



**The Biofuel Station Initiative:
Driving Energy Independence for the Empire State
Program Opportunity Notice (PON) 1093**

Proposals Due: May 7, 2010 by 5:00 PM Eastern Time*

SUMMARY OF REVISIONS

The following changes have been made to PON 1093, “The Biofuel Station Initiative: Driving Energy Independence for the Empire State”:

- The proposal due date has been extended from May 7, 2009 to May 7, 2010.
- Retrofitting an existing dispenser will not be allowed under the Program.
- **Attachment 4**, a list of NYS DOS Regional Office contact information has been added.
- Contact information for the National Ethanol Vehicle Coalition has been changed.
- Contact information for the National Biodiesel Board has been changed.
- A pre-construction inspection checklist has been added.
- A post-construction inspection checklist has been added.

NYSERDA

New York State
Energy Research and
Development Authority

**The Bio-Fuel Station Initiative:
Driving Energy Independence for the Empire State
Program Opportunity Notice (PON): 1093
Open Enrollment Program**

**Up to \$9 Million Available
Applications accepted May 7, 2007 – May 7, 2010
by 5:00 PM Eastern Time***

The objective of **The Bio-Fuel Station Initiative: Driving Energy Independence for the Empire State**, is to increase the number of retail E85 and Blended Biodiesel service stations in New York State through a comprehensive approach. This PON (partially funded by a U.S. Department of Energy State Energy Program grant) solicits applications for funds to purchase and install equipment to store and dispense E85 Ethanol and Blended Biodiesel (Biofuels). It is estimated approximately 300 new retail E85 Ethanol and/or Blended Biodiesel fueling stations will be opened as a result of this initiative.

The Bio-Fuel Station Initiative ("Program") provides a reimbursement of 50 percent of the costs, up to \$50,000 per site, for new installations of Biofuels dispensing equipment, storage tanks, and associated piping equipment. Funds will be issued on a first come, first served basis. Applications will be accepted from owners and operators of retail stations throughout the State that are open to the public. Funds will be committed based on approved applications, and then paid upon presentation of invoices indicating that installation is complete. The Program does not pay for the costs of facility permitting or engineering, however cost-shared technical assistance is available on a 50-50 basis for technical review of design and construction specifications of the Biofuel equipment; analysis of existing and proposed equipment; preparation and submission of requests for Biofuel specific permits and waivers to local and state code officials; and training of facility staff.

Under separate PONs, cost-shared assistance will continue to provide on a competitive basis to regional distributors of E85 Ethanol and blended Biodiesel to make these fuels available to retail outlets.

Application Submission: Send **one (1)** applicant checklist (**Attachment 1**) attached to the front of the project application (**Attachment 2**), both **must** contain an original signature, be clearly labeled and submitted to:

**Biofuel Station Program
David McCabe, PON 1093
NYS Energy Research and Development Authority
17 Columbia Circle
Albany, NY 12203-6399**

If you have technical questions concerning this solicitation, contact Patrick Bolton at (518) 862-1090, ext. 3322 or ppb@nyserda.org. If you have contractual questions concerning this solicitation, contact Venice Forbes at (518) 862-1090, ext. 3507 or vwf@nyserda.org.

*Late, incomplete, or unsigned applications will be returned. Faxed or e-mailed applications will not be accepted. Applications will not be accepted at any other NYSERDA location other than the address above. If changes are made to this solicitation, notification will be posted on NYSERDA's website at www.nyserda.org.

1.0 INTRODUCTION

The New York State Energy Research and Development Authority (NYSERDA) is a public-benefit corporation established by the State Legislature in 1975 to address the State's energy and environmental challenges. NYSERDA is promoting deployment of renewable transportation fuels such as E85 Ethanol and Blended Biodiesel, as a way to address the State's dependence on foreign sources of petroleum and to reduce emissions associated with the transportation sector. A majority of the funding was made available through the New York State Budget to establish the **Bio-Fuel Station Initiative: Driving Energy Independence for the Empire State**. The objective of this initiative is to support development of the distribution and delivery infrastructure for Biofuels in New York State.

