



**Colorado Energy Office Comments on  
U.S. Department of Energy’s Request for Information (DE-FOA-0002291);  
Building Technologies Office’s Draft Connected Communities  
Funding Opportunity Announcement**

Colorado Energy Office (CEO)

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Submitted via [CCPilotsRFI@ee.doe.gov](mailto:CCPilotsRFI@ee.doe.gov)

CEO appreciates the opportunity to provide comments on the U.S. Department of Energy’s (DOE) Request for Information (RFI) for the Draft Connected Communities Funding Opportunity Announcement (FOA). CEO is a state agency within the office of the Governor with a mission of reducing greenhouse gas pollution and consumer energy costs by advancing clean energy, energy efficiency, and zero-emission vehicles to benefit all Coloradans.

CEO was awarded a 2017 competitive State Energy Program grant by the DOE’s Weatherization and Intergovernmental Programs, in partnership with the National Renewable Energy Laboratory and the Rocky Mountain Institute. Under this award, “Colorado will test new approaches to demand side management, demand response, and renewable energy integration in existing residential buildings that ensure customer affordability.”<sup>1</sup> An outcome of the award is to “[c]reate a model for evaluating energy efficiency and renewable energy investments at a community scale (referred to as “energy districts”- interconnected buildings incorporating energy efficiency, distributed energy resource storage and controls) versus individual buildings/residences.”<sup>2</sup> Public Service Company of Colorado has subsequently partnered on the award.

CEO also actively participates in a Grid-interactive Efficient Buildings (GEB) working group organized by the National Association of State Energy Officials (NASEO) and the National Association of Regulatory Utility Commissioners (NARUC). The group brings together stakeholders from across the country to learn about the opportunities and benefits of investing in advanced technologies to increase demand flexibility on the grid. Group members share updates on the policies and programs they are pursuing and receive technical assistance from National Laboratories to accelerate the deployment of GEB projects.

As a member of the National Association of State Energy Officials (NASEO), CEO notes its support of the RFI response separately prepared and submitted by NASEO.

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<sup>1</sup> “State Energy Program 2017 Competitive Award Selections, Area of Interest 1: State Energy Planning,” State Energy Program Competitive Award Selections (2012-2017), available at: <https://www.energy.gov/eere/wipo/state-energy-program-competitive-award-selections-2012-2017>.

<sup>2</sup> Id.



## Responses to DOE Request for Information (DE-FOA-0002291)

CEO appreciates the DOE's consideration of two concepts: the opportunity to leverage public sector experience and partnerships and cost-sharing requirements.

### **Question 1.7 and 4.1 (combined)**

*1.7.) Are the required teams “composed of critical stakeholders representing grid resources/assets (e.g. utility), buildings owners/assets (e.g. home builder, building owner, developer, building manager), and researchers (e.g. national lab, university)” and suggested additional collaborators such as “relevant technology manufacturers and local governments” appropriate to meeting outcomes of the anticipated FOA? If not, are there other important partners that should be included?*

*4.1.) How can DOE best design the FOA to allow applicant teams to form and provide strong proposals? What additional aspects should be considered for successful pilot design and implementation?*

### **CEO Response**

CEO encourages DOE to consider the strengths and benefits of regional, state, and local governments when developing a future FOA associated with this RFI. In particular, these public sector entities can be an important partner in scaling and advancing the deployment of connected communities and GEBs given our role in policy, regulatory, and code development. To capitalize on this role, CEO provides several considerations for the DOE related to Questions 1.7 and 4.1.

First, CEO encourages the DOE to consider the role of regional and state governments in addition to local governments. Question 1.7 suggests that “local governments” may be an additional collaborator. Consistent with language in DOE's RFI,<sup>3</sup> CEO suggests that the FOA also contains language supporting collaboration with regional and state governments.

In addition, CEO encourages the DOE to permit a broad range of entities to serve as eligible applicants for a FOA associated with this RFI, including regional, state, and local governments. As detailed above, CEO is currently exploring opportunities for GEBs with utility and research partners. CEO seeks to continue this investigation and the Connected Communities FOA may serve as an opportunity to support a demonstration project based on soon-to-be-completed modeling and analysis.

Finally, in order to encourage the development of strong applicant teams and resulting proposals, CEO recommends DOE consider encouraging applicant teams to solicit and include letters of

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<sup>3</sup> “DOE intends for applications to:…Form teams composed of critical stakeholders representing, at a minimum, grid resources/assets (e.g. utility), buildings owners/assets (e.g. home builder, building owner, developer, building manager), and researchers (e.g. national lab, university); Additional collaborators may include relevant technology manufacturers, regional, state and local governments, and others.” (cited from Request for Information (DE-FOA-0002291) on the Building Technologies Office's Draft Connected Communities Funding Opportunity Announcement, pages 5-6)

support from regional, state, or local governments. CEO additionally requests DOE consider the impact of this support when evaluation applications for the FOA and when issuing awards.

### **Response to Question 2.1**

*2.1.) Is the proposed DOE funding level per project (i.e. up to \$7 million) reasonable to achieve the drafted FOA objectives? If not what would be more appropriate and why? Note that all demonstration projects must meet a minimum cost share requirement of 50%.*

#### **CEO Response**

CEO encourages the DOE to consider lowering the current requirement that demonstration projects meet a minimum 50% cost share. The COVID-19 public health crisis has created an unprecedented global economic downturn. State, regional, and local governments across the United States are being hit particularly hard with severe budget shortfalls due to a drastic decline in sales tax revenue from shuttered businesses coupled with emergency pandemic spending. Private sector companies, such as utilities and manufacturers, as well as other public sector entities including research institutions are also feeling the impact. Hiring freezes, salary reductions, layoffs and furloughs are common across multiple industries and sectors.

Although the FOA won't be published until later this summer and the award is expected to be funded in 2021, the economic effects from COVID-19 will likely last for the next several years, well into the timeframe of the award. As a result, the high bar of a 50% cost match may discourage some entities from applying. In order to motivate a diverse set of applicants with the best and most innovative ideas, CEO recommends lowering the minimum cost match to a range between 20% and 30%. The cost share could potentially be tiered in the following way:

- A 30% cost share for project teams that are comprised of the minimum required team members.
- A 20% or 25% cost share (a reduction of 5% to 10%) for project teams comprised of a broader set of partners that also include a local, regional, or state government. This would encourage a broader coalition of collaborators which could enhance scalability and replicability.

The tiered structure is just one way that DOE could design the cost match. CEO welcomes other creative and flexible cost-sharing structures that take into account the sensitivities of the current crisis.

Additionally, CEO welcomes additional clarity on the eligible approaches for satisfying a cost match. For example, the guaranteed energy savings from Energy Savings Performance Contracts are eligible funds for state cost matching requirements. The use of future energy savings in cost matching requirements allows clients to reduce or avoid the use of upfront capital to receive state grants. CEO requests the DOE to consider such flexible approaches in the FOA.

#### **Conclusion**

CEO appreciates the opportunity to provide comments through this RFI, and looks forward to opportunities to collaborate with DOE on this significant initiative. The CEO contacts listed above would be pleased to answer any questions that arise regarding this response.