expenditure  
26 categories and amounts and the amount and source of the local  
27 match.

28 D. Applicants shall submit a copy of the resolution  
29 or resolutions that authorize the submission of the application  
30 to the department.

31 4160.5500 EVALUATION OF GRANT APPLICATION.

32 Subpart 1. Criteria. The review committee shall evaluate  
33 grant applications according to the following criteria:

34 A. Community energy councils must include  
35 representatives of labor, small business, volunteer

1 organizations, senior citizens, and low and moderate income  
2 residents, and may include city and county officials, and other  
3 interested parties.

4 B. A work plan will be evaluated to determine its  
5 potential to reduce energy use and energy costs in the applicant  
6 community. Positive indicators of this potential are:

7 (1) a work plan that implements one or more  
8 eligible activities as listed in part 4160.5600, subpart 1,  
9 during the grant period;

10 (2) a work plan that demonstrates how the  
11 applicant will coordinate activities undertaken with community  
12 energy council grant funds with activities of other energy  
13 service providers, including cities and counties; or

14 (3) a work plan that indicates efforts that are  
15 underway or planned to secure funds in addition to a community  
16 energy council grant for project implementation.

17 C. Past or current experience in conducting  
18 energy-related community programs will be considered by the  
19 review committee as an indicator of the applicant's capability  
20 in this area and commitment to energy programs.

21 D. A grant application must be clear, concise, and  
22 complete.

23 Subp. 2. Point values for applications. The review  
24 committee shall award points to each application as follows:

25 A. representation of community energy council  
26 membership, up to a maximum of 35 points;

27 B. adequacy of applicant work plan, up to a maximum  
28 of 40 points;

29 C. energy-related program experience, up to a maximum  
30 of 15 points; and

31 D. clarity, conciseness, and completeness, up to a  
32 maximum of ten points.

33 4160.5600 CLASSIFICATION OF ELIGIBLE AND INELIGIBLE GRANTEE  
34 ACTIVITIES.

35 Subpart 1. Eligible activities. Planning, promotion,

1 coordination, and implementation of the following activities are  
2 eligible for community energy council grants:

3           A. Residential energy conservation activities may  
4 include energy audits, workshops, distribution of energy  
5 conservation materials and information, and financing programs.

6           B. Rental energy conservation activities include  
7 energy audits, workshops, distribution of energy conservation  
8 materials and information, enforcement of rental energy  
9 efficiency standards, and financing programs. Tenants and  
10 rental property owners are eligible beneficiaries of rental  
11 energy conservation activities.

12           C. Business energy conservation activities may  
13 include meetings and workshops, energy audits, distribution of  
14 energy conservation materials and information, and financing  
15 programs.

16           D. Transportation energy conservation activities may  
17 include car-care clinics, promotion of energy efficient  
18 transportation modes, and traffic flow synchronization.

19           E. Community energy planning activities may include  
20 development of community energy use and cost profiles and  
21 estimates of energy conservation and alternative energy  
22 potentials.

23           F. Local government energy conservation activities  
24 may include energy use and cost accounting, fleet management,  
25 procurement of energy efficient vehicles and equipment, and  
26 recycling.

27           G. Energy efficient land use planning activities may  
28 include developing and amending comprehensive plans and zoning  
29 ordinances, subdivision regulations, and other land use controls  
30 to facilitate energy efficient development and the use of  
31 renewable energy resources.

32           H. Alternative energy activities may include projects  
33 the objective of which is the substitution of alternative energy  
34 sources for fossil fuels.

35           Subp. 2. **Ineligible activities.** The following activities  
36 are ineligible for community energy council grants:

- 1           A. projects conducted outside a grantee's corporate  
2 boundaries by the grantee alone; and  
3           B. real property acquisition.

4 4160.5700 CLASSIFICATION OF ELIGIBLE AND INELIGIBLE GRANTEE  
5 EXPENDITURES.

6           Subpart 1. **Eligible grantee expenditures.** The following  
7 are eligible grantee expenditures:

- 8           A. salaries and wages;  
9           B. fringe benefits;  
10          C. in-state travel;  
11          D. space rental and utilities;  
12          E. rental and lease of equipment;  
13          F. consumable supplies;  
14          G. telephone;  
15          H. postage;  
16          I. printing and printed materials; and  
17          J. insurance.