There are about 200,000 Flex-Fueled vehicles capable of running on E85 Ethanol registered in New York State. Additionally, consumers can purchase E85 capable vehicles from many car manufacturers. Biodiesel, made from renewable sources, can be blended with diesel at various levels and used in diesel vehicles with no modification to the engine or fuel system. Currently only a small percentage of vehicles use alternative fuels in New York and there are very few stations open to the public.

Funding is available through PON 1093, to reimburse eligible applicants for 50 percent of the costs, up to \$50,000 per site, for new installations of Biofuel dispensing equipment, storage tanks, and directly associated piping and equipment. Funds will be issued on a first come, first served basis until such funds are committed, or until May 7, 2010, whichever occurs first. Applications will be accepted from owners or operators of retail stations throughout the State. Funds will be committed based on approved applications, and then paid upon presentation of invoices and final inspection by a NYSERDA representative indicating that the installation is complete. (See the definition of a completed facility in Section 3.3). NYSERDA will engage an engineering service firm ("Consultant") to provide assistance to the Program. The Program does not pay for the costs of general permitting or engineering for the installation which can be about 1/3 of the total project cost and those costs cannot be used to fulfill the applicant's cost share requirement. Applicants are encouraged to use NYSERDA's Consultant through which cost-shared technical assistance is available on a 50-50 basis, for technical review of design and construction specifications, analysis of existing and proposed equipment, preparation and submission of requests for permits and waivers to local and state code officials, and training of facility staff.

Funding awarded through PON 1093 can be used in conjunction with certain New York State and Federal tax credits that are in place for alternative fuel infrastructure improvements. (See Section 5.0 for more information.)

2.0 PROGRAM REQUIREMENTS

2.1 Eligibility Requirements

The Program is open to any entity that owns or operates one or more retail fueling stations that is registered with the New York State Department of Tax and Finance to sell gasoline or diesel fuel to the public and which is capable of accepting major credit cards as a form of payment for fuel. The entity that applies must be the entity that will own the biofuel equipment and must have the legal authority to make improvements to the site at which the Biofuel dispenser(s) will be located. If the entity leases the property or does not own the property, they must prove they have the right under the lease agreement to make improvements to the property. These rights should be in place for a minimum of 6 years going forward from the time the Program funds are dispersed to the applicant. If the applicant is a franchisee, they must present documentation of their franchise agreement.

2.2 Available Funds

NYSERDA anticipates awarding up to \$9 million under the Program, but may award more than, or less than that amount.

2.3 Reporting

Applicants will be required to provide semiannual reports to NYSERDA detailing the amount of fuel dispensed and operation of the equipment funded under the Program.

2.4 Program Incentive Schedule

NYSERDA will provide a reimbursement incentive of 50 percent of the eligible costs (defined in Section 2.5), up to \$50,000 per site, for a Biofuel Station Project (defined in Section 2.7) for E85 Ethanol. Biofuel Station Projects for blends of Biodiesel are subject to the following schedule:

% biodiesel blend to be sold	Max NYSERDA Reimbursement %
20% (B20)	50%
15% (B15)	40%
10% (B10)	30%
5% (B5)	20%

There is no cap on the total amount of funds that any one entity can receive. Applications from entities that own or operate multiple fueling sites in New York State are encouraged to apply, but no single facility or site can receive more than \$50,000.

2.5 Eligible Costs

Costs for the following are eligible under this Program: piping; dispensers; fire suppression systems; card reader systems for the sale of the Biofuels; directly related site work such as: patching pavement that had to be torn up to install tanks or piping and concrete slabs for dispenser islands; new storage tanks; cleaning of existing tanks; pumps; fittings; signage; sumps; new equipment to retrofit dispensers and pumps; installation-related labor; special fire fighting foams for the local first responders; and any other equipment that NYSERDA determines is necessary to properly store, dispense, and sell the Biofuel. Only eligible cost items can be used to meet the applicant's required 50 percent cost-share contribution. Applicants will be required to justify costs.

Site work not directly related to the installation of the equipment is not eligible under the Program for reimbursement or as cost-share. Examples of work that are not eligible for reimbursement are upgrades to buildings; general site paving; general aesthetic site work such as flower beds; and any other equipment not directly related to the Biofuel equipment required to store, dispense, and sell the Biofuels.

2.6 Recapture Provision

Entities receiving funds through the Program are required to offer the Biofuel for sale to the public for a minimum of four years from the date the dispenser(s) are operational. If the Biofuel is offered for sale for any period less than 4 years, the funds are subject to recapture. The recapture amount will be based upon the proportion of time the fuel was actually available for sale against the minimum amount of time, 4 years, that the fuel was obligated to be available for sale.

2.7 Station Requirements

- A Biofuel Station Project must be comprised of: one or more above- or below-ground tanks capable of storing a minimum of 2,000 gallons of fuel; one or more dispenser systems for dispensing either E85 Ethanol or Blended Biodiesel; and a card reader/payment system that accepts major credit cards.
- Code Compliance. All installations of Biofuel equipment must comply with applicable local and State Building and Fire Codes. This includes the requirement that dispensers and associated equipment be approved and listed by an appropriate listing entity such as Underwriter's Laboratory ("UL"). At the time of the issuance of PON 1093, UL is in the process of certifying such equipment. Until such time as UL or another appropriate listing entity publishes lists of approved equipment, each installation is required to seek a compliance waiver from either the New York State Department of State (NYS DOS), Division of Codes, or the local authority having jurisdiction

("AHJ"). See **Attachment 4** for a list of NYS DOS Regional Office contact information.

- **First Responder Preparation:** Stations owner/operators awarded Program funds for E85 must ensure that the local first responders have the proper fire fighting foam equipment to respond to an E85 fire or other incident related to the storage or dispensing of the Biofuel. This includes purchasing special fire fighting foam for the local responders, if needed. The cost of the foam is an eligible item for reimbursement under the Program.
- **Signage.** Each site receiving funds through the Program must install proper signage to notify the public of the availability and price of the Biofuel. Signs should be placed on the marquee of the fueling facility, however if such placement is prohibited by local jurisdiction, another appropriate sign must be prominently displayed on the property, in order to provide uniformity.

A signage kit for E85 comprised of items such as pump toppers, decals, and banners, developed by the National Ethanol Vehicle Coalition ("NEVC"), must be used at the site. These items can be viewed at the following site. http://www.e85fuel.com/station_promoitems.php To purchase these items contact the NEVC by the information listed below. Ask for the New York E85 station kit. The minimal cost of these items is an eligible item for reimbursement under PON 1093. Station owners and operators are also encouraged to make promotional information about Biofuels available as take-aways for the public. For additional information on the signage kit please contact Rhonda Beul with the NEVC at:

Rhonda Beul
NATIONAL ETHANOL VEHICLE COALITION
Marketing Director
3216 Emerald Lane, Suite C
Jefferson City, MO 65109
PH: 573.635.8445
Fax: 573.635.5466
order@e85fuel.com

Signage kits for Biodiesel refueling facilities can be purchased from the National Biodiesel board. The link to preview these kits is: www.allthingsbiodiesel.com/NYSERDA
For additional information on the signage kit please contact Doug Whitehead at:

Doug Whitehead
Director of Operations
National Biodiesel Board
PO Box 104898
Jefferson City, MO 65110-4898
PH: 800-841-5849
dwhitehead@biodiesel.org

- **Sale of Biofuel:** Station owner and operators should offer the Biofuel for sale on a continual basis, without interruption, for at least 12 hours per day for a period of 48 months. The Biofuel must be offered at the lowest possible retail price to the general public. Every reasonable attempt should be made to price the E85 on par with the gross margin the station charges for premium gasoline, and Blended Biodiesel on par with the gross margin the station charges for premium diesel.
- **Public Announcement:** Station owner and operators should announce the opening of the site through the local media, local automobile dealerships, and other appropriate venues; and schedule events to highlight the availability of the Biofuel. All announcements, press releases, and advertisements must be approved by NYSERDA and must include a statement noting support given by NYSERDA through the Program.

3.0 DEFINITIONS

3.1 Biodiesel

Biodiesel is a domestic, renewable fuel comprised of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats, designated B100, which meets the specifications of ASTM D 6751 as updated and revised. Biodiesel can be used in any concentration with petroleum based diesel fuel in existing diesel engines with little or no modification. Biodiesel is produced by a chemical process which removes the glycerin from the oil. Blended biodiesel is a blend of biodiesel fuel meeting ASTM D 6751 with petroleum-based diesel fuel, designated BXX, where XX represents the volume percentage of biodiesel fuel in the blend. Download the Handling and Use Guidelines for Biodiesel at the National Renewable Energy Laboratory website. <http://www.nrel.gov/vehiclesandfuels/npbff/pdfs/40555.pdf>

Additional information about Biodiesel including how and where to purchase the fuel can be found on the National Biodiesel Board website. <http://www.nbb.org/>

3.2 E85

E85 is a blend of typically 85% denatured ethanol [ethyl alcohol (C₂H₅OH) containing 5% hydrocarbon denaturant] and 15% hydrocarbon by volume. The hydrocarbons must meet all applicable State and Federal requirements. Total hydrocarbon volume must range from 15% to 30% of the total volume of the E85 based on information provided in the Handbook for Handling, Storing, and Dispensing E85 dated April 2005, which can be found at www.e85fuel.com/pdf/e85_technical_booklet.pdf and ASTM d5798. Such specifications are incorporated by reference, are available upon request, and located on the NEVC website at www.e85fuel.com

3.3 Completed Facility

A completed facility is one for which all necessary equipment has been installed, all necessary State and local permits have been received, appropriate signage has been installed, a card reader system that takes major credit cards is activated, and the station is open to the general public. Additional requirements for fueling stations are described in Section 2.7. All facilities are subject to inspection by NYSERDA's Consultant to determine if the Biofuel Station Project is completed. The facility must meet all conditions set forth in section 2.7.

4.0 APPLICATION REQUIREMENTS AND PROGRAM STEPS

4.1 Your application **MUST** contain the following in order:

1. Applicant Checklist (**Attachment 1**) that must contain an original signature
2. Project Application Form (**Attachment 2**) that must contain an original signature
3. Exceptions to Standard Terms and Conditions if applicable (**See Attachment 3**)

Applications that fail to follow the requirement guidelines may be rejected as non-responsive.

Applicant Checklist - Complete the Applicant Checklist (**Attachment 1**) and include it as the front cover of the application. Be sure that the individual signing the Applicant Checklist is authorized to commit the applicant's organization to the application as submitted. This form must contain an original signature.

Project Application Form - Complete the Project Application Form (**Attachment 2**) in its entirety. Be sure that the individual signing the Project Application Form is authorized to commit the applicant's organization to the application as submitted. This form must contain an original signature.

Indicate whether you accept the Standard Terms and Conditions as contained in the attached Sample Purchase Order Agreement (**Attachment 3**). If you do not accept the Standard Terms and Conditions, alternate terms with justification based on the risk and benefit to NYSERDA and New York State must be submitted with the application. Applicant does not need to fill out and complete **Attachment 3**.

Mail these forms with a cover sheet to

Biofuel Station Program
David McCabe, PON 1093
NYS Energy Research and Development Authority
17 Columbia Circle
Albany, NY 12203-6399

- 4.2** Applications will be reviewed for compliance with Program rules and procedures, eligibility, and completeness. For those applications deemed eligible, NYSERDA will assign its Consultant to schedule a site visit at the soonest possible date and subsequently provide NYSERDA with a site review report; composed of a project check-list and brief narrative. The purpose of the site visit is to determine the suitability of the proposed location, including an assessment of the local market, for the installation of Biofuel dispensing equipment, and whether the proposed project is consistent with the objectives of the Program. The Consultant will review the specifications for the proposed equipment to determine if such equipment will meet applicable code, if waivers are required, budget costs for the project, and if the proposed equipment is adequate to meet the applicant's expected fueling operation parameters. Please use this checklist to ensure the following information will be available at the initial site visit:

- ___ Copy of recent reconciliation
- ___ Copy of the Petroleum Bulk Storage Certificate
- ___ Copy of the As-Built site plan for the facility
- ___ Existing tanks: Capacity/Fuels Stored
- ___ Existing dispensers: Type and number of each
- ___ Existing piping: Material
- ___ Existing fire suppression system: Type
- ___ Existing point of sale system: Type
- ___ Description of proposed upgrade
- ___ Cost estimate for proposed upgrade

- 4.3** Once NYSERDA receives the site review report, NYSERDA will review the information for reasonableness of the overall project scope and fuel use estimates. If the report is approved, and if Program funds are available, NYSERDA will issue a Funding Letter notifying the applicant they are eligible for funding under the Program. The Funding Letter does not obligate the applicant to participate in the Program.
- 4.4** After receiving the Funding Letter, the applicant may request Technical Assistance, however the use of NYSERDA's Technical Assistance Service is not required. Technical Assistance is provided only through a NYSERDA designated Consultant on a 50-50 cost-share basis with the applicant. The maximum amount of NYSERDA funding for Technical Assistance per facility is \$3,000. The applicant will be required to provide an equal share directly to the Consultant for every NYSERDA program dollar spent. The Technical Assistance provided by the Consultant may include, but is not limited to: guidance related to the permitting process; performing a detailed technical review of existing facilities and proposed upgrades for appropriateness to store and dispense Biofuels; preparation of specifications and cost estimates for new equipment to store and dispense Biofuels; assistance in preparation and submission of any needed waivers; and coordination with the local AHJ and local first responders regarding the permitting and waiver process as well as any safety issues.
- 4.5** Before NYSERDA will issue a purchase order to the applicant for Program funds, the applicant must submit estimates for the installation of the biofuel equipment and labor costs broken out separately from the rest of the project. The applicant should make every effort to receive more than one estimate for the project scope. Once NYSERDA has all the information necessary to proceed, NYSERDA will issue a Purchase Order Agreement. This agreement will be effective for

one year at which time it will expire. Applicants may apply for extensions, which may or may not be approved at NYSERDA's sole discretion.

- 4.6** The applicant must notify NYSERDA when it has a completed facility. NYSERDA will assign its Consultant to perform a final site inspection to ensure that the facility is fully operational, that it meets all Program requirements; and that all the eligible costs are documented. If the facility meets all of the necessary requirements, the Consultant will forward the payment request including invoices and documentation to NYSERDA and the authorized funding for that facility will be paid to the applicant. Facilities must be completed within 1 year of the execution of the Purchase Order Agreement. Extension requests for the Purchase Order Agreement must be submitted to NYSERDA in writing within 30 calendar days of the Purchase Order Agreement expiration date. Extensions may be granted at NYSERDA's discretion. Please use this checklist to ensure the following information will be available at the final site inspection:

- ___ General Site Plan
- ___ Description of work performed
- ___ Tanks installed under the project (both biofuels and non-biofuels): Capacity/Fuels Stored
- ___ Dispensers: Type and number of each
- ___ Pumps: Type
- ___ Piping: Type
- ___ Fire suppression system: Type
- ___ Signage: Listing of required signage in place
- ___ Building permit and certification of occupancy
- ___ Waivers/variances received
- ___ Written certification by the local fire company that E-85 compatible Fire Fighting Foam is on hand and available.
- ___ Promotional information availability
- ___ Description of Public Announcement
- ___ Contractor name
- ___ Construction start/completion dates
- ___ Petroleum Bulk Storage Certificate or Revised Application
- ___ Contractor's Statement of Completion
- ___ Tank manufacturer checklist
- ___ Cost Breakdown for all work, including Quotations, Invoices and Records of Payment

At the completion of the project, detailed cost information must be provided for biofuel equipment. Installing contractors and equipment suppliers should be made aware of this requirement, as documentation is most easily developed throughout the procurement and construction process.

- 4.7** The applicant is required to submit semi-annual reports to NYSERDA and the Consultant due on July 31 and January 31 detailing the amount of Biofuel sold and the average price of the fuel sold during the previous six months. Reports, to be submitted for a period of 4 years after the facility is completed, must also include information on the operation of the facility and equipment installed under the Program. Applicants that do not submit reports will be subject to a recapture of the Program funds given to them.

5.0 POTENTIAL TAX BENEFITS

- 5.1 Applicants are encouraged to explore potential New York State and Federal tax credits for the installation of Biofuel equipment and reductions in taxes for Biofuels sold at the retail gas stations. There is currently a NYS income tax credit of 50 percent of the cost of installing Biofuel related equipment. http://www.tax.state.ny.us/pdf/2006/inc/it253i_2006.pdf There is no maximum cap on the project cost. New York State also provides an exemption from state taxes on the sale of E85 and portions of the state taxes on Blended Biodiesel. http://www.tax.state.ny.us/pdf/memos/sales/m06_10s.pdf Applicants are also encouraged to consult with their tax professional regarding a Federal income tax incentive of 30 percent of the cost of installing E85 Ethanol and B20 Biodiesel related equipment with a cap of \$30,000 per site. <http://www.irs.gov/pub/irs-pdf/f8911.pdf> NYSEERDA does not warrant that these tax incentives will be in place or applicable to the applicant.

6.0 GENERAL CONDITIONS

Proprietary Information - Careful consideration should be given before confidential information is submitted to NYSEERDA as part of your proposal. Review should include whether it is critical for evaluating a proposal, and whether general, non-confidential information, may be adequate for review purposes. The NYS Freedom of Information Law, Public Officers law, Article 6, provides for public access to information NYSEERDA possesses. Public Officers Law, Section 87(2)(d) provides for exceptions to disclosure for records or portions thereof that "are trade secrets or are submitted to an agency by a commercial enterprise or derived from information obtained from a commercial enterprise and which if disclosed would cause substantial injury to the competitive position of the subject enterprise." Information submitted to NYSEERDA that the proposer wishes to have treated as proprietary, and confidential trade secret information, should be identified and labeled "Confidential" or "Proprietary" on each page at the time of disclosure. This information should include a written request to accept it from disclosure, including a written statement of the reasons why the information should be excepted. See Public Officers Law, Section 89(5) and the procedures set forth in 21 NYCRR Part 501 www.nyserda.org/nyserda.regulations.pdf. However, NYSEERDA cannot guarantee the confidentiality of any information submitted.

Omnibus Procurement Act of 1992 - It is the policy of New York State to maximize opportunities for the participation of New York State business enterprises, including minority- and women-owned business enterprises, as bidders, subcontractors, and suppliers on its procurement Agreements.

Information on the availability of New York subcontractors and suppliers is available from:

Empire State Development
Division For Small Business
30 South Pearl Street
Albany, NY 12245

A directory of certified minority- and women-owned business enterprises is available from:

Empire State Development
Minority and Women's Business Development Division
30 South Pearl Street
Albany, NY 12245

Contract Award - NYSEERDA anticipates making multiple awards under this solicitation. It may award a contract based on initial applications without discussion, or following limited discussion or negotiations. Each offer should be submitted using the most favorable cost and technical terms. NYSEERDA may request additional data or

material to support applications. NYSERDA will use the Sample Purchase Order Agreement to contract successful proposals.

Limitation - This solicitation does not commit NYSERDA to award a contract, pay any costs incurred in preparing a proposal, or to procure or contract for services or supplies. NYSERDA reserves the right to accept or reject any or all proposals received, to negotiate with all qualified sources, or to cancel in part or in its entirety the solicitation when it is in NYSERDA's best interest.

Disclosure Requirement - The proposer shall disclose any indictment for any alleged felony, or any conviction for a felony within the past five years, under the laws of the United States or any state or territory of the United States, and shall describe circumstances for each. When a proposer is an association, partnership, corporation, or other organization, this disclosure requirement includes the organization and its officers, partners, and directors or members of any similarly governing body. If an indictment or conviction should come to the attention of NYSERDA after the award of a contract, NYSERDA may exercise its stop-work right pending further investigation, or terminate the agreement; the contractor may be subject to penalties for violation of any law which may apply in the particular circumstances. Proposers must also disclose if they have ever been debarred or suspended by any agency of the U.S. Government or the New York State Department of Labor.

ATTACHMENTS

- Attachment 1 - Applicant Checklist
- Attachment 2 - Project Application Form
- Attachment 3 - Sample Purchase Order Agreement
- Attachment 4 - NYS DOS Regional Offices