18          Subp. 2. **Ineligible grantee expenditures.** The following  
19 are ineligible grantee expenditures:

- 20          A. out-of-state travel, unless specifically approved  
21 in an agreement between the grantee and the department;  
22          B. purchase of real property;  
23          C. purchase of equipment, except consumable supplies;  
24 and  
25          D. retroactive payment of grant funds for activities  
26 undertaken prior to the effective date of the grant agreement.

27 4160.5800 GRANT AGREEMENT.

28          Subpart 1. **Contents.** An agreement must specify the grant  
29 amount and the duration of the grant. The agreement must  
30 include assurance that the local share will be provided, that  
31 the work program agreed upon will be carried out and that the  
32 grantee will use all interest earned on grant funds for eligible  
33 purposes consistent with the grant agreement. A grant agreement  
34 based upon a joint application must be executed by the applicant  
35 city or county that will be directly responsible for financial

1 management of the grant, and that will be responsible for the  
2 required reports in part 4160.5800, subpart 4, and the records  
3 required in part 4160.5800, subpart 5. Amendments and  
4 extensions may only be made in writing and must be signed by all  
5 parties.

6       Subp. 2. **Funding period.** Grants will be approved for a  
7 period of up to one year, unless other terms are agreed to by  
8 the commissioner. Grants will be approved for a second year if  
9 the first year work plan has been completed or if the grantee  
10 has made substantial progress towards completion of the first  
11 year work plan, as determined by the commissioner.

12       Subp. 3. **Disbursement schedule.** Funds will be disbursed  
13 according to the procedures contained in items A and B:

14           A. For grants equal to or less than \$40,000, the  
15 department shall disburse 80 percent of the grant money when it  
16 receives an invoice of projected costs. The department shall  
17 disburse the remaining 20 percent when the grantee work program  
18 is complete and the department receives a satisfactory final  
19 report.

20           B. For grants greater than \$40,000, the department  
21 shall disburse ten percent of the grant amount when it receives  
22 an invoice requesting disbursement. Following the initial  
23 disbursement, the department shall reimburse grantees quarterly  
24 for actual expenses incurred during the preceding three months  
25 when the grantee submits an invoice and a financial statement  
26 documenting these expenses, until 90 percent of the grant amount  
27 has been disbursed. The department shall disburse the remaining  
28 ten percent when the grantee work program is complete and the  
29 department receives a satisfactory final report.

30       Subp. 4. **Required reports.** The grantee shall submit to  
31 the department on the first of each month a one to two page  
32 report briefly stating the activities that have taken place  
33 during the month. The grantee shall provide the department with  
34 three copies of a final report and financial statement,  
35 describing all activities that took place during the grant  
36 period. The final report must summarize planning and

1 implementation steps in chronological order and identify all  
2 parties involved during the grant period.

3 Subp. 5. **Records.** The grantee shall maintain financial  
4 records according to generally recognized accounting methods for  
5 a period of not less than three years from the date of the  
6 execution of the contract of all transactions related to the  
7 receipt and expenditure of grant money.

8 Subp. 6. **Grant agreement deviations.** Unless the grantee  
9 demonstrates to the department that the grantee's circumstances  
10 have changed since execution of the grant agreement to such an  
11 extent that a deviation is necessary to complete the agreed upon  
12 work program, no grant funds may be used to finance activities  
13 by consultants or local staff if the activities are not included  
14 in the grant agreement. A grantee may not contract out all its  
15 energy-related activities to consultants unless the grantee  
16 demonstrates to the department that such contracting is  
17 necessary to complete the work program.

18 4160.5900 GRANT CLOSE-OUT.

19 Subpart 1. **Evaluation.** The department shall conduct an  
20 evaluation of the final report and all the required reports and  
21 financial documents within 60 days of their submission by the  
22 grantee to the department. The evaluation shall assess:

23 A. whether the local share contributed was equal to  
24 or greater than ten percent of the total cost of the agreed upon  
25 work program;

26 B. whether the agreed upon work program was  
27 completed; and

28 C. whether the governing body has formally reviewed  
29 the completed final report.

30 Subp. 2. **Review.** Upon completion of a satisfactory  
31 evaluation by the department, the department shall disburse the  
32 remaining amount owed to the grant recipient. If the results of  
33 the evaluation are unfavorable to the grantee and the grantee  
34 does not agree with the findings of the evaluation, the grantee  
35 may request a review by the commissioner